Consolidated Financial Statements and Report of Independent Certified Public Accountants

Kupu and its Wholly-Owned Subsidiary, ‘Āina & Innovation Workforce Hawaii

September 30, 2020 and 2019

Executive Summary

Aloha –

Like many individuals and organizations, Kupu was greatly impacted by the global challenges that COVID-19 caused in 2020. On a local level, our youth education and sustainability-centered programs and events that typically brought together groups of people to care for the ʻāina had to quickly adapt to the restrictions that the pandemic set in motion. Our staff worked tirelessly to reshape our existing programs in ways that prioritized the health and wellness of our participants, volunteers, and each other, and adhered to local regulations to help curb the spread of COVID-19. We also worked to pivot our programs in order to meet new community needs. Our culinary program, as an example, provided close to 100,000 meals to support our community that faced one of the highest unemployment rates in the nation.

In 2020, Kupu double downed its efforts to support partners and work with existing partners to ensure important programming continued in a safe manner. Some of the outcomes included:

- Over 20,000 acres of invasive species treated
- Over 68,000 native plants restored
- Over $512,000 in education awards distributed
- Nearly $14,300,000 in combine socio-economic impact

Kupu ʻĀina Corps, a temporary workforce development program in collaboration with the State of Hawaiʻi, was created to address the drastic effects of COVID-19 on Hawaiʻi's economy. Although it fell mostly outside the parameters of the 2020 fiscal year, Kupu ʻĀina Corps became a significant program that defined the resilience of both our organization and our communities. Executed during the last quarter of 2020, the program resulted in hiring over 350 participants at over 150 host sites across the island, who logged in over 89,000 staff hours and produced over $6.5 million in economic benefit for the state with a cost of approximately $3 million (more than a 1:2 cost to benefit ratio). Program participants directly cared for over 20,000 acres of land in Hawai'i by removing invasive species, planting native plants, clearing debris and managing precious natural and cultural resources. One in three were able to stay working after the program ended, and nearly half of all participants are either currently working or pursuing higher education. We are currently working to grow programming resources to support economic recovery and long-term environmental and community health.

As we look towards the future, we are mindful of the challenges we still face in light of the ongoing effects of COVID-19. For Kupu, the pandemic has reinforced our gratitude for the community coming together, and further ignited our fire to generate diverse economy, sustainability, and innovative ways to uplift our youth, the communities they serve, while protecting our precious natural ʻāina.

Aloha,

John Leong
Kupu, Chief Executive Officer

Contents

VERITY
Certified Public Accountants

Report of Independent Certified Public Accountants

To Management and the Board of Directors, Kupu and its wholly-owned subsidiary, ‘Āina & Innovation Workforce Hawaii:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Kupu and its wholly owned subsidiary, ‘Āina & Innovation Workforce Hawaii, LLC, (collectively, the “Organization”), which comprises the consolidated statements of financial position as of September 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Kupu as of September 30, 2020 and 2019, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter – Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title *2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control over financial reporting and compliance.

Verity CPAs

April 21, 2021

Kupu and its Subsidiary

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of September 30,

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 5,221,447	$ 1,541,709
Accounts receivable, net	1,407,335	952,247
Pledges receivable, current portion	20,169	23,571
Prepaid expenses and other assets	96,506	62,469
Total current assets	6,745,457	2,579,996
PROPERTY AND EQUIPMENT, net	5,402,961	5,455,079
PLEDGES RECEIVABLE, less current portion	202,500	209,787
RESTRICTED CERTIFICATE OF DEPOSIT	40,501	40,020
TOTAL ASSETS	$ 12,391,419	$ 8,284,882
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 66,418	$ 143,850
Accrued expenses	533,175	333,814
Deferred revenue	3,203,470	933,675
Deferred rent	85,793	110,585
Total current liabilities	3,888,856	1,521,924
SBA's PAYROLL PROTECTION PROGRAM LOAN	1,034,300	-
COMMITMENTS AND CONTINGENCIES	-	-
Total liabilities	4,923,156	1,521,924
NET ASSETS		
Without donor restrictions	6,869,329	6,519,733
With donor restrictions	598,934	243,225
Total net assets	7,468,263	6,762,958
TOTAL LIABILITIES AND NET ASSETS	$ 12,391,419	$ 8,284,882

The accompanying notes are an integral part of these consolidated financial statements.

Kupu and its Subsidiary

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Government grants and contracts	$ 4,066,065	$ -	$ 4,066,065
Private grants and contracts	2,057,966	1,095,849	3,153,815
Program service fees	1,115,395	-	1,115,395
Donations and contributions	510,949	25,631	536,580
Special event revenue	20,374	-	20,374
Other revenue and support	4,871	-	4,871
Net assets released from restrictions	765,771	(765,771)	-
Total revenue and support	8,541,391	355,709	8,897,100
EXPENSES:			
Youth program services	6,440,138	-	6,440,138
Management and general	1,497,290	-	1,497,290
Fundraising	254,367	-	254,367
Total expenses	8,191,795	-	8,191,795
Change in net assets	349,596	355,709	705,305
NET ASSETS AT BEGINNING OF YEAR	6,519,733	243,225	6,762,958
NET ASSETS AT END OF YEAR	$ 6,869,329	$ 598,934	$ 7,468,263

The accompanying notes are an integral part of this consolidated financial statement.

Kupu and its Subsidiary

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Government grants and contracts	$ 4,314,157	$ -	$ 4,314,157
Private grants and contracts	1,934,144	1,998,500	3,932,644
Program service fees	826,670	-	826,670
Donations and contributions	244,576	424,936	669,512
Special event revenue	2,080	-	2,080
Other revenue and support	7,720	-	7,720
Net assets released from restrictions	3,303,775	(3,303,775)	-
Total revenue and support	10,633,122	(880,339)	9,752,783
EXPENSES:			
Youth program services	5,985,410	-	5,985,410
Management and general	1,386,143	-	1,386,143
Fundraising	246,541	-	246,541
Total expenses	7,618,094	-	7,618,094
Change in net assets	3,015,028	(880,339)	2,134,689
NET ASSETS AT BEGINNING OF YEAR	3,504,705	1,123,564	4,628,269
NET ASSETS AT END OF YEAR	$ 6,519,733	$ 243,225	$ 6,762,958

The accompanying notes are an integral part of this consolidated financial statement.

Kupu and its Subsidiary

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2020

	Youth Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 5,029,110	$ 1,013,731	$ 207,472	$ 6,250,313
Occupancy and utilities	276,950	184,473	5,244	466,667
Supplies and equipment	413,331	44,834	6,931	465,096
Contracted services	207,758	143,556	25,778	377,092
Depreciation	278,396	6,731	356	285,483
Other expenses	59,674	21,396	5,710	86,780
Travel expenses	60,878	14,146	-	75,024
Insurance expenses	36,117	21,817	14	57,948
Training expenses	30,154	8,514	1,828	40,496
Bad debt expense	28,299	500	-	28,799
Other employee benefits	2,818	21,685	59	24,562
Recruiting	16,653	433	-	17,086
Marketing	-	15,474	-	15,474
Special event expense	-	-	975	975
Total expenses	$ 6,440,138	$ 1,497,290	$ 254,367	$ 8,191,795

The accompanying notes are an integral part of this consolidated financial statement.

Kupu and its Subsidiary

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2019

	Youth Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 4,780,923	$ 992,940	$ 174,565	$ 5,948,428
Occupancy and utilities	252,893	197,080	11,986	461,959
Supplies and equipment	213,791	22,691	22,219	258,701
Contracted services	140,676	101,215	21,038	262,929
Depreciation	146,634	8,670	519	155,823
Other expenses	62,855	12,553	7,235	82,643
Travel expenses	268,791	7,870	73	276,734
Insurance expenses	22,665	21,559	-	44,224
Training expenses	73,813	3,678	185	77,676
Bad debt expense	1,909	196	-	2,105
Other employee benefits	4,659	12,754	120	17,533
Recruiting	12,596	70	-	12,666
Marketing	3,205	4,867	8,151	16,223
Special event expense	-	-	450	450
Total expenses	$ 5,985,410	$ 1,386,143	$ 246,541	$ 7,618,094

The accompanying notes are an integral part of this consolidated financial statement.

Kupu and its Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended September 30,

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 705,305	$ 2,134,689
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation	285,483	155,823
Bad debt expense	28,799	2,105
Loss on disposal of property and equipment	7,191	-
Changes in assets and liabilities:		
Accounts receivable	(483,887)	581,848
Pledges receivable	10,689	(214,165)
Prepaid expenses and other assets	(34,037)	9,754
Restricted certificate of deposit	(481)	40,964
Accounts payable	(77,432)	36,014
Accrued expenses	199,361	(230,170)
Deferred revenue	2,269,795	(309,133)
Deferred rent	(24,792)	(12,541)
Net cash provided by operating activities	2,885,994	2,195,188
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(240,556)	(3,605,073)
Net cash used in investing activities	(240,556)	(3,605,073)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from SBA's payroll protection program loan	1,034,300	-
Net cash provided by financing activities	1,034,300	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,679,738	(1,409,885)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,541,709	2,951,594
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 5,221,447	$ 1,541,709

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 – ORGANIZATION BACKGROUND

Kupu is a Hawaii nonprofit corporation chartered in January 2007 to provide a home organization for the Hawaii Youth Conservation Corps ("HYCC"), which was originally developed in 1995 by the State of Hawaii, Department of Land and Natural Resources. Kupu was formed to help HYCC grow and become a self-sustaining organization. Today, Kupu programs are training young adults in the emerging "green" job sector to help make Hawaii more self-sustaining, while engaging these youth members in relevant and important community service throughout the State. Program focuses include conservation, renewable energy, sustainable agriculture, culinary training, and Hawaiian cultural conservation and agriculture activities.

Kupu is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation. Accordingly, qualifying contributions to Kupu are tax deductible.

In July 2020, Kupu formed ‘Āina & Innovation Workforce Hawaii, LLC, as a wholly-owned subsidiary for the purpose of providing and managing an internship program for a potential subcontract. This program never came to fruition and ‘Āina & Innovation Workforce Hawaii, LLC, was dissolved subsequent to year end on November 30, 2020.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

Basis of accounting and financial statement presentation

The consolidated financial statements of Kupu and its wholly-owned subsidiary ‘Āina & Innovation Workforce Hawaii, LLC, (collectively, the "Organization"), have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All significant inter-organization accounts and transactions have been eliminated in consolidation. Net assets, revenues and support, and expenses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the organization's management and the board of directors.

- *Net assets with donor restrictions* - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

On March 11, 2020, a novel strain of coronavirus known as “COVID-19” was declared a pandemic by the World Health Organization. COVID-19 has surfaced in nearly all regions around the world and is having a significant impact on global markets driven by significant job losses, supply chain and production disruptions, workforce restrictions, travel restrictions, and reduced customer spending and sentiment, among other factors, which are negatively impacting the overall economy. Although the impact of the virus is evolving rapidly and its future effects are uncertain, the Company evaluated its assets and liabilities as of September 30, 2020 and no impairments were recognized resulting from the COVID-19 pandemic. As the extent and duration of the impacts from COVID-19 remain unclear, the Company’s estimates and assumptions may evolve as conditions change and actual results could differ significantly from these estimates.

Going concern

Management has evaluated the Organization’s ability to continue as a going concern for one year after the consolidated financial statement issuance date and has determined that no conditions or events that would raise substantial doubt exist.

Cash and cash equivalents

The Organization considers all highly liquid investments purchased with maturities of three months or less and money market funds to be cash equivalents.

The Organization maintains cash and cash equivalent balances at several financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. As of September 30, 2020 and 2019, there were $4,905,396 and $1,244,575, respectively, in uninsured bank balances.

Accounts receivable, net

Accounts receivable consists primarily of grants receivable. Accounts receivable are recorded at the invoiced amount, net of an allowance for doubtful accounts of $1,407,335 and $952,247 as of September 30, 2020 and 2019, respectively.

The Organization provides an allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Normal receivables are unsecured, do not accrue interest, and are due upon receipt of the invoice. Delinquent receivables are written off based on individual credit evaluation and specific circumstances. The Organization recorded bad debt expense related to these receivables in the amount of $26,038 and $915 for the years ended September 30, 2020 and 2019, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted certificate of deposit

The Organization maintains a $40,501 certificate of deposit at a financial institution in lieu of a security deposit for their office space. The certificate of deposit is assigned to the landlord. After twelve months past the commencement date of the lease, the certificate can be reduced by $40,000 annually until the amount reaches $25,752, which must be maintained for the remainder of the lease term.

Pledges receivable

The Organization recognizes unconditional promises to give as pledges receivable when they are received.

The Organization provides an allowance for doubtful collections, which is based upon a review of outstanding pledge receivables, historical collection information, and existing economic conditions. Normal pledge receivables are unsecured, do not accrue interest, and are due upon date specified when the pledge is made. Delinquent pledge receivables are written off based on individual credit evaluation and specific circumstances. Based upon this analysis, the Organization did not record an allowance as of September 30, 2020 and 2019. The Organization recorded bad debt expense related to these pledges in the amount of $2,561 and $1,190 for the years ended September 30, 2020 and 2019, respectively.

Property and equipment, net

Property and equipment, including leasehold improvements, are recorded at cost and depreciated over the shorter of the remaining lease term and automatic extension options or estimated useful lives of the related assets using the straight-line method. Donated assets are recorded at their estimated fair market value at the date of donation.

The estimated useful lives of property and equipment for purposes of computing depreciation are as follows:

Ho'okupu Center	15
Furniture, fixtures, and equipment	3 to 7
Vehicles	5
Machinery and equipment	3 to 7
Leasehold improvements	25

It is the Organization's policy to capitalize purchased or donated assets in excess of $2,500 with an estimated useful life of at least one year. Expenditures for maintenance, repairs, and renewals of minor items are charged to earnings as incurred. Major renewals and improvements are capitalized. Upon disposition, the cost and related accumulated depreciation are removed from the accounts, and the resulting gain or loss is reflected in the consolidated financial statements.

Property and equipment are reviewed for impairment whenever events or changes in business circumstances indicate that the carrying value of the assets may not be recoverable. Impairment losses are recognized if expected future cash flows from the assets are less than their carrying values.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and support

Contributions and revenues and support are recorded in the period earned as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Contributions with donor restrictions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the consolidated financial statements.

Recognition of governmental grant revenue

The Organization records grant awards accounted for as exchange transactions as deferred revenue until the related services are performed, at which time they are recognized as revenue. Revenues on cost reimbursement contracts are recognized when allowable and reimbursable expenses are incurred, and upon meeting the legal and contractual requirements of the funding source. Revenues of fee for service contracts are recognized when the services required by the contractual agreements are satisfactorily performed. Exchange transactions are recorded as net assets without donor restrictions.

Donated property and equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and cash contributions that must be used to acquire property and equipment are reported as support with donor restrictions. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service unless donors stipulate how long the donated assets must be maintained.

Donated services and facilities

Donated use of services and facilities are recorded as support at their estimated fair value at the date of donation. Contributed services are recognized at fair value, except for the work of volunteers for which no monetary value has been assigned.

Donated services and facilities are reported as support without donor restrictions unless the donor has restricted the donations to a specific purpose. Expenses in the same amount are reflected in the consolidated financial statements.

Income taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. The Organization is also exempt from state income taxes under Section 235 of the Hawaii Revised Statutes. However, Kupu is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Internal Revenue Code.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

In evaluating a tax position for recognition, the Organization evaluates whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of related appeals or litigation processes, based on the technical merits of the position. If the tax position meets the more-likely-than-not recognition threshold, the tax position is measured and recognized as the largest amount of tax benefit that, in management's judgment, is greater than 50% likely of being realized upon ultimate settlement. The Organization determined that it had no uncertain tax positions required to be reported in accordance with U.S. GAAP as of September 30, 2020 and 2019.

It is the Organization's policy to recognize accrued interest related to any unrecognized tax benefits, as well as, any related penalties in other expenses. The Organization did not recognize any interest or penalties associated with unrecognized tax benefits as of September 30, 2020 and 2019.

Hawaii general excise tax

The State of Hawaii imposes a general excise tax of 4.0% on certain gross receipts, such as fundraising income generated within the State, plus an additional 0.5% on such gross receipts within the City and County of Honolulu. The Organization reported Hawaii general excise tax on catering revenues, product sales, and room rental revenues in the amount of $14,098 and $3,911, for the years ended September 30, 2020 and 2019, respectively.

Functional classification of expenses

In accordance with generally accepted accounting principles, expenses are categorized principally in terms of the Organization's individual program activities or functions.

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on time spent, square footage, and other applicable variables. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

Recently adopted accounting standards

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* ASU No. 2018-08 clarifies and improves the scope and accounting guidance for contributions received and made. The amendments in this ASU should assist organizations in (1) evaluating whether transactions should be accounting for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determine whether a contribution is conditional.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently adopted accounting standards (continued)

The guidance in ASU No. 2018-08 is effective for transactions in which an entity is neither a public business entity nor a not-for-profit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market and serve as the resource recipient. ASU No. 2018-08 is effective for the Organization as a recipient as of October 1, 2019. In evaluating the impact of ASC No. 2018-08, the Organization determined that the consolidated financial statements were not materially impacted by the new guidance.

Other recent accounting pronouncements to be adopted in future periods

FASB also issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606),* which amends guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance in ASU No. 2014-09 requires the Organization to recognize revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services and also requires expended disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, as well as other disclosures.

In June 2020, the FASB approved a deferral for non-profits that have not yet issued financial statements reflecting the adoption of this ASU No. 2014-09. For these entities, the FASB deferred the effective date to annual reporting periods beginning after December 15, 2019. The ASU is effective for the Organization as of October 1, 2020. The Organization is currently evaluating the impact this new revenue recognition guidance will have on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases.* This ASU requires management to recognize lease assets and lease liabilities for all leases. ASU No. 2016-02 retains a distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous leases guidance. The result of retaining a distinction between finance leases and operating leases is that under the lessee accounting model, the effect of leases in the statement of income and the statement of cash flows is largely unchanged from previous U.S. GAAP. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates.* This ASU deferred the effective date of ASU No. 2016-02, *Leases (Topic 842),* for non-public business entities and other entities do not file with the Securities and Exchange Commission. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities.* The ASU deferred the effective date of Topic 842 to fiscal years beginning after December 15, 2021. This ASU is effective for the Organization as of October 1, 2022. Early application is allowed. The Organization is currently evaluating the impact this ASU on the Organization's consolidated financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other recent accounting pronouncements to be adopted in future periods

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* ASU No. 2018-08 clarifies and improves the scope and accounting guidance for contributions received and made. The amendments in this ASU should assist Organizations in (1) evaluating whether transactions should be accounting for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determine whether a contribution is conditional.

The guidance in ASU No. 2018-08 is effective for transactions in which an entity is neither a public business entity nor a not-for-profit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market and serve as the resource recipient. For transactions in which an entity is neither a public business entity nor a not-for-profit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market and serves as the resource provider. ASU No. 2018-08 is effective for the Organization as a provider as of October 1, 2020. The Organization is currently evaluating the impact of this ASU on the Organization's consolidated financial statements.

Reclassifications

The Organization has made certain reclassifications to conform its 2019 data to the current presentation. These reclassifications had no effect on the reported results of activities and cash flow.

NOTE 3 – AVAILABILITY AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other financial commitments. For purposes of analyzing resources available to meet these requirements over the next twelve-month period, the Organization considers all youth program services, management and general, and fundraising to be general expenses. The Organization's liquidity is maintained in interest and non-interest bearing checking, savings, and money market accounts.

The Organization is substantially supported by contributions, pledges and grants from individuals, foundations, and government entities. The contributions from individuals and foundations are received with and without donor restrictions. The Organization prepares an annual operating budget, which is used to plan the level of fundraising activity and other sources of funding required for the coming twelve months for general and capital expenses. The Organization operates within its annual operating budget and anticipates collecting sufficient funds to cover general and capital expenses.

NOTE 3 – AVAILABILITY AND LIQUIDITY (continued)

The following represents the Organization's financial assets available for general expenditures, without donor restrictions limiting their use, within one year at September 30:

	2020	2019
Cash and cash equivalents	$ 5,221,447	$ 1,541,709
Accounts receivable, net	1,407,335	952,247
Pledges receivable, current portion	20,169	23,571
Total financial assets at year-end	6,648,951	2,517,527
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(598,934)	(243,225)
	$ 6,050,017	$ 2,274,302

NOTE 4 – PLEDGES RECEIVABLE

The following is the summary of unconditional promises to give for the Organization as of September 30:

	2020	2019
Pledges receivable due in less than one year	$ 20,169	$ 23,571
Pledges receivable due in one to five years	202,500	209,787
Total pledges receivable	222,669	233,358
Less current portion	(20,169)	(23,571)
Total long term portion	$ 202,500	$ 209,787

NOTE 5 – GOVERNMENT GRANTS AND CONTRACTS REVENUE

The following is a reconciliation between the total Federal Expenditures listed on the Schedule of Expenditures of Federal Awards and total government grants and contracts revenue listed on the Consolidated Statement of Activities as of September 30:

	2020	2019
Federal expenditures per the Schedule of Expenditures of Federal Awards	$ 3,195,382	$ 2,934,713
Revenue from federal sources - per consolidated financial statements	3,195,382	2,934,713
Other government grants and contracts revenue sources	870,683	1,379,444
Total government grants and contracts revenue - per Consolidated Statement of Activities	$ 4,066,065	$ 4,314,157

NOTE 6 – PROPERTY AND EQUIPMENT, net

Property and equipment, net, consists of the following as of September 30:

	2020	2019
Ho'okupu Center	$ 5,248,995	$ 5,248,995
Furniture, fixtures, and equipment	357,871	354,192
Vehicles	148,666	148,666
Machinery and equipment	6,320	6,320
Leasehold improvements	220,555	-
	5,982,407	5,758,173
Less accumulated depreciation	(579,446)	(303,094)
	$ 5,402,961	$ 5,455,079

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of September 30:

	2020	2019
Specific purpose:		
Ho'ahu Capital Campaign	$ -	$ 14,359
Various programs	598,934	228,866
	$ 598,934	$ 243,225

Ho'ahu Capital Campaign

Kupu's vision is to transform the Kewalo Basin Park facility and the surrounding waterfront area into an open and inclusive space to be used for Kupu programming and public benefit and serve as the model of sustainability, environmental restoration, and community and cultural collaboration. The project was intended to provide a center for appreciation and respect for the past, coupled with the renewal and vitality for Hawaii's future and was substantially completed in 2019.

NOTE 8 – LEASES

Kewalo Basin Park

The Organization has a long term lease for an open-air facility located at Kewalo Basin Park from the Hawaii Community Development Authority for one dollar per year, which it utilizes as a training center. Donated rent (included in in-kind contributions) was $147,420 for both of the years ended September 30, 2020 and 2019.

Ala Moana Blvd.

The Organization entered into an operating lease for office space on Ala Moana Blvd. on February 1, 2014. This lease expires on July 31, 2024, with monthly base rent of $12,610. Rent expense under this lease was $76,525 and $89,670 for the years ended September 30, 2020 and 2019, respectively.

NOTE 8 – LEASES (continued)

Future minimum lease commitments

Future minimum rental payments under non-cancellable operating leases are as follows for the years ending:

September 30,	Amount
2021	$ 104,356
2022	107,486
2023	110,711
2024	114,032
	$ 436,585

NOTE 9 – LINE OF CREDIT

The Organization has a revolving line of credit with a financial institution, which allows the Organization to draw up to $1,500,000, at an interest rate of 3.75% maturing on June 1, 2021. There were no borrowings or outstanding amounts under the revolving line of credit during and as of both fiscal years ending September 30, 2020 and 2019.

NOTE 10 – SBA's PAYROLL PROTECTION PROGRAM LOAN

The Organization received $1,034,300 from the Small Business Administration's Payment Protection Program. Under the terms of this program up to 100% may be forgiven if certain terms and conditions are met. The unforgiven amount, if any, matures in April 2022 and accrues interest at 1.0% annual percentage rate with principal and interest payments starting in October 2020.

Debt forgiveness

Under the Small Business Administration's Payment Protection Program, principal and interest payments have now been deferred to whenever the bank is notified how much, if any, of the loan will be forgiven.

NOTE 11 – RELATED PARTY TRANSACTIONS

Pono Pacific Land Management, LLC

Under a joint agreement, Pono Pacific Management, LLC, (a related party through common management, "Pono Pacific") and Kupu share office space, and other overhead costs. Under the terms of this agreement, both office space and common space are allocated based upon the square footage occupied by each entity. The Organization paid $40,422 and $25,081 for reimbursement of costs incurred on Pono Pacific's behalf for the years ended September 30, 2020 and 2019, respectively. An outstanding balance related to these costs amounted to $23,868 and $4,960 as of September 30, 2020 and 2019, respectively.

NOTE 12 – CONCENTRATION OF CREDIT RISK

The majority of the Organization's activities are with Corporation of National and Community Service ("CNCS"). Revenues earned on its grants with CNCS were $2,155,619 and $1,777,355 for the years ended September 30, 2020 and 2019, respectively. Receivables under this grant were $442,823 and $58,504 as of September 30, 2020 and 2019, respectively.

NOTE 13 – RETIREMENT SAVINGS PLAN

The Organization participates in a multiple-employer defined contribution plan for the benefit of their eligible employees. The Organization's employees are eligible to participate in the plans after one full year of employment and attaining the age of 21. Eligible employees may make voluntary pre-tax and Roth contributions to the plan.

The Organization provides for matching of 100% of the participants first 4% of contributions. These matching contributions vest over a six-year grading schedule. For the years ended September 30, 2020 and 2019, contributions by the Organization under this plan were $31,110 and $22,505, respectively.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

During the year ended September 30, 2020, the Organization received a real property tax bill for the 2017, 2018, and 2019 property tax assessment years amounting to $119,811 related to the Ho'okupu Center. This expense was not paid or accrued for as of September 30, 2020, as the Organization believes their 501(c)3 not for profit status and timely refiling of property tax exemptions exempts the Organization from real property tax expenses and liabilities.

NOTE 15 – SUBSEQUENT EVENTS

The Organization evaluated its September 30, 2020 and 2019, consolidated financial statements for subsequent events through April 21, 2021, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require additional recognition or disclosure in the consolidated financial statements.

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Supplementary Information

KUPU AND ITS SUBSIDIARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended September 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Agency or Pass-Through Identifying Number	Total Federal Expenditures	
Corporation for National and Community Service				
Passed through the Hawaii Commission for National and Community Services:				
AmeriCorps	94.006	19ACHHI001	$ 2,125,810	
AmeriCorps	94.006	19ACHHI001 Amendment No. 1	29,809	
Total AmeriCorps			2,155,619	*
Passed through the Hawaii Commission for National and Community Services:				
VISTA Support and Training	94.013	17VSPHI003	61	
Total Corporation for National and Community Service			2,155,680	
Department of Agriculture, Forest Service				
Direct Programs:				
Pacific Southwest Region Lake, Tahoe Basin Management Unit Blue Waters Exchange Program	10.699	17-PA-11051900-032	1,336	
Hawaii Experimental Tropical Forest Program	None	18-PA-11272136-065	81,551	
Urban Forest Inventory of Honolulu - Youth Pilot	10.699	18-PA-11052021-203	687	
Passed through Corp Network:				
USFS Resource Assistant Program	10.699	17-PA-11132424197	22,317	
Passed through National Fish and Wildlife Foundation:				
Protecting Hawaii Island's Threatened Dry Forest at Puuwaawaa Forest Reserve	10.683	17-CA-11132422-343	15,195	
Passed through State of Hawaii, Research Corporation of University of Hawaii:				
University of Hawaii, Experiential Learning 4 Resilient C	10.310	P.O.#Z10216970	11,648	
Total Department of Agriculture Forest Service			132,734	
Department of the Interior				
Direct programs:				
Conservation Activities by Youth Service Organizations	15.931	P15AC00049	308,651	
Conservation Activities by Youth National Wildlife Refuge Systems	15.676	F18AC00994 Mod. 002	392,800	
Total Department of the Interior			701,451	
National Science Foundation				
Passed through Battelle Memorial Institute:				
The National Ecological Observatory Network NEON	47.076	1724433; 760460	22,000	
Department of Treasury				
Passed through the County of Kauai:				
COVID-19 - Coronavirus Relief Funds	21.019	GA CAREB3-0002	39,387	
Passed through the Department of Business, Economic Development & Tourism, State of Hawaii:				
COVID-19 - Coronavirus Relief Funds Training and Workforce Development Program	21.019	N/A	144,130	
Total Department of Treasury			183,517	
Total Expenditures of Federal Awards			$ 3,195,382	

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

September 30, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Kupu and its wholly-owned subsidiary, ʻĀina & Innovation Workforce Hawaii, LLC, (collectively the "Organization") under programs of the federal government for the year ended September 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying Schedule of Expenditures of Federal Awards.

Basis of accounting

Expenditures reported on the Schedule have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Cost principles

Expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

Indirect cost rate

The Organization has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - MATCHING REQUIREMENTS

Certain Federal programs require the Organization to contribute non-Federal funds, matching funds to support the Federally funded programs. The Organization has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE 4 – MAJOR PROGRAMS

* Denotes major program, which comprised 67% of total expenditures of federal awards.

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Consolidated Financial Statements Performed in Accordance with Government Auditing Standards

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Consolidated Financial Statements Performed in Accordance with Government Auditing Standards

To Management and the Board of Directors, Kupu and its wholly-owned subsidiary, ʻĀina & Innovation Workforce Hawaii:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The consolidated financial statements of Kupu and its wholly-owned subsidiary, ʻĀina & Innovation Workforce Hawaii, LLC, (collectively the "Organization"), which comprise the consolidated statement of financial position as of September 30, 2020, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 21, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Verity CPAs

April 21, 2021

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To Management and the Board of Directors, Kupu and its wholly-owned subsidiary, ʻĀina & Innovation Workforce Hawaii:

Report on Compliance for Each Major Federal Program

We have audited Kupu's and its wholly-owned subsidiary, ʻĀina & Innovation Workforce Hawaii, LLC's, (collectively the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2020. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Verity CPAs

April 21, 2021

Schedule of Findings and Questioned Costs

Section 1 – Summary of Auditor's Results

Consolidated Financial Statements

Type of Auditor's report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	_____ Yes	__√__ No
• Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	__√__ No
Noncompliance material to consolidated financial statements noted?	_____ Yes	__√__ No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	_____ Yes	__√__ No
• Significant deficiencies identified that are not considered to be material weaknesses?	_____ Yes	__√__ No

Type of Auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance?	_____ Yes	__√__ No

Identification of major programs:

CFDA No.	Name of Federal Program or Cluster
94.006	AmeriCorps

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee?	__√__ Yes	_____ No

Section 2 – Consolidated Financial Statement Findings

None.

Section 3 – Federal Award Findings and Questioned Costs

None.

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