

MAUI ECONOMIC OPPORTUNITY, INC.

**FINANCIAL STATEMENTS,
INDEPENDENT AUDITOR'S REPORTS,
AND SUPPLEMENTARY SCHEDULE
For the Years Ended September 30, 2025 and 2024**



MAUI ECONOMIC OPPORTUNITY, INC.

INTRODUCTION

For the Years Ended September 30, 2025 and 2024

Maui Economic Opportunity, Inc. (MEO) was incorporated in the State of Hawaii on March 22, 1965. MEO is a Community Action Agency that provides a comprehensive scope of services to those in need throughout Maui County, State of Hawaii. Its purpose is to act as the official community action agency for Maui County, in order to fulfill the requirements of the Economic Opportunity Act of 1964, as amended. MEO 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 MEO are tax deductible.

MEO's mission is to strengthen the community while helping people in need restore their hope, reach their potential, and enrich their lives. MEO's primary programs are transportation services, early childhood development services, employment and training services, youth services, Being Empowered and Safe Together reintegration services, business development services, and crisis and emergency services for individuals in need. The operations of MEO are funded largely through grants from federal, state, and county governmental agencies. Significant reductions, if any, in the level of this support may have an adverse effect on MEO's programs and activities.

MEO receives federal awards directly and indirectly from the United States Department of Health and Human Services; indirectly from the United States Department of the Treasury, United States Department of Homeland Security, United States Department of Agriculture, United States Department of Labor, and United States Department of Energy; and directly from the United States Department of Education and United States Department of Environmental Protection Agency.

This report is the result of the single audit of MEO conducted in accordance with auditing standards generally accepted in the United States of America; the *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) for the year ended September 30, 2025.

This report includes the financial statements of MEO as of and for the years ended September 30, 2025 and 2024, the accompanying notes to the financial statements, and independent auditor's report. It also includes the independent auditor's reports required by the *Government Auditing Standards*, and the Schedule of Expenditures of Federal Awards and independent auditor's reports required by the Uniform Guidance, for the year ended September 30, 2025. Findings and questioned costs (if any) and a corrective action plan (if applicable) are reported by the auditor under those captions in the final sections of this report.

MAUI ECONOMIC OPPORTUNITY, INC.

TABLE OF CONTENTS

For the Years Ended September 30, 2025 and 2024

SECTION	<u>PAGE</u>
INTRODUCTION	1
TABLE OF CONTENTS	2
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT	
• Independent Auditor’s Report on the Financial Statements.	4
• Financial Statements and Notes to the Financial Statements.	7
SUPPLEMENTARY INFORMATION	
• Schedule of Expenditures of Federal Awards and Notes to the Schedule of Expenditures of Federal Awards.	34
REPORTS IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	
• Independent Auditor’s Report on Internal Control over Financial Reporting and Report on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .	40
REPORTS IN ACCORDANCE WITH THE UNIFORM GUIDANCE	
• Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance.	43
FINDINGS AND QUESTIONED COSTS	
• Schedule of Findings and Questioned Costs.	47

MAUI ECONOMIC OPPORTUNITY, INC.

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

As of and for the Years Ended September 30, 2025 and 2024



INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Maui Economic Opportunity, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Maui Economic Opportunity, Inc. (MEO), a nonprofit Hawaii corporation, which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of MEO as of September 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of MEO and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the MEO's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 MEO's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MEO's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the 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 23, 2026, on our consideration of MEO'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 solely 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 the effectiveness of MEO's 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 MEO's internal control over financial reporting and compliance.

CW Associates, CPAs

CW Associates, CPAs
Honolulu, Hawaii
April 23, 2026



CWA

MAUI ECONOMIC OPPORTUNITY, INC.

STATEMENTS OF FINANCIAL POSITION

As of September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash		
Operating cash	\$ 15,253,966	\$ 19,411,983
Cash restricted for microenterprise loan program	<u>706,510</u>	<u>623,551</u>
Total cash	15,960,476	20,035,534
Grants receivable – net	2,715,281	4,513,197
Accounts receivable – net	80,267	137,225
Microenterprise loans receivable – net	11,922	13,826
Prepaid expenses and other current assets	<u>91,680</u>	<u>313,646</u>
Total current assets	<u>18,859,626</u>	<u>25,013,428</u>
NONCURRENT ASSETS		
Property and equipment – net	21,822,793	22,301,592
Operating lease right-of-use assets – net	637,514	747,252
Investments in marketable securities	2,128,388	1,897,048
Microenterprise loans receivable – net	<u>7,234</u>	<u>18,737</u>
Total noncurrent assets	<u>24,595,929</u>	<u>24,964,629</u>
TOTAL ASSETS	<u><u>\$43,455,555</u></u>	<u><u>\$49,978,057</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 970,627	\$ 2,088,769
Accrued liabilities	672,311	670,895
Operating lease liabilities	192,145	163,934
Refundable advances	<u>13,302,322</u>	<u>18,855,899</u>
Total current liabilities	15,137,405	21,779,497
OPERATING LEASE LIABILITIES – Noncurrent	445,224	578,107
NOTE PAYABLE – Noncurrent	<u>63,300</u>	<u>63,300</u>
TOTAL LIABILITIES	<u>15,645,929</u>	<u>22,420,904</u>
NET ASSETS		
Net assets without donor restrictions	<u>16,019,910</u>	<u>15,791,550</u>
Net assets with donor restrictions		
Restricted for programs – Maui fire relief	-	56,693
Restricted for microenterprise loan program	793,191	712,385
Restricted for usage of property	<u>10,996,525</u>	<u>10,996,525</u>
Total net assets with donor restrictions	<u>11,789,716</u>	<u>11,765,603</u>
Total net assets	<u>27,809,626</u>	<u>27,557,153</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$43,455,555</u></u>	<u><u>\$49,978,057</u></u>

See accompanying notes to the financial statements.

MAUI ECONOMIC OPPORTUNITY, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and support		
Maui County grants	\$ 17,440,767	\$ 16,001,842
Federal government grants	15,816,261	22,697,141
Other grants and contributions	1,396,633	8,174,461
Net assets released from donor restrictions	987,469	2,458,938
Program income	590,060	1,008,687
In-kind contributions	394,842	394,523
Investment income – net	200,363	374,232
Fundraising – net	127,481	-
Lease rental income	88,441	86,206
State of Hawaii grants	74,182	87,494
Other income	151,200	27,425
Total revenue and support	<u>37,267,699</u>	<u>51,310,949</u>
Expenses		
Program services		
Transportation	11,438,492	10,776,548
Crisis and emergency assistance	8,506,014	18,823,103
Employment and training	6,166,043	6,882,611
Early childhood services	4,398,241	3,727,334
Economic development	2,435,460	6,371,092
Other federal programs	527,945	457,890
Youth programs	374,145	375,390
Reintegration	330,865	247,432
Weatherization assistance program	187,107	174,825
Other County programs	145,349	165,587
Special projects	91,618	114,776
Enlace Hispano program	76,236	66,483
Other programs	9,570	-
Total program services	<u>34,687,085</u>	<u>48,183,071</u>
Supporting services		
Management and General	2,340,691	2,264,342
Fundraising	11,563	25
Total supporting services	<u>2,352,254</u>	<u>2,264,367</u>
Total expenses	<u>37,039,339</u>	<u>50,447,438</u>
Increase in net assets without donor restrictions	<u>228,360</u>	<u>863,511</u>

(Continued)

MAUI ECONOMIC OPPORTUNITY, INC.
STATEMENTS OF ACTIVITIES (Continued)
For the Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS (Carryforward)	\$ 228,360	\$ 863,511
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions with donor restrictions	1,011,582	2,644,174
Net assets released from donor restrictions	<u>(987,469)</u>	<u>(2,458,938)</u>
Increase in net assets with donor restrictions	<u>24,113</u>	<u>185,236</u>
INCREASE IN NET ASSETS	252,473	1,048,747
NET ASSETS – Beginning of year	<u>27,557,153</u>	<u>26,508,406</u>
NET ASSETS – End of year	<u>\$27,809,626</u>	<u>\$27,557,153</u>

See accompanying notes to the financial statements.

MAUI ECONOMIC OPPORTUNITY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2025

	Program Services								
	<u>Transportation</u>	<u>Crisis and Emergency Assistance</u>	<u>Employment and Training</u>	<u>Early Childhood Services</u>	<u>Economic Development</u>	<u>Other Federal Programs</u>	<u>Youth Programs</u>	<u>Reintegration</u>	<u>Weatherization Assistance Program</u>
Salaries and benefits	\$ 7,757,375	\$ 230,718	\$ 280,206	\$ 2,709,985	\$ 292,859	\$ 190,175	\$ 318,551	\$ 140,237	\$ 61,910
Supportive services	24,241	7,680,691	1,424	156,245	2,006,805	42,527	-	116,094	-
Contracts and professional fees	4,785	509,954	5,851,954	23,937	63,256	62,019	158	17,154	2,331
Depreciation and amortization	1,003,638	17,733	10,027	317,837	8,501	12,904	10,972	1,991	1,394
Repairs and maintenance	588,195	23,188	7,715	164,340	15,150	138,436	15,064	6,126	3,094
Supplies and material	354,387	17,620	2,999	204,866	7,936	15,766	8,370	2,076	106,432
Insurance	654,421	10	492	32,688	8,006	9,395	36	2,609	1,196
Gas and oil	687,655	-	27	1,015	-	13	48	87	5
In-kind	-	-	-	394,842	-	-	-	-	-
Facility and utilities	152,744	23,061	7,235	102,640	12,821	12,972	17,615	4,164	2,102
Lease rent	187,255	640	129	88,861	287	203	377	85	59
Training	4,782	257	3,317	124,967	1,315	12,669	125	39,775	2,190
Other	16,333	2,003	518	31,495	17,232	13,736	1,318	463	188
Travel	2,681	139	-	44,523	1,292	17,130	1,511	4	6,206
Fundraising, direct expenses	-	-	-	-	-	-	-	-	-
Total expenses	<u>11,438,492</u>	<u>8,506,014</u>	<u>6,166,043</u>	<u>4,398,241</u>	<u>2,435,460</u>	<u>527,945</u>	<u>374,145</u>	<u>330,865</u>	<u>187,107</u>
Direct fundraising expenses reported net with revenue on the statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 11,438,492</u>	<u>\$ 8,506,014</u>	<u>\$ 6,166,043</u>	<u>\$ 4,398,241</u>	<u>\$ 2,435,460</u>	<u>\$ 527,945</u>	<u>\$ 374,145</u>	<u>\$ 330,865</u>	<u>\$ 187,107</u>

(Continued)

MAUI ECONOMIC OPPORTUNITY, INC.

STATEMENT OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended September 30, 2025

	Program Services				Total Program Services	Supporting Services		Total Supporting Services	Total
	Other County Programs	Special Projects	Enlace Hispano Program	Other		Management and General	Fundraising		
Salaries and benefits	\$ 65,306	\$ 5,540	\$58,383	\$ -	\$12,111,245	\$ 1,842,951	\$ 2,105	\$1,845,056	\$13,956,301
Supportive services	-	-	50	-	10,028,077	-	-	-	10,028,077
Contracts and professional fees	1,977	-	7,965	-	6,545,490	145,097	919	146,016	6,691,506
Depreciation and amortization	2,649	73,813	868	-	1,462,327	26,718	35	26,753	1,489,080
Repairs and maintenance	6,359	4,224	1,999	-	973,890	62,362	-	62,362	1,036,252
Supplies and material	65,665	32	2,923	-	789,072	64,484	1,086	65,570	854,642
Insurance	-	39	7	-	708,899	55,644	-	55,644	764,543
Gas and oil	-	4	3	-	688,857	-	-	-	688,857
In-kind	-	-	-	-	394,842	-	-	-	394,842
Facility and utilities	2,708	1,509	3,111	-	342,682	44,995	-	44,995	387,677
Lease rent	70	1,044	35	-	279,045	1,140	-	1,140	280,185
Training	-	-	43	-	189,440	7,575	-	7,575	197,015
Other	377	5,403	842	9,570	99,478	80,803	7,418	88,221	187,699
Travel	238	10	7	-	73,741	8,922	-	8,922	82,663
Fundraising, direct expenses	-	-	-	-	-	-	23,060	23,060	23,060
Total expenses	<u>145,349</u>	<u>91,618</u>	<u>76,236</u>	<u>9,570</u>	<u>34,687,085</u>	<u>2,340,691</u>	<u>34,623</u>	<u>2,375,314</u>	<u>37,062,399</u>
Direct fundraising expenses reported net with revenue on the statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,060)</u>	<u>(23,060)</u>	<u>(23,060)</u>
Total expenses	<u>\$145,349</u>	<u>\$ 91,618</u>	<u>\$76,236</u>	<u>\$9,570</u>	<u>\$34,687,085</u>	<u>\$2,340,691</u>	<u>\$ 11,563</u>	<u>\$2,352,254</u>	<u>\$37,039,339</u>

See accompanying notes to the financial statements.

MAUI ECONOMIC OPPORTUNITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2024

	Program Services								
	Transportation	Crisis and Emergency Assistance	Employment and Training	Early Childhood Services	Economic Development	Other Federal Programs	Youth Programs	Reintegration	Weatherization Assistance Program
Salaries and benefits	\$ 7,251,793	\$ 215,253	\$ 503,170	\$2,255,910	\$ 303,510	\$ 207,569	\$303,944	\$ 96,738	\$ 65,455
Supportive services	13,710	18,071,246	51,066	33,981	5,891,046	70,100	-	59,183	-
Contract and professional fees	27,308	443,808	6,245,740	17,415	93,003	46,400	6,124	51,208	437
Depreciation and amortization	984,550	22,820	10,710	212,191	11,850	13,065	10,177	2,089	1,821
Repairs and maintenance	559,639	15,868	9,929	190,644	10,898	55,581	9,405	3,595	1,537
Supplies and material	242,132	18,789	8,263	297,115	16,428	15,412	23,775	1,836	90,198
Insurance	613,251	90	1,959	28,393	7,858	9,036	149	2,828	820
Gas and oil	707,068	77	65	927	-	-	195	225	-
In-kind	-	-	-	386,936	-	-	-	-	-
Facility and utilities	139,190	20,302	13,098	96,271	10,513	11,751	16,668	2,192	1,201
Lease rent	187,315	2,906	1,250	84,066	536	379	604	113	74
Other	40,333	6,385	1,404	21,840	24,417	11,414	1,624	369	343
Training	6,373	3,013	28,206	52,734	789	8,056	38	27,056	5,040
Travel	3,886	2,546	7,751	48,911	244	9,127	2,687	-	7,899
Total expenses	<u>\$ 10,776,548</u>	<u>\$ 18,823,103</u>	<u>\$ 6,882,611</u>	<u>\$ 3,727,334</u>	<u>\$ 6,371,092</u>	<u>\$ 457,890</u>	<u>\$ 375,390</u>	<u>\$ 247,432</u>	<u>\$ 174,825</u>

(Continued)

MAUI ECONOMIC OPPORTUNITY, INC.

STATEMENT OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended September 30, 2024

	<u>Program Services</u>				<u>Total Program Services</u>	<u>Supporting Services</u>		<u>Total Supporting Services</u>	<u>Total</u>
	<u>Other County Programs</u>	<u>Special Projects</u>	<u>Enlace Hispano Program</u>	<u>Other</u>		<u>Management and General</u>	<u>Fundraising</u>		
Salaries and benefits	76,175	\$ 4,617	\$58,100	\$ -	\$ 11,342,234	\$ 1,666,862	\$ -	\$ 1,666,862	\$ 13,009,096
Supportive services	-	-	1,080	-	24,191,412	35,902	-	35,902	24,227,314
Contract and professional fees	817	-	18	-	6,932,278	288,422	-	288,422	7,220,700
Depreciation and amortization	2,359	72,194	782	-	1,344,608	24,594	-	24,594	1,369,202
Repairs and maintenance	2,541	31,711	1,148	-	892,496	42,823	-	42,823	935,319
Supplies and material	79,532	22	669	-	794,171	68,992	-	68,992	863,163
Insurance	-	14	13	-	664,411	49,154	-	49,154	713,565
Gas and oil	-	-	-	-	708,557	-	-	-	708,557
In-kind	-	-	-	-	386,936	-	-	-	386,936
Facility and utilities	2,070	1,383	3,071	-	317,710	37,508	-	37,508	355,218
Lease rent	128	980	64	-	278,415	5,905	-	5,905	284,320
Other	538	3,830	338	-	112,835	28,144	3	28,147	140,982
Training	-	-	1,200	-	132,505	3,759	-	3,759	136,264
Travel	1,427	25	-	-	84,503	12,277	22	12,299	96,802
Total expenses	\$165,587	\$114,776	\$66,483	\$ -	\$48,183,071	\$2,264,342	\$ 25	\$2,264,367	\$50,447,438

See accompanying notes to the financial statements.

MAUI ECONOMIC OPPORTUNITY, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 252,473	\$ 1,048,747
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Contributions with donor restrictions	(1,011,582)	(2,644,174)
Loss on disposal of property and equipment	9,570	1,105
Depreciation and amortization	1,489,080	1,369,202
Operating lease payments (over) less straight-line expenses	5,066	(7,592)
Realized (gains) losses on investments in marketable securities	568	(16,426)
Unrealized gains on investments in marketable securities	(167,505)	(294,540)
(Increase) decrease in		
Grants receivable – net	1,797,916	(2,854,384)
Accounts receivable – net	56,958	(42,067)
Microenterprise loans receivable – net	13,407	37,767
Prepaid expenses and other current assets	221,966	136,606
Increase (decrease) in		
Accounts payable	(1,118,142)	1,664,689
Accrued liabilities	1,416	105,038
Refundable advances	<u>(5,553,577)</u>	<u>16,436,949</u>
Net cash provided (used) by operating activities	<u>(4,002,386)</u>	<u>14,940,920</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(1,019,851)	(1,969,597)
Proceeds from sale of investments	211,699	322,623
Purchases of investments in marketable securities	<u>(276,102)</u>	<u>(367,810)</u>
Net cash used by investing activities in marketable securities	<u>(1,084,254)</u>	<u>(2,014,784)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of note payable	-	(50,000)
Restricted interest and loan fees on microenterprise loans	31,040	30,743
Contributions with donor restrictions	<u>980,542</u>	<u>2,613,431</u>
Net cash provided by financing activities	<u>1,011,582</u>	<u>2,594,174</u>
NET INCREASE (DECREASE) IN CASH	(4,075,058)	15,520,310
CASH AND RESTRICTED CASH – Beginning of year	<u>20,035,534</u>	<u>4,515,224</u>
CASH AND RESTRICTED CASH – End of year	<u>\$ 15,960,476</u>	<u>\$ 20,035,534</u>

(Continued)

MAUI ECONOMIC OPPORTUNITY, INC.
STATEMENTS OF CASH FLOWS (Continued)
For the Years Ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 2,949	\$ 4,513
Noncash investing activity		
Additions to operating lease right-of-use asset	\$ 81,335	\$ 361,530
Noncash financing activity		
Additions to operating lease liability	\$ 81,335	\$ 353,938

See accompanying notes to the financial statements.

MAUI ECONOMIC OPPORTUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Years Ended September 30, 2025 and 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activity

Maui Economic Opportunity, Inc. (MEO) was incorporated in the State of Hawaii on March 22, 1965. MEO is a Community Action Agency that provides a comprehensive scope of services to those in need throughout Maui County, State of Hawaii, which includes the Islands of Maui, Molokai, and Lanai. Its purpose is to act as the official community action agency for Maui County to fulfill the requirements of the Economic Opportunity Act of 1964, as amended.

MEO's mission is to strengthen the community while helping people in need restore their hope, reach their potential, and enrich their lives. MEO's primary programs are transportation services, economic development services, early childhood development services, crisis emergency services to individuals in need, employment and training services, Being Empowered and Safe Together reintegration services, youth services, Weatherization assistance services, special projects, and the Enlace Hispano program. The operations of MEO are funded largely through grants from federal, state, and county government agencies. Significant reductions, if any, in the level of this support may have an adverse effect on MEO's programs and activities.

In August 2023, the island of Maui experienced destructive wildfires that impacted several communities on the island. MEO operates in these communities. MEO fortunately did not experience material damage to its property and equipment.

Since the fires, MEO has been at the forefront in support of the communities on Maui. MEO is working with federal, State of Hawaii, County of Maui, private and public agencies to help the people of Maui. Working with these agencies, MEO has implemented programs that provide transportation; transitional housing; jobs; temporary assistance for vehicle, utility, clothing and school supply payments; and business grants in support of the people of Maui. During the year ended September 30, 2025, MEO received \$8,769,483 in funding of which a portion is included in the \$11,134,051 of refundable advances in the statement of financial position at September 30, 2025. The refundable advances also include funding received in prior years. During year ended September 30, 2024, MEO received \$39,886,987 in funding of which, \$18,129,571 is recorded as refundable advances in the statement of financial position at September 30, 2024.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require MEO to report information regarding its financial position and activities according to the following net asset classifications:

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

Net Assets with Donor Restrictions consist of 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 MEO or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity (none at September 30, 2025 and 2024).

MAUI ECONOMIC OPPORTUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Years Ended September 30, 2025 and 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (continued)

Certain amounts in the prior year financial information have been reclassified to conform to the current year presentation. Such reclassifications did not affect prior year increase in net assets.

Use of Estimates

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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates, it is reasonably possible that such estimates may change within the near term, and such differences could be material to the financial statements.

Concentrations of Credit Risk

Financial instruments that potentially subject MEO to credit risk include cash, grants receivable, accounts receivable, and investments in marketable securities. Cash on deposit with financial institutions at September 30, 2025 and 2024, exceeded the related federal deposit insurance by approximately \$15,628,700 and \$20,304,900, respectively. Management evaluates the credit standings of these financial institutions to ensure that such deposits are adequately safeguarded as required by federal regulations. MEO has unsecured grants receivable due primarily from federal, state, and local government agencies, which have been reduced by estimated allowances for doubtful accounts (none at September 30, 2025 and 2024). Accounts receivable have also been reduced by estimated allowances for credit losses (none at September 30, 2025 and 2024). Accounts receivable at October 1, 2023 were \$95,158, net of estimated allowances of \$0.

Grants and accounts receivable are determined to be collectible or uncollectible based on an assessment by management of the facts and circumstances related to the individual accounts, including historical experience, an assessment of current and future economic conditions, and a review of subsequent collections. Investments in marketable securities are insured by federal and private insurance, as represented by the custodian. Future changes in market prices may make such investments less valuable.

Microenterprise Loans Receivable

MEO's microenterprise loan program provides loans to individuals who want to start a business or improve an existing business, but do not have access to traditional financing. Microenterprise loans receivable are measured at the outstanding principal balance, less an estimated allowance for loan losses. Interest is accrued based on the outstanding principal balance at annual rates ranging from 5% to 10%. Loans are collateralized by the business and/or personal assets of the borrower.

The allowance for loan losses represents the amount management believes to be sufficient to absorb losses inherent in the outstanding loan balance, including those losses not yet specifically identifiable. Management periodically evaluates the adequacy of the allowance based upon prior experience, an assessment of the credit worthiness of existing specific borrowers, and current and future economic conditions. Unpaid balances that are 30 days past the date on which payment was scheduled to be received are considered past due.

MAUI ECONOMIC OPPORTUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Years Ended September 30, 2025 and 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Microenterprise Loans Receivable (continued)

Management does not place outstanding balances on nonaccrual status. Delinquent balances that are still outstanding after management has used reasonable collection efforts are evaluated further and any amounts determined to be uncollectable are written off with the approval of the board of directors. Because of the inherent uncertainties in estimating the allowance for loan losses, it is reasonably possible that the estimates will change within the near term. No loans were determined by management to be impaired at September 30, 2025 and 2024.

Investments in Marketable Securities

Investments in marketable securities are reported at fair value. Realized and unrealized gains (losses) are included in investment income. Investment income and gains (losses) restricted by a donor are reported as increases (decreases) in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the same reporting period in which the income (loss) and gains (losses) are recognized.

Property and Equipment

Property and equipment is stated at cost or, if contributed, at estimated fair market value at the date of contribution, less depreciation computed using the straight-line method over estimated useful lives of 39 years for buildings, 20 years for depreciable land improvements, five years for transportation vehicles and equipment, and five years for furniture and equipment. Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Major improvements and expenditures for property and equipment in excess of \$5,000 or a lower threshold, if required by a grantor, are capitalized. Repairs and maintenance are expensed as incurred.

MEO reports gifts of property and equipment as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit donor restrictions that specify how the donated assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as contributions with donor restrictions. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, MEO reports expirations of donor restrictions when the acquired long-lived assets are placed in service.

Leases

Leases are evaluated as operating or finance leases upon commencement, and are accounted for accordingly. Specifically, a lease contains an explicitly or implicitly identified asset, MEO retains substantially all of the economic benefits from the use of the underlying asset, and directs how and for what purpose the asset is used during the term of the lease in exchange for consideration. MEO assesses whether a contract is or contains a lease at inception of the contract.

MAUI ECONOMIC OPPORTUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Years Ended September 30, 2025 and 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (continued)

The operating right-of-use (ROU) assets and operating lease liabilities are based on the present value of future lease payments. The lease term used to calculate the ROU asset and operating lease liability at the commencement of a lease includes the impact of options to extend or terminate the lease. Existing economic conditions; the nature, length, and terms of the lease agreement; and the expected condition of the leased asset at the end of the lease term are factors in assessing the probability of an option to extend or terminate a lease.

The discount rate used to calculate the present value of lease payments is the rate implicit in the lease, when readily determinable; a secured incremental borrowing rate, when the rate implicit in the lease is not readily determinable; or a risk-free rate, when a secured incremental borrowing rate is not available.

MEO excludes non-lease components from the minimum rent payments used to calculate the ROU assets and liabilities. Lease expenses are recognized on the straight-line basis over the respective lease terms. MEO elects, for all underlying classes of assets, to not recognize ROU assets and liabilities for short-term leases that have lease terms of 12-months or less at lease commencement, and do not include an option to purchase the underlying asset that MEO is reasonably certain to exercise.

Revenue and Expense Recognition

Revenue is recognized when the goods or services are provided to customers. Revenue is measured based on the consideration specified in a contract with the customer, and excludes any incentives and amounts collected on behalf of third parties. Revenue from performance obligations satisfied at a point in time include program service fees for transportation (included in Maui County grants in the statements of activities) of \$4,412,926 and \$3,851,289, and for daycare (included in Maui County grants in the statements of activities) of \$247,236 and \$137,718, and fundraising of \$127,481 and \$0, for the years ended September 30, 2025 and 2024, respectively. Revenue from performance obligations satisfied over time consists of program income of \$590,060 and \$1,008,687, for the years ended September 30, 2025 and 2024, respectively. Revenue from sources other than performance obligations consist of other income of \$151,200 and \$27,425 for the years ended September 30, 2025 and 2024, respectively. Lease rental income from lease agreements of \$88,441 and \$86,206 for the years ended September 30, 2025 and 2024, respectively, is recognized on a straight-line basis over the lease term. MEO records fundraising revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. MEO recognized \$23,060 and \$0 of fundraising revenue related to direct benefits to donors and \$104,421 and \$0 of contribution income related to fundraising events for the years ended September 30, 2025 and 2024, respectively.

MEO did not have contract assets and contract liabilities at September 30, 2025 and 2024, as payment is received at or shortly after the services are performed, and before or at the event. Amounts received prior to the provision of goods or services are reported as deferred revenue (none at September 30, 2025 and 2024).

MAUI ECONOMIC OPPORTUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Years Ended September 30, 2025 and 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Expense Recognition (continued)

Expenses, including advertising expenses (none for the years ended September 30, 2025 and 2024) are recognized when the related liability is incurred. MEO allocates its expenses on a functional basis among its various programs and supporting services based on estimates by management. Expenses that can be identified with a specific program or supporting service are charged directed to the program or supporting service. Other expenses that are common to several functions include lease rent, insurance, repairs and maintenance, and utilities. These expenses are allocated based on management's estimates, including the percentage of time spent by MEO's personnel.

Grants and Contracts

MEO's revenue from grants and contracts is based on agreements with the federal government, State of Hawaii, County of Maui, and other entities. MEO recognizes grants and contracts as either contributions or exchange transactions, depending on whether the transaction is reciprocal or nonreciprocal. MEO's grants and contracts include cost-reimbursable grants and contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures (including expenditures for property and equipment, which are capitalized and depreciated for financial statement purposes). Amounts received are recognized as revenue when MEO has met the conditions, including incurring expenditures in compliance with the grant or contract provisions. Amounts received prior to incurring the qualifying expenses are reported as refundable advances.

Qualifying expenditures that have been incurred for services performed, but for which reimbursement has not yet been received, are reported in the statements of financial position as grants receivable. Amounts received from such grants for which the conditions and any restrictions are met in the same reporting period are reported as revenue in net assets without donor restrictions.

MEO was awarded cost-reimbursable grants and contracts of approximately \$27,197,400 that have not been recognized as revenue as of September 30, 2025 because the qualifying expenditures have not yet been incurred.

Grants and contracts classified as exchange transactions of approximately \$4,660,200 and \$4,560,200 for the years ended September 30, 2025 and 2024, respectively, are recorded as revenue without donor restrictions when the goods and services are provided as stipulated in the grant or contract agreement and the performance obligations have been met.

Contributions

MEO recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, which are those with a measurable performance or other barriers and right of return, are not recognized until the conditions on which they depend have been met. MEO did not receive conditional contributions during the years ended September 30, 2025 and 2024.

MAUI ECONOMIC OPPORTUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Years Ended September 30, 2025 and 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (continued)

Contributions received are recorded as increases to net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Support is considered to be available for unrestricted use unless restricted by the donor. Donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction is satisfied or expires, net assets with donor restrictions are released to net assets without donor restrictions. Contributions received for which the conditions and any restrictions are met in the same reporting period are reported as revenue in net assets without donor restrictions.

In-Kind Contributions

In-kind contributions of facilities and services that meet the criteria for recognition are recognized by MEO as contributions at the estimated fair market value at the date of contribution, and are recorded as expenses or assets in the same amount (see Note K). Contributed services are recognized as contributions if the services create or enhance nonfinancial assets, or require specialized skills that are performed by people with those skills and would otherwise be purchased by MEO. A number of unpaid volunteers have made contributions of their time to MEO. The time contributed for services that meets the criteria for recognition is valued at estimated fair value, which is based on the amount that MEO would have paid for such services, and is reflected in these financial statements. The fair value of the contributed facilities is based on the amount charged for similar facilities in the geographic area.

Hawaii General Excise Tax

The State of Hawaii imposes a general excise tax of 4% on MEO's gross receipts from lease rental income, vehicle repair services provided to other organizations, and fundraising events within Hawaii, plus an additional 0.5% for such receipts within the County of Maui (effective January 1, 2024). For the years ended September 30, 2025 and 2024, Hawaii general excise tax included in revenue and support, and in expenses, amounted to \$10,954 and \$11,246, respectively.

Income Taxes

MEO 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 MEO are tax deductible.

U.S. GAAP requires uncertain tax positions to be recognized in the financial statements if they are more likely than not to fail upon regulatory examination. Management has evaluated MEO's tax positions as of September 30, 2025 and 2024 and for the years then ended and determined that MEO had no uncertain tax positions required to be reported in accordance with U.S. GAAP. MEO is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any open tax periods.

MAUI ECONOMIC OPPORTUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Years Ended September 30, 2025 and 2024

NOTE B – LIQUIDITY

MEO manages its liquid resources by focusing on program services and other revenue generating activities with the objective of having adequate resources to fund the programs that it conducts. Management prepares annual budgets and monitors actual financial results at least monthly to control costs and remain liquid. Its objective is to effectively manage revenue and support sufficiently to fund operating costs without relying on short-term borrowing. The receivables are subject to implied time restrictions, but are expected to be collected within one year. MEO also has access to a \$500,000 revolving line-of-credit to meet cash needs (See Note G).

The following reflects MEO’s financial assets as of September 30, 2025 and 2024 available to meet cash needs for general expenditures within one year of the statements of financial position date:

	<u>2025</u>	<u>2024</u>
Cash	\$ 15,960,476	\$ 20,035,534
Grants receivables – net	2,715,281	4,513,197
Accounts receivable – net	80,267	137,225
Microenterprise loans receivable, current – net	11,922	13,826
Investments in marketable securities	2,128,388	1,897,048
Total financial resources	<u>20,896,334</u>	<u>26,596,830</u>
Net assets with donor restrictions		
for microenterprise loan program and other programs	<u>(793,191)</u>	<u>(769,078)</u>
Financial assets available to meet cash needs		
for general expenditures within one year	<u>\$ 20,103,143</u>	<u>\$ 25,827,752</u>

NOTE C – MICROENTERPRISE LOANS RECEIVABLE

Microenterprise loans receivable at September 30, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Loans past due		
30 – 59 days	\$ 182	\$ 5,544
60 – 89 Days	182	-
≥ 90 Days	<u>1,570</u>	<u>-</u>
Total loans past due	1,934	5,544
Current	<u>21,145</u>	<u>33,688</u>
Total microenterprise loans receivable	<u>\$ 23,079</u>	<u>\$ 39,232</u>

MAUI ECONOMIC OPPORTUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Years Ended September 30, 2025 and 2024

NOTE C – MICROENTERPRISE LOANS RECEIVABLE (Continued)

MEO’s allowance for loan losses as of September 30, 2025 and 2024 was as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ (6,669)	\$(14,405)
Change in provision for loan losses	<u>2,746</u>	<u>7,736</u>
Balance, end of year	<u>\$ (3,923)</u>	<u>\$ (6,669)</u>

At September 30, 2025 and 2024, microenterprise loans receivable included in the accompanying statements of financial position consisted of the following:

	<u>2025</u>	<u>2024</u>
Current		
Microenterprise loans receivable	\$14,363	\$ 16,658
Allowance for loan losses	<u>(2,441)</u>	<u>(2,832)</u>
Microenterprise loans receivable, current – net	<u>11,922</u>	<u>13,826</u>
Noncurrent		
Microenterprise loans receivable	8,716	22,574
Allowance for loan losses	<u>(1,482)</u>	<u>(3,837)</u>
Microenterprise loans receivable, noncurrent – net	<u>7,234</u>	<u>18,737</u>
Total microenterprise loans receivable – net	<u>\$19,156</u>	<u>\$ 32,563</u>

NOTE D – INVESTMENTS IN MARKETABLE SECURITIES

At September 30, 2025 and 2024, investments in marketable securities consisted of the following:

	2025		2024	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$1,566,707	\$2,094,271	\$1,503,527	\$1,863,586
Money market funds	<u>34,117</u>	<u>34,117</u>	<u>33,462</u>	<u>33,462</u>
Total investments	<u>\$1,600,824</u>	<u>\$2,128,388</u>	<u>\$1,536,989</u>	<u>\$1,897,048</u>

At September 30, 2025 and 2024, fair value exceeded cost by \$527,564 and \$360,059, respectively.

MAUI ECONOMIC OPPORTUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Years Ended September 30, 2025 and 2024

NOTE D – INVESTMENTS IN MARKETABLE SECURITIES (Continued)

Investment income for the years ended September 30, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 47,647	\$ 75,882
Net unrealized gains from holding investments	167,505	294,540
Net realized gains (losses) from sales of investments	(568)	16,426
Investment fees	<u>(14,221)</u>	<u>(12,616)</u>
Investment income – net	<u>\$ 200,363</u>	<u>\$ 374,232</u>

NOTE E – FAIR VALUE MEASUREMENTS

U.S. GAAP provides a hierarchy that prioritizes the inputs to the valuation methodologies used to measure fair value. There are three levels in the fair value hierarchy. Level 1 inputs to the valuation methodologies consist of unadjusted quoted prices for identical assets or liabilities in active markets that MEO has the ability to access. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs are unobservable and significant to the fair value measurement. The fair value measurement level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation methodologies used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

At September 30, 2025 and 2024, the fair value measurements reportable by MEO consisted of investments in mutual funds valued using quoted market prices and money market funds valued at stated value (Level 1 measurements). There were no investments for which Level 2 or Level 3 valuation inputs were required.

The following sets forth by level, within the fair value hierarchy, MEO’s investments at fair value as of September 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Large cap	\$ 877,105	\$ -	\$ -	\$ 877,105
Fixed income	639,851	-	-	639,851
International	431,006	-	-	431,006
Mid cap	146,309	-	-	146,309
Total mutual funds	<u>2,094,271</u>	<u>-</u>	<u>-</u>	<u>2,094,271</u>
Money market funds	<u>34,117</u>	<u>-</u>	<u>-</u>	<u>34,117</u>
Total investments at fair value	<u>\$2,128,388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,128,388</u>

MAUI ECONOMIC OPPORTUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Years Ended September 30, 2025 and 2024

NOTE E – FAIR VALUE MEASUREMENTS (Continued)

The following sets forth by level, within the fair value hierarchy, MEO’s investments at fair value as of September 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Large cap	\$ 749,118	\$ -	\$ -	\$ 749,118
Fixed income	623,592	-	-	623,592
International	365,859	-	-	365,859
Mid cap	125,017	-	-	125,017
Total mutual funds	<u>1,863,586</u>	-	-	<u>1,863,586</u>
Money market funds	<u>33,462</u>	-	-	<u>33,462</u>
Total investments at fair value	<u>\$ 1,897,048</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,897,048</u>

NOTE F – PROPERTY AND EQUIPMENT

At September 30, 2025 and 2024, property and equipment consisted of the following:

	<u>2025</u>	<u>2024</u>
Land and land improvements	\$ 12,528,514	\$ 12,528,514
Buildings	7,809,898	7,737,013
Depreciable land improvements	5,887,746	5,730,259
Transportation vehicles and equipment	10,483,444	10,104,023
Furniture and equipment	2,074,219	2,074,992
Construction in progress	82,232	5,945
Total	<u>38,866,053</u>	<u>38,180,746</u>
Accumulated depreciation	<u>(17,043,260)</u>	<u>(15,879,154)</u>
Property and equipment, net	<u>\$ 21,822,793</u>	<u>\$ 22,301,592</u>

MEO leases the land underlying its MEO Family Center building from the J. Walter Cameron Center, a Hawaii nonprofit corporation, for one dollar per year and the observance and performance of covenants specified in the lease agreement such as limiting the use of land for its family center and administrative office, and obtaining the lessor’s consent for construction of improvements exceeding \$100,000. The land is part of a complex that serves nonprofit organizations and has no alternative use. Accordingly, the fair market value of the lease is not recognized in the accompanying financial statements.

MAUI ECONOMIC OPPORTUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Years Ended September 30, 2025 and 2024

NOTE G – LINE-OF-CREDIT

MEO maintains a \$500,000 revolving line-of-credit with Bank of Hawaii (Bank) bearing interest at 0.5% under the Bank’s base rate. The line-of-credit expires on August 5, 2026, and is collateralized by MEO’s present and future accounts receivable, receipts, and revenue. For the years ended September 30, 2025 and 2024, there were no advances drawn on this line-of-credit and no interest expense was incurred.

NOTE H – NOTE PAYABLE

At September 30, 2025 and 2024, note payable consisted of the following:

	<u>2025</u>	<u>2024</u>
Note payable to the Bank with monthly payments of interest only at 4.50%. Original maturity in November 2016, extended to November 2026. All principal and unpaid interest are due at maturity.	<u>\$ 63,300</u>	<u>\$ 63,300</u>
Note payable – noncurrent	<u>\$ 63,300</u>	<u>\$ 63,300</u>

The note payable to the Bank was executed in connection with MEO’s microenterprise loan program. All loan proceeds are used exclusively for the making of loans pursuant to MEO’s microenterprise loan program to finance community development projects in the State of Hawaii. The Bank requires MEO to maintain a loan loss reserve in an amount equal to 10% of the aggregate principal balance of the loans. As of September 30, 2025 and 2024, MEO’s loan loss reserves was 17.0% of the principal balance of the loans.

At September 30, 2025, the scheduled maturity of the outstanding note payable amounted to \$63,300 in the year ending September 30, 2027.

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

Restricted for Programs – Maui fire relief

As of September 30, 2025 and 2024, net assets with donor restrictions for the Maui fire relief amounted to \$0 and \$56,693, respectively.

MAUI ECONOMIC OPPORTUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Years Ended September 30, 2025 and 2024

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Restricted for Programs – microenterprise loans

As of September 30, 2025 and 2024, net assets with donor restrictions for MEO’s microenterprise loan program consisted of the following:

	<u>2025</u>	<u>2024</u>
Beginning of year	\$ 712,385	\$ 583,842
Unrealized gains	59,364	104,385
Interest and loan fees	31,091	30,668
Administrative expenses	<u>(9,649)</u>	<u>(6,510)</u>
End of year	<u>\$ 793,191</u>	<u>\$ 712,385</u>

In February 2010, MEO received a cash contribution from a charitable trust foundation totaling \$1,000,000. The entire amount was recognized as contributions with donor restrictions in MEO’s statement of activities for the fiscal year ended September 30, 2010. This award was restricted for use in MEO’s micro loan program for the creation and administration of a revolving fund to supply loans for start-up and/or expansion of small businesses on the Island of Lanai. Interest and fees earned in connection with loans provided to eligible participants, as well as recoveries from loans previously written off, are reflected as changes in net assets with donor restrictions. Allowable expenditures incurred for the administration of the loan program are reflected as releases from restrictions. Because of the revolving nature of the loan fund, disbursements of loan proceeds to eligible recipients are not considered to be releases from restrictions unless the corresponding loan receivable is considered by management to be uncollectible.

At September 30, 2025, microenterprise loans receivable, including accrued interest, and cash restricted for this program totaled \$19,156 and \$706,510, respectively. At September 30, 2024, microenterprise loans receivable, including accrued interest and cash restricted for this program totaled \$32,563 and \$623,551, respectively.

Restricted for Usage of Property

At September 30, 2025 and 2024, the balance of net assets with donor restrictions for usage of property comprised the following:

	<u>2025</u>	<u>2024</u>
Land donated by County of Maui in Kaunakakai, Molokai	\$ 26,525	\$ 26,525
Land underlying Puunene Transportation Facility	<u>10,970,000</u>	<u>10,970,000</u>
Donor restricted net assets, end of year	<u>\$ 10,996,525</u>	<u>\$ 10,996,525</u>

MAUI ECONOMIC OPPORTUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Years Ended September 30, 2025 and 2024

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Restricted for Usage of Property (continued)

The acquisition of land in Puunene, Maui, Hawaii, which underlies the Puunene Transportation Facility, was funded, in part, by grants from the State of Hawaii and the County of Maui totaling \$1,200,000 and \$400,000, respectively. The remaining contribution of \$9,370,000 was contributed by Alexander and Baldwin, Inc.

These contributions were recognized as net assets with donor restrictions during the fiscal year ended September 30, 2013, in accordance with restrictions placed on the use of funds received to acquire the property, on-going restrictions placed on the use of the land for transportation services on the Island of Maui, and restrictions on any subsequent disposal of the property by each grantor.

Under the terms of the award agreement with the County of Maui, MEO shall not dispose of the land without first receiving prior written consent from the County of Maui. In the event that MEO does dispose of the land, MEO would be obligated to reimburse the County of Maui for all grant funds received under the award. Under the terms of the award agreement with the State of Hawaii, MEO would be obligated to reimburse the State of Hawaii a pro-rata share of the State of Hawaii's cost of the acquisition if the land is no longer used to serve a public purpose.

NOTE J – LEASE COMMITMENTS

As Lessor

MEO leases commercial real property to one tenant under an operating lease expiring in January 2030, with a five year option to extend. For the years ended September 30, 2025 and 2024, rental income totaled \$88,441 and \$86,206 respectively.

At September 30, 2025, future minimum lease receipts approximated the following:

Years Ending September 30th	
2026	\$81,300
2027	\$83,000
2028	\$84,600
2029	\$86,300
2030	\$29,000

MAUI ECONOMIC OPPORTUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Years Ended September 30, 2025 and 2024

NOTE J – LEASE COMMITMENTS (Continued)

As Lessee

MEO leases a vehicle maintenance shop, child care facilities, and equipment under operating leases expiring on various dates through December 2029. For the years ended September 30, 2025 and 2024, lease rent expense totaled \$280,185 and \$284,320 respectively. MEO also has a long-term sublease with the J. Walter Cameron Center in which MEO's Family Center resides. The lease expires in April 2051 and requires an annual payment of \$1.

Lease rent expenses for the years ended September 30, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Operating lease costs	\$242,072	\$ 223,354
Short term and variable lease costs	<u>38,113</u>	<u>60,966</u>
Total lease costs	<u>\$280,185</u>	<u>\$ 284,320</u>

Short-term lease costs represent MEO's cost with respect to leases with duration of 12 months or less and is not reflected on MEO's statements of financial position. Variable lease costs are comprised of costs, such as MEO's proportionate share of utilities, common area maintenance, and taxes, which are not included in the operating lease liabilities and are recognized in the period in which they are incurred.

The following table summarizes the supplemental cash flow information related to the operating leases and the weighted average lease term and discount rate as of September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$237,006	\$ 230,946
ROU asset obtained in exchange for operating lease liability	\$ 81,335	\$ 353,938
Weighted-average remaining lease term for operating leases, in years	3.83	4.81
Discount rate based on the incremental borrowing rate	7.45%	7.75%

MAUI ECONOMIC OPPORTUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Years Ended September 30, 2025 and 2024

NOTE J – LEASE COMMITMENTS (Continued)

As Lessee (continued)

At September 30, 2025, undiscounted cash flows for the operating lease liabilities consisted of the following:

Years Ending September 30th	
2026	\$ 231,771
2027	158,520
2028	157,694
2029	157,694
2030	<u>26,282</u>
Total future minimum lease payments	731,961
Amount representing interest imputed at 7.45%	<u>(94,592)</u>
Present value of future minimum operating lease payments	637,369
Operating lease liabilities – current	<u>(192,145)</u>
Operating lease liabilities – noncurrent	<u>\$ 445,224</u>

NOTE K – IN-KIND CONTRIBUTIONS

MEO receives contributed facilities and services for its programs and supporting services. The contributed facilities and services that meet the criteria for recognition in the financial statements are presented in the accompanying financial statements as in-kind contributions and in-kind expenses.

For the years ended September 30, 2025 and 2024, recognized contributed facilities and services and contributed services not recognized in the financial statements were as follows:

	<u>2025</u>	<u>2024</u>
Contributed facilities and services recognized		
Head Start Program		
Use of building and facilities	\$ 384,840	\$ 385,080
Services of therapists and speech pathologists	<u>10,002</u>	<u>9,443</u>
Total Head Start Program	<u>394,842</u>	<u>394,523</u>
Total contributed facilities and services recognized	<u>394,842</u>	<u>394,523</u>
Contributed services not recognized		
Head Start Program	38,445	24,283
Other programs	<u>15,724</u>	<u>26,440</u>
Total contributed services not recognized	<u>54,169</u>	<u>50,723</u>
Total	<u>\$ 449,011</u>	<u>\$ 445,246</u>

MAUI ECONOMIC OPPORTUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Years Ended September 30, 2025 and 2024

NOTE K – IN-KIND CONTRIBUTIONS (Continued)

The contributed services provided by volunteers, that are not recognized in the financial statements because they do not meet the criteria for recognition, are based on \$2,014 and 2,084 hours for the years ended September 30, 2025 and 2024, respectively. The fair value is based on the hourly rate MEO would have paid if an employee were to have provided the services including an estimate for benefits.

NOTE L – RETIREMENT PLAN

MEO sponsors a defined contribution, salary reduction retirement plan covering substantially all of its employees with at least one year of service and who have worked at least 1,000 hours in a plan year. MEO contributes 4% of eligible participants' salaries to the plan. Defined contribution retirement expense, included in salaries and benefits, amounted to \$313,493 and \$264,491 for the years ended September 30, 2025 and 2024, respectively.

NOTE M – COMMITMENTS AND CONTINGENCIES

Power Purchase Agreement

Effective March 20, 2015, MEO entered into a power purchase agreement that included the installation of photovoltaic systems on the premises of MEO. Under the agreement, MEO purchased all of the energy produced by the systems from the owners of the systems over a 10-year initial term at an initial rate of \$0.39/kWh plus Hawaii general excise tax, with no annual escalations. The minimum charge for the kWh was approximately \$3,000 per month.

The agreement provided for up to two automatic extension terms of five years, unless terminated at least 60 days in advance by MEO. The agreement also provided for the purchase of the system by MEO for \$108,167 after six years or at the end of the initial term or any extended terms. On September 23, 2025, MEO elected to exercise its purchase option and acquired the photovoltaic systems for \$60,667. As a result of this election, the power purchase agreement was terminated and MEO no longer has minimum purchase commitments under this agreement.

Payments to the owners of the systems under the agreement for electrical energy amounted to \$37,137 and \$47,111 for the years ended September 30, 2025 and 2024, respectively.

Contingencies

A substantial portion of MEO's revenue and support is derived from government grants and contracts, the loss of which could have a material adverse effect on MEO. Amounts received from government grants and contracts are subject to audit and adjustment by various government agencies. Any disallowed claim, including amounts already collected, may constitute a liability. The amount, if any, of expenditures that may be disallowed cannot be determined at this time. Management expects such amounts, if any, would not be material to the financial statements.

MAUI ECONOMIC OPPORTUNITY, INC.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of and for the Years Ended September 30, 2025 and 2024

NOTE M – COMMITMENTS AND CONTINGENCIES (Continued)

Contingencies (continued)

MEO may be subject to legal proceedings, claims, or litigation arising in the ordinary course of business for which it may seek the advice of legal counsel. Management estimates that the cost to resolve such matters, if any, would not be material to the financial statements. However, it is reasonably possible that such estimates may change within the near term.

MEO operates in the State of Hawaii. Local, national, and international events can have severe, adverse effects on economic conditions in Hawaii. These financial statements do not include the adjustments that would result if MEO were to account for future losses or asset impairments, as the effects on the financial statements of MEO from such changes in economic conditions are not presently determinable.

NOTE N – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 23, 2026, which is the date the financial statements were available to be issued, and determined that MEO did not have any subsequent events requiring adjustment to the financial statements or disclosure in the notes to the financial statements.

MAUI ECONOMIC OPPORTUNITY, INC.

SUPPLEMENTARY INFORMATION

**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

For the Year Ended September 30, 2025

MAUI ECONOMIC OPPORTUNITY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2025

<u>Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Sub- recipients</u>
<u>United States Department of Health and Human Services</u>				
Direct program				
<i>Head Start Cluster</i>				
Head Start	93.600	09CH-012608-01-00	* \$ 2,409,978	* \$ -
Head Start	93.600	09CH-012608-02-00	* 934,419	* -
Head Start	93.600	09CH-010932-05-00	* 72,593	* -
Head Start	93.600	09HE-000483-01-C6	* 12,385	* -
<i>Total Head Start Cluster</i>			<u>3,429,375</u>	<u>-</u>
Total direct program			<u>3,429,375</u>	<u>-</u>
Passed through State of Hawaii, Department of Human Services				
<i>477 Cluster</i>				
Temporary Assistance for Needy Families	93.558	DHS-24-TANF-0019	6,279,472	-
Temporary Assistance for Needy Families	93.558	N/A	461,057	-
Temporary Assistance for Needy Families	93.558	DHS-24-TANF-0011	10,168	-
Temporary Assistance for Needy Families	93.558	N/A	51	-
<i>Total 477 Cluster</i>			<u>6,750,748</u>	<u>-</u>
Low-Income Home Energy Assistance	93.568	OCS-LIHEAP-25-04	72,643	-
Low-Income Home Energy Assistance	93.568	DHS-24-FAP-0035	48,860	-
Low-Income Home Energy Assistance	93.568	DHS-22-FAP-0103	6,462	-
Total Low-Income Home Energy Assistance			<u>127,965</u>	<u>-</u>
Total passed through State of Hawaii, Department of Human Services			<u>6,878,713</u>	<u>-</u>
Passed through State of Hawaii, Department of Labor and Industrial Relations				
<i>477 Cluster</i>				
Community Services Block Grant	93.569	OCS-POS-25-62	616,456	-
Community Services Block Grant	93.569	N/A	7,375	-
<i>Total 477 Cluster</i>			<u>623,831</u>	<u>-</u>
Total passed through State of Hawaii, Department of Labor and Industrial Relations			<u>623,831</u>	<u>-</u>

(Continued)

MAUI ECONOMIC OPPORTUNITY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended September 30, 2025

<u>Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Sub- recipients</u>
<u>United States Department of Health and Human Services (continued)</u>				
Passed through Maui Family Support Services, Inc.				
Maternal and Child Health Federal Consolidated Programs	93.110	LOA	\$ 5,762	\$ -
Total United States Department of Health and Human Services			<u>10,937,681</u>	<u>-</u>
<u>United States Department of Labor</u>				
Passed through State of Hawaii, Department of Labor and Industrial Relations				
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	Maui NDWG-MEO	4,142,919	-
Senior Community Service Employment Program	17.235	PY21-SCSEP-M-MEO Supplemental #3	<u>156,193</u>	<u>-</u>
Total United States Department of Labor			<u>4,299,112</u>	<u>-</u>
<u>United States Department of the Treasury</u>				
Passed through County of Maui, Office of Economic Development				
Coronavirus State and Local Fiscal Recovery Funds	21.027	G6105	841,419	-
Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>631</u>	<u>-</u>
Total Coronavirus State and Local Fiscal Recovery Funds			<u>842,050</u>	<u>-</u>
Total passed through County of Maui, Office of Economic Development			<u>842,050</u>	<u>-</u>
Total United States Department of Treasury			<u>842,050</u>	<u>-</u>

(Continued)

MAUI ECONOMIC OPPORTUNITY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended September 30, 2025

<u>Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Sub- recipients</u>
<u>United States Department of Homeland Security</u>				
Passed through Maui United Way Emergency Food and Shelter National Board Program	97.024	LRO#2114000006	\$ 319,885	\$ -
Total United States Department of Homeland Security			<u>319,885</u>	<u>-</u>
<u>United States Department of Agriculture</u>				
Passed through State of Hawaii, Department of Education Child and Adult Care Food Program	10.558	#3104-6	<u>219,390</u>	<u>-</u>
Passed through State of Hawaii, Department of Labor and Industrial Relations Senior Farmers Market Nutrition Program	10.576	OCS-SFMNP-25-03	31,961	-
Senior Farmers Market Nutrition Program	10.576	OCS-SFMNP-23-03	9,483	-
Senior Farmers Market Nutrition Program	10.576	OCS-SFMNP-23-03	4,910	-
Total Senior Farmers Market Nutrition Program			<u>46,354</u>	<u>-</u>
Total United States Department of Agriculture			<u>265,744</u>	<u>-</u>
<u>United States Department of Energy</u>				
Passed through State of Hawaii, Department of Labor and Industrial Relations Weatherization Assistance for Low-Income Persons	81.042	OCS-WBILL-22-04	90,680	-
Weatherization Assistance for Low-Income Persons	81.042	OCS-POS-24-57	36,423	-
Weatherization Assistance for Low-Income Persons	81.042	OCS-POS-25-57	2,062	-
Total Weatherization Assistance for Low-Income Persons			<u>129,165</u>	<u>-</u>
Total United States Department of Energy			<u>129,165</u>	<u>-</u>

(Continued)

MAUI ECONOMIC OPPORTUNITY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended September 30, 2025

<u>Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>	<u>Amount Provided to Sub- recipients</u>
<u>United States Department of Education</u>				
Direct program				
Innovative Approaches to Literacy	84.215K	SK215240047	\$ 105,000	\$ -
Total United States Department of Education			<u>105,000</u>	<u>-</u>
<u>United States Environmental Protection Agency</u>				
Direct program				
Research, Development, Monitoring, Public Education, Outreach, Training, Demonstrations, and Studies	66.716	N/A	<u>280</u>	<u>-</u>
Total United States Environmental Protection Agency			<u>280</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 16,898,917</u>	<u>\$ -</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

MAUI ECONOMIC OPPORTUNITY, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2025

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes only the federal grant activity of Maui Economic Opportunity, Inc. (MEO) and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, certain amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the financial statements. Because the Schedule presents only a selected portion of the operations of MEO, it is not intended to and does not present the financial position, changes in net assets, or cash flows of MEO.

* Denotes major program.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. In addition, pass-through entity identifying numbers are presented where available.

NOTE C – INDIRECT COST RATES

MEO has not elected to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

MAUI ECONOMIC OPPORTUNITY, INC.

**REPORTS IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

For the Year Ended September 30, 2025



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND REPORT ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Maui Economic Opportunity, Inc.:

We have audited, 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, the financial statements of Maui Economic Opportunity, Inc. (MEO), a nonprofit Hawaii corporation, which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 23, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered MEO’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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of MEO’s internal control. Accordingly, we do not express an opinion on the effectiveness of MEO’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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether MEO's financial statements are free of 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 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 these Reports

The purpose of these reports 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 MEO's internal control or on compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MEO's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

CW Associates, CPAs

CW Associates, CPAs
Honolulu, Hawaii
April 23, 2026



CWA

MAUI ECONOMIC OPPORTUNITY, INC.
REPORTS IN ACCORDANCE WITH THE UNIFORM GUIDANCE
For the Year Ended September 30, 2025



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

Maui Economic Opportunity, Inc.:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of Maui Economic Opportunity, Inc. (MEO), a nonprofit Hawaii corporation, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended September 30, 2025. MEO's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, MEO complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of MEO and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of MEO's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to MEO's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on MEO's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about MEO's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding MEO's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of MEO's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the MEO's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

Report on Internal Control Over Compliance (continued)

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

CW Associates, CPAs

CW Associates, CPAs
Honolulu, Hawaii
April 23, 2026



CWA

MAUI ECONOMIC OPPORTUNITY, INC.
FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2025

MAUI ECONOMIC OPPORTUNITY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2025

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report on the financial statements	<input checked="" type="checkbox"/> Unmodified <input type="checkbox"/> Adverse	<input type="checkbox"/> Qualified <input type="checkbox"/> Disclaimer
Internal control over financial reporting		
Material weaknesses(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to the financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major federal program		
Material weaknesses(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report on compliance for the major federal program	<input checked="" type="checkbox"/> Unmodified <input type="checkbox"/> Adverse	<input type="checkbox"/> Qualified <input type="checkbox"/> Disclaimer
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Identification of major federal award program		
<i>Head Start Cluster</i>		
Head Start (Assistance Listing No. 93.600)		
Dollar threshold used to distinguish between type A and type B programs		\$1,000,000
Auditee qualified as a low-risk auditee	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

FINDINGS – FINANCIAL STATEMENT AUDIT

No matters were reported.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

No matters were reported.