

Application Submittal Checklist

The following items are required for submittal of the grant application. Please verify and check off that the items have been included in the application packet.

- 1) Hawaii Compliance Express Certificate (If the Applicant is an Organization)
- 2) Declaration Statement
- 3) Verify that grant shall be used for a public purpose
- 4) Background and Summary
- 5) Service Summary and Outcomes
- 6) Budget
 - a) Budget request by source of funds ([Link](#))
 - b) Personnel salaries and wages ([Link](#))
 - c) Equipment and motor vehicles ([Link](#))
 - d) Capital project details ([Link](#))
 - e) Government contracts, grants, and grants in aid ([Link](#))
- 7) Experience and Capability
- 8) Personnel: Project Organization and Staffing



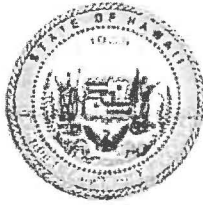
Robert N.E. Piper, Esq., MBA - Executive Director

January 19, 2024

AUTHORIZED SIGNATURE

PRINT NAME AND TITLE

DATE



STATE OF HAWAII
STATE PROCUREMENT OFFICE

CERTIFICATE OF VENDOR COMPLIANCE

This document presents the compliance status of the vendor identified below on the issue date with respect to certificates required from the Hawaii Department of Taxation (DOTAX), the Internal Revenue Service, the Hawaii Department of Labor and Industrial Relations (DLIR), and the Hawaii Department of Commerce and Consumer Affairs (DCCA).

Vendor Name: HONOLULU COMMUNITY ACTION PROGRAM, INC.

Issue Date: 01/08/2024

Status: **Compliant**

Hawaii Tax#: [REDACTED]
New Hawaii Tax#: [REDACTED]
FEIN/SSN#: XX-XXX0622
UI#: XXXXXX1192
DCCA FILE#: 16865

Status of Compliance for this Vendor on issue date:

Form	Department(s)	Status
A-6	Hawaii Department of Taxation	Compliant
8821	Internal Revenue Service	Compliant
COGS	Hawaii Department of Commerce & Consumer Affairs	Exempt
LIR27	Hawaii Department of Labor & Industrial Relations	Compliant

Status Legend:

Status	Description
Exempt	The entity is exempt from this requirement
Compliant	The entity is compliant with this requirement or the entity is in agreement with agency and actively working towards compliance
Pending	A status determination has not yet been made
Submitted	The entity has applied for the certificate but it is awaiting approval
Not Compliant	The entity is not in compliance with the requirement and should contact the issuing agency for more information

**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS PURSUANT TO
CHAPTER 42F, HAWAII REVISIED STATUTES**

The undersigned authorized representative of the applicant certifies the following:

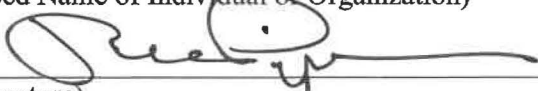
- 1) The applicant meets and will comply with all of the following standards for the award of grants pursuant to Section 42F-103, Hawai'i Revised Statutes:
 - a) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant is awarded;
 - b) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
 - c) Agrees not to use state funds for entertainment or lobbying activities; and
 - d) Allows the state agency to which funds for the grant were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant.
- 2) If the applicant is an organization, the applicant meets the following requirements pursuant to Section 42F-103, Hawai'i Revised Statutes:
 - a) Is incorporated under the laws of the State; and
 - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant is awarded shall be conducted or provided; and
- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawai'i Revised Statutes:
 - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
 - b) Has a governing board whose members have no material conflict of interest and serve without compensation.
- 4) The use of grant-in-aid funding complies with all provisions of the Constitution of the State of Hawaii (for example, pursuant to Article X, section 1, of the Constitution, the State cannot provide "... public funds ... for the support or benefit of any sectarian or nonsectarian private educational institution...").

Pursuant to Section 42F-103, Hawai'i Revised Statutes, for grants used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant used for the acquisition of the land.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

The Honolulu Community Action Program, Inc.

(Typed Name of Individual or Organization)



(Signature)

January 19, 2024

(Date)

Robert N.E. Piper, Esq., MBA

Executive Director

(Typed Name)

(Title)

Application for Grants

If any item is not applicable to the request, the applicant should enter "not applicable".

I. Certification – Please attach immediately after cover page

1. Hawaii Compliance Express Certificate (If the Applicant is an Organization)
If the applicant is an organization, the applicant shall submit one (1) copy of a Hawaii Compliance Express Certificate from the Comptroller of the Department of Accounting and General Services that is dated no earlier than December 1, 2023.

See attached Certificate of Good Standing.

2. Declaration Statement

The applicant shall submit a declaration statement affirming its compliance with [Section 42F-103, Hawaii Revised Statutes](#).

See attached Declaration Statement of Applicants for Grants Pursuant to Chapter 42F, Hawaii Revised Statutes.

3. Public Purpose

The applicant shall specify whether the grant will be used for a public purpose pursuant to [Section 42F-102, Hawaii Revised Statutes](#).

Pursuant to Section 42F-102, Hawai'i Revised Statutes, the grant will be used for a public purpose. The funds will be used towards the capital improvement of the Central District Service Center which supports low-income individuals and families in receiving services to achieve self-reliance.

II. Background and Summary

This section shall clearly and concisely summarize and highlight the contents of the request in such a way as to provide the State Legislature with a broad understanding of the request. Please include the following:

1. A brief description of the applicant's background;

The Honolulu Community Action Program, Inc. (HCAP) is a private, 501(c)(3) nonprofit organization delivering need-based human services on O'ahu since 1965. As a Community Action Agency, HCAP was born out of the federal Office of Economic Opportunity to fight poverty at the local level. HCAP's mission is deeply rooted in its responsiveness to the community and its needs. It is our belief and philosophy that no individual should be denied the opportunity to share and contribute fully to the best of their capabilities to the social and economic well-being and prosperity of our society. Hence, HCAP is committed to alleviating the conditions of poverty on O'ahu by promoting opportunities for the economically disadvantaged to attain greater social and

economic mobility. HCAP's mission statement is as follows: "POI: Providing Opportunities and Inspiration to enable low-income individuals or families to achieve self-reliance."

HCAP's program and service areas focus on Early Childhood Education; Employment; Education; Economic Development; Emergency & Transitional Programs; and Community Development and Advocacy. HCAP has six neighborhood-based centers in the Central, Kalaeloa, Kalihi-Palama, Leahi, Leeward, and Windward districts. These centers act as a hub for clients to receive services such as family development, case management, job readiness training, crisis intervention, leadership development, and general assistance in their geographic areas. HCAP's District Service Centers coordinate the distribution of donated goods and services, providing basic necessities essential to the subsistence and well-being of O'ahu's economically disadvantaged residents.

HCAP has operated the Central District Service Center in the heart O'ahu for over 50 years. HCAP assumed operations out of the Makalapa Community Center which has been a vital source for the families in the housing complexes surrounding the center. HCAP's Central District Service Center continues to seek new avenues to bring positive resources into the community to help individuals, families, and especially youth, gain access to programs and services to assist their success in life. This longstanding presence exemplifies HCAP's familiarity with the area and its welcomed presence within the 'Aiea and central-O'ahu community. HCAP staff and managers are well-trained and have the ability to work sensitively with diverse populations, ensuring clients are comfortable receiving services. Qualifying community members may take advantage of the specialized programs the Central District Service Center offers such as 'Ohana Produce, Kōkua E Hānai Keiki, Seasonal/Holiday Programs, as well as learn more about and apply to HCAP's extensive catalog of wraparound services.

2. The goals and objectives related to the request;

The proposed project will involve the complete repair and restoration of the roof at the Central District Service Center, as well as repairing and improving the overall structural integrity of the building. Each of HCAP's six district service centers are essential for providing resources to their surrounding communities. HCAP aims to ensure a safe, welcoming environment for the clients and their families who rely on HCAP's various services and programs. Throughout the years, the Central District Service Center has provided a multitude of resources to the surrounding areas. HCAP's presence in this building is essential to the reputation and trust the community has with HCAP staff and programs. If the building is not repaired, HCAP risks relocation or closure of the Central District Service Center. HCAP intends to continue providing services to the central-O'ahu area for years to come, but is cognizant of the need to repair and improve the building to ensure the clients' comfort and safety.

3. The public purpose and need to be served;

The repair of the Central District Service Center's roof and overall structure is crucial for maintaining a safe and functional space for community engagement. HCAP's center serves as a gathering place for educational programs, outreach events, recreational activities, and essential services. The successful completion of this project will directly contribute to the well-being of the surrounding community.

4. Describe the target population to be served; and

HCAP serves low-income individuals and families, with an emphasis on serving the elderly and disabled populations. By repairing the Central District Service Center, the surrounding central-O'ahu area will benefit from a safe and comfortable hub to receive essential services to improve their economic and overall well-being. Located within Aiea's Public Housing, the Central District Service Center is strategically placed as an access point for the individuals and families residing in this community. Central is located within the Public Housing complex, ensuring that community members have easy and immediate access to a diverse range of services. This proximity enhances the center's accessibility and underscores HCAP's commitment to inclusivity and responsiveness to its local residents. Central's current location is best-suited for HCAP's target population's needs, creating a safe space for community engagement and support. If left unrepaired, HCAP faces relocation of the Central District Service Center. Relocation would reduce the convenience of Central's current location and limit its accessibility for those without transportation or are unfamiliar with navigating other areas of Oahu, those with physical disabilities, or those who have other circumstances limiting their mobility.

5. Describe the geographic coverage.

The Central District Service Center serves a diverse geographic area, encompassing Aiea and the surrounding neighborhoods and communities of central-O'ahu. Central's reach spans across 'Aiea, Waipahu, Wahiawa, Ewa Beach, and parts of O'ahu's North Shore. HCAP designed Central's geographic coverage to include neighboring regions to ensure that residents from adjacent areas can also easily access the various programs HCAP's offers. This coverage includes but is not limited to the surrounding residential neighborhoods, educational institutions, and commercial areas.

Clients from these target areas benefit from the center's programs, services, and events. This inclusive approach to geographic coverage reflects HCAP's commitment to fostering unity and providing a diverse array of resources to enhance the well-being and engagement to any and all persons needing assistance. Without repairing Central's current structure, HCAP faces relocation or closure which would have detrimental effects on serving the central-O'ahu region.

III. Service Summary and Outcomes

The Service Summary shall include a detailed discussion of the applicant's approach to the request. The applicant shall clearly and concisely specify the

results, outcomes, and measures of effectiveness from this request. The applicant shall:

1. Describe the scope of work, tasks and responsibilities;

The scope of the capital improvement project for the Central District Service Center's building encompasses restoring the structural integrity of the Makalapa Community Center. The primary objective is to address cracks spanning the entire building. Concurrently, a critical aspect of the project focuses on the stabilization and repair of a concrete wall that is at risk of falling. This project will greatly improve the structural integrity of the building and ultimately enhance the longevity and resilience of the Central District Service Center's facility.

The responsibilities of labor, materials, equipment, and site supervision required for the successful implementation of the project will be encompassed by the contractors. The construction project aims to improve the structural integrity and restoration of the building's block walls and walkways. Any additional repairs may incur additional costs; thorough monitoring will be conducted through the entire process to document if additional repairs are necessary.

The project's timeline will span approximately three months. Throughout the process, the contractors are to adhere to design specifications, monitoring, and documentation to ensure the timely and successful accomplishment of the project's outcomes. The tasks and responsibilities associated with each component of repair are outlined as follows:

- A. Roof Tear Off
 - a. Tear off existing flat roof.
 - b. Change rotten lumber that is externally visible.
 - c. Install peel-and-stick SAV base.
 - d. Install new metal where needed.
 - e. Install lead jack to all pipes.
 - f. Clean and haul away debris.
- B. PolyLEVEL
 - a. Layout and mark injection locations, drill 5/8" holes through slab and install injection ports.
 - b. Inject PolyLEVEL material at rates necessary to fill voids, stabilize and lift slabs as necessary.
 - c. Remove injection ports and fill access holes with suitable grout material, and cleanup work area.
 - d. Monitor slab movement during installation to ensure slab stabilization and accurate lifting.
- C. HP288 Helical Piles (Galvanized)
 - a. Helical piles will be installed with a hydraulic-powered, rotary-torque drive unit. Shaft extensions will be added to reach design torque/depth and coupled with manufacturers supplied hardware.

- b. Install helical piles to --- kips as specified with an approximate depth of 22 feet. Any additional depth beyond 22 feet will be at an additional cost.
 - c. Monitor and document installation torque for each pile and provide data, including correlation of torque to capacity, to the client.
- D. HA175 Helical Piers (Galvanized)
- a. Excavate to bottom of foundation, clean and prepare footing and install retrofit foundation bracket.
 - b. Helical piers will be installed with a hydraulic-powered, rotary-torque drive unit. Shaft extensions will be added to reach design torque/depth and coupled with manufacturers supplied hardware.
 - c. Install helical piers to --- kips as specified with an approximate depth of 20 feet. Any additional depth beyond 20 feet will be at an additional cost.
 - d. Lock system in place, backfill and compact previously excavated soils.
 - e. Monitor and document installation torque for each pier and provide data, including correlation of torque to capacity, to the client.
- E. CarbonArmor
- a. Install 12-inch-wide x 8 feet CarbonArmor.
 - b. Apply epoxy and fiber and again epoxy.
- F. Scaffolding
- a. Install scaffolding in work areas.

2. Provide a projected annual timeline for accomplishing the results or outcomes of the service;

The estimated timeline for achieving the outcomes described in the scope of service is an anticipated 3-month work period. Efficient allocation of construction time will be emphasized to minimize disruptions to the facility's operations during the restoration project.

3. Describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results; and

Throughout this 3-month work period, the contractor will be committed to effective management and coordination to execute the outlined tasks in a timely manner. From the initial planning and mobilization stages to the finalization of structural component installations, each phase will be approached in collaboration with HCAP and the contractor. HCAP will oversee the progress of the project. In effort to optimize efficiency, HCAP will select a repeat vendor with a proven track record successful collaboration with the organization.

4. List the measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency). The measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment. Please note that if the level of appropriation differs from the amount

included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.

HCAP will report progress of the project monthly to the State. The structural integrity of the building will be repaired and improve health and safety evaluations. The project will be completed in a reasonable and timely manner, during which the facility will remain open, to the extent possible, as to continue providing critical in-person services to the community.

IV. Financial

Budget

- 1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.**
 - a. Budget request by source of funds ([Link](#))
 - b. Personnel salaries and wages ([Link](#))
 - c. Equipment and motor vehicles ([Link](#))
 - d. Capital project details ([Link](#))
 - e. Government contracts, grants, and grants in aid ([Link](#))

See attached Budget Forms

- 2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2025.**

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$42,500	\$42,500	\$170,000	\$170,000	\$425,000

- 3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2025.**

Not applicable.

- 4. The applicant shall provide a listing of all state and federal tax credits it has been granted within the prior three years. Additionally, the applicant shall provide a listing of all state and federal tax credits they have applied for or anticipate applying for pertaining to any capital project, if applicable.**

Not applicable.

- 5. The applicant shall provide a listing of all federal, state, and county government contracts, grants, and grants in aid it has been granted within the prior three years and will be receiving for fiscal year 2025 for program funding.**

See attached Budget Forms.

6. The applicant shall provide the balance of its unrestricted current assets as of December 31, 2023.

Audited Financial Statements: \$6,007,000.

V. Experience and Capability

1. Necessary Skills and Experience

The applicant shall demonstrate that it has the necessary skills, abilities, knowledge of, and experience relating to the request. State your experience and appropriateness for providing the service proposed in this application. The applicant shall also provide a listing of verifiable experience of related projects or contracts for the most recent three years that are pertinent to the request.

HCAP has been assisting low-income individuals and families on O‘ahu to achieve self-reliance since 1965. Approximately 20,000 people benefit from a range of HCAP programs and services annually in the areas of employment, education, and community development. Successful implementation of easily accessible programs is a priority in HCAP’s ongoing effort to address the incidence and impact of intergenerational poverty in local communities. The Central District Service Center has had a long withstanding presence in the central-O‘ahu area for over 50 years at the Makalapa Community Center. During its tenure, the HCAP Central District Service Center has assisted individuals and families of the region with a multitude of specialized services.

The Central District Service Center has a rich history of offering diverse programs, partnerships, and services to the community. Among these include, the Makalapa Senior Citizen Group, hosted by Lanakila Meals on Wheels, which provided cultural activities, hula, ukulele, and daily meals to approximately 30-40 seniors on weekdays. Additionally, the center collaborated with Alu Like to host the Summer Youth Program, where approximately five youth ages 14-15 engaged in employment mentorship by working in the Central office. The Ready to Learn program by Helping Hands Hawaii contributed to social outreach, supplying school supply starter kits to about 500 low-income students annually since 1998. Furthermore, the Community Teen Program, facilitated by PACT, established afterschool drop-in centers for youth aged 7-18, offering educational and recreational resources.

Central has also served the community through several adult education courses. HCAP partnered with ‘Aiea Community School for Adults, to assist adult students in learning English. Collaborating with Moanalua School for Adults, the center has also assisted in graduating numerous students, including those from Pu‘uwai Momi Homes and across the island. HCAP’s Central District Service Center’s commitment to educational initiatives is evident in the support provided to adults pursuing high school equivalency diplomas through the CBASE program.

Generous grants, such as the Holomua grant, have fueled after-school activities, family nights, dance and exercise classes, leadership training, and community policing, benefiting youth aged 5-18. Matt Levi's karate classes have offered low-income children an opportunity to participate in organized sports without financial barriers. Additionally, the center has been pivotal in hosting year-round programs for community children and special "Summer Fun" activities in collaboration with City & County Parks and Recreation.

The Central District Service Center's impact extends to crucial community services. It played a crucial role in the IRS's Volunteer Income Tax Assistance (VITA) program, assisting low-income households in filing taxes for free from 1990 to 1995. Serving as a voting site in the early 1980s-1990s, the center contributed to the democratic process in the State of Hawaii. Its commitment to community welfare includes housing assistance through Self Help Hawaii, collaborating with O'ahu Work Links to assist unemployed individuals in seeking work.

Diversifying its efforts, the center introduced initiatives like the 'Ohana Produce Program and the Senior Farmers' Market Nutrition Program, both projects of the Hawai'i Food Bank. Central was a COVID testing site, contributing to community health. Additionally, the center serves as a gathering site for numerous non-profit organizations, providing a welcoming space for meetings, information dissemination, and client interactions. The Hawaii Entouch Lifeline Program (HELP) has played a crucial role, providing cell phone services as a lifeline to emergency services since the early 2000s, resuming in 2024.

In recent times, the Central District Service Center continues its community support with programs like the Bookmobile Services, offering a book lending program to school-aged children. Currently, the building houses the Hā Initiative: Creative STEM After-School Program's Central STEM Exploration Center, providing a safe space for children and teens to grow, learn, and thrive, steering away from unhealthy or risky behaviors.

This Makalapa Community Center is an instrumental resource for the families in the housing complexes surrounding the center and HCAP's Central District Service Center continues to provide additional resources to the community to contribute to the success and well-being of the central-O'ahu region.

2. Facilities

The applicant shall provide a description of its facilities and demonstrate its adequacy in relation to the request. If facilities are not presently available, describe plans to secure facilities.

The facility owned by the State of Hawai'i, is situated within 'Aiea's Public Housing Complex and is in dire need of structural improvements to address significant damages. The building displays visible signs of compromised structural integrity. One concern is an impaired wall that is at risk of collapse, displaying a potential hazards and necessitating urgent attention to prevent further deterioration. Furthermore, the roof of the building is in a state of disrepair, demanding immediate intervention. The

compromised roof jeopardizes the structural integrity of the facility and creates an unhealthy environment for the occupants. The urgency to fix the damaged roof is crucial not only to preserve the longevity of the building but also to provide a secure and habitable space for staff and clients. Moreover, the entire building exhibits concerning signs of cracking, indicating potential structural weaknesses. The widespread cracking raises questions about the building's ability to withstand external pressures and natural elements.

HCAP previously operated two Head Start classrooms at the Makalapa Community Center, however, the Hawai'i State Department of Human Services – Childcare Licensing Division deemed the building unsafe to host preschool-aged children. Upon completion of the Capital Improvement Project and reevaluation of the facility's health and safety standards, HCAP Head Start would consider reopening these classrooms to better serve the families in this area.

HCAP Central District Service Center
99-102 Kalaloa St.
'Aiea, HI 96701

VI. Personnel: Project Organization and Staffing

1. Proposed Staffing, Staff Qualifications, Supervision and Training

The applicant shall describe the proposed staffing pattern and proposed service capacity appropriate for the viability of the request. The applicant shall provide the qualifications and experience of personnel for the request and shall describe its ability to supervise, train and provide administrative direction relative to the request.

In 2025, HCAP will celebrate 60 years of serving low-income individuals and families on O'ahu. The HCAP administration and field staff are comprised of highly-quality individuals, whose diverse backgrounds and experience enable them to understand the needs of low-income unemployed and underemployment individuals and their communities.

Robert N.E. Piper, Esq., MBA – Executive Director, brings a wealth of executive and professional experience to his leadership role overseeing HCAP and the agency's \$23 million annual budget. Mr. Piper has served the State of Hawai'i as Deputy Director of the State Department of Budget and Finance and Chief of Staff in the Office of the Lieutenant Governor. Prior to his government service, Mr. Piper worked as a Business Banker in Honolulu. He served as Chair of the HCAP Board of Directors and as an HCAP Board Member for many years. He has also served on boards for the Hawai'i Community Development Authority, the High Technology Development Corporation, and the Native Hawaiian Chamber of Commerce. Mr. Piper's executive, legal, business and financial expertise and his years of experience in community service will be

instrumental in ensuring ongoing oversight and successful implementation of this project.

The Executive Director is the chief administrative officer of HCAP and serves at the pleasure and direction of the HCAP Board of Directors. The Executive Director is responsible for all aspects of the HCAP-sponsored anti-poverty programs and activities, including long-range planning, evaluation, business operations, communications, and governmental relations. The Executive Director provides leadership, guidance, and overall management to all HCAP staff agency-wide. The Executive Director plans, organizes, communicates, and directs sound and effective programs to provide opportunities for low-income people to become self-sufficient.

Robin Fakaosi – Director of Community Services, has a deep and broad knowledge of all HCAP programs and the communities that HCAP serves. She oversees the Hā Initiative: Creative STEM After-School Program, six District Service Centers, and other various HCAP programs. Robin leads this position with ease, drawing upon 5 years of experience, skills, and knowledge as Community Worker at one of HCAP's District Service Centers and 2 years as Nā Lima Hana Employment Core Services (ECS) Program Coordinator.

The Director of Community Services provides direction and support to program staff in the development, implementation, and delivery of programs and services to achieve the agency's mission. This position implements the agency's strategic plans and monitors, evaluates, and reports the agency's progress toward outcomes identified in the plans. This position develops technical and fiscal resources to support the implementation of the plan; and develops partnerships to create new and more powerful outcomes for youth, families, and communities.

Lynnelle Hasegawa – Director of Finance, has over 30 years of financial management experience. She previously served as Controller for the YMCA Of Honolulu, as well as, Controller for the Hawai'i State Teacher's Association. Lynnelle holds a Bachelor of Administration with Accounting Concentration from the University of Washington and a Master of Business Administration from the University of Hawai'i.

The Director of Finance (DOF) is responsible for all financial/fiscal operations of HCAP. The DOF sets HCAP's financial policy and directs all financial administration, business planning, reporting, and budgeting under the leadership of the Executive Director. The DOF also supervises and manages the Fiscal Department staff, works closely with the Board of Directors, and serves as the staff liaison of the Finance Committee.

2. Organization Chart

The applicant shall illustrate the position of each staff and line of responsibility/supervision. If the request is part of a large, multi-purpose organization, include an organization chart that illustrates the placement of this request.

HCAP Organizational Chart: This chart highlights placement of all HCAP programs, administration and governance. The chart also reflects the strong oversight and direction provided by HCAP's Executive Director, and the input provided by the Head Start Policy Council, District Advisory Councils, and Board of Directors to ensure program success.

See attached Organization Chart.

3. Compensation

The applicant shall provide an annual salary range paid by the applicant to the three highest paid officers, directors, or employees of the organization by position title, not employee name.

Position Title	Compensation
Executive Director	\$215,000 - \$235,000
Director of Finance	\$130,000 - \$150,000
Director of Head Start / Interim Director of Planning, Program Development, and Communications	\$130,000 - \$150,000

VII. Other

1. Litigation

The applicant shall disclose any pending litigation to which they are a party, including the disclosure of any outstanding judgement. If applicable, please explain.

Not applicable.

2. Licensure or Accreditation

The applicant shall specify any special qualifications, including but not limited to licensure or accreditation that the applicant possesses relevant to this request.

Not applicable.

3. Private Educational Institutions

The applicant shall specify whether the grant will be used to support or benefit a sectarian or non-sectarian private educational institution. Please see [Article X, Section 1, of the State Constitution](#) for the relevance of this question.

Not applicable.

4. Future Sustainability Plan

The applicant shall provide a plan for sustaining after fiscal year 2024-25 the activity funded by the grant if the grant of this application is:

- (a) Received by the applicant for fiscal year 2024-25, but**

(b) Not received by the applicant thereafter.

HCAP has demonstrated its capacity to successfully implement and maintain programs, catering to the needs of O'ahu's low-income residents since 1965. Several of HCAP's programs have consistently offered assistance and support to the low-income community for decades. Despite fluctuations in funding for various programs over the years, HCAP has consistently persevered, ensuring the continuity of crucial services that have been identified as particularly beneficial to our clients.

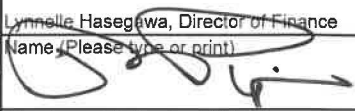
HCAP's Executive Management has placed a greater emphasis on diversifying revenues and applying for various funding sources. HCAP's Planning, Program Development, and Communications department provides support in efforts to seek out and applying for grants, develop partnerships, and utilize all forms of communication to promote the organization and its programs. Realizing fiscal realities, HCAP Executive Management also works closely with fiscal staff to regularly assess the programs' financial positions to determine where there may be gaps in funding.

In the event funding is not readily available, HCAP will supplement in the interim with federal Community Services Block Grant (CSBG) funds. HCAP annually evaluates programs and priorities, and continues to support key programs with CSBG funds until other sources of funding become available.

BUDGET REQUEST BY SOURCE OF FUNDS

Period: July 1, 2024 to June 30, 2025

Applicant: Honolulu Community Action Program, Inc.

BUDGET CATEGORIES	Total State Funds Requested (a)	Total Federal Funds Requested (b)	Total County Funds Requested (c)	Total Private/Other Funds Requested (d)
A. PERSONNEL COST				
<u>Program: Direct Service to Clients</u>				
1. Salaries				
2. Payroll Taxes & Assessments				
3. Fringe Benefits				
<u>Administrative / Supervisory</u>				
1. Salaries				
2. Payroll Taxes & Assessments				
3. Fringe Benefits				
TOTAL PERSONNEL COST				
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Airfare, Out-of-State				
3. Audit Services				
4. Contractual Services - Administrative				
5. Contractual Services - Subcontracts				
6. Dues and Subscriptions				
7. Insurance				
8. Lease/Rental of Equipment				
9. Lease/Rental of Motor Vehicle				
10. Lease/Rental of Space				
11. Mileage/Parking				
12. Program Activities & Supplies				
13. Postage, Freight & Delivery				
14. Publication & Printing				
15. Repair & Maintenance				
16. Staff Training				
17. Staff Recruitment				
18. Substance/Per Diem				
19. Supplies/Office/Misc.				
20. Telecommunication				
21. Transportation				
22. Utilities				
TOTAL OTHER CURRENT EXPENSES				
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL	425,000			
TOTAL (A+B+C+D+E)	425,000			
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	425,000	Lynelle Hasegawa, Director of Finance 808-521-4531		
(b) Total Federal Funds Requested		Name (Please type or print) Phone		
(c) Total County Funds Requested		 JAN 19 2024		
(d) Total Private/Other Funds Requested		Signature of Authorized Official Date		
TOTAL BUDGET	425,000	Robert N.E. Piper, Esq., MBA, Executive Director		
		Name and Title (Please type or print)		

GOVERNMENT CONTRACTS, GRANTS, AND / OR GRANTS IN AID

Applicant: Honolulu Community Action Program, Inc.

Contracts Total: 425,000

	CONTRACT DESCRIPTION	EFFECTIVE DATES	AGENCY	GOVERNMENT ENTITY (U.S./State/Hawaii/ Honolulu/ Kauai/ Maui County)	CONTRACT VALUE
1	Central District Service Center-Capital Improvements	07/01/24 - 06/30/25 (requested)	Grant In Aid	State	425,000
2					
3					
4					
5					
6					
7					
8					
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IV. Financial

5 The applicant shall provide a listing of all federal state, and county government contracts, grants, and grants in aid it has been granted within the prior 3 years and will be receiving for fiscal year 2025 for program funding

GOVERNMENT CONTRACTS, GRANTS, AND / OR GRANTS IN AID

Applicant: Honolulu Community Action Program, Inc.

Contracts Total: 425,000

	CONTRACT DESCRIPTION	EFFECTIVE DATES	AGENCY	GOVERNMENT ENTITY (U.S./State/Hawaii/ Honolulu/ Kauai/ Maui County)	CONTRACT VALUE
1	Central District Service Center-Capital Improvements	07/01/24 - 06/30/25 (requested)	Grant In Aid	State	425,000
2					
3					
4					
5					
6					
7					
8					
9					
10	NOTE: Please also see HCAP Single Audit Report for fiscal year ended 3/31/23 (attached).				
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					

BUDGET JUSTIFICATION - CAPITAL PROJECT DETAILS

Period: July 1, 2024 to June 30, 2025

Applicant: Honolulu Community Action Program, Inc.

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OTHER SOURCES OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2022-2023	FY: 2023-2024	FY:2024-2025	FY:2024-2025	FY:2025-2026	FY:2026-2027
PLANS						
LAND ACQUISITION						
DESIGN						
CONSTRUCTION	0	0	425,000	0	0	0
EQUIPMENT						
TOTAL:	0	0	425,000	0	0	0
JUSTIFICATION/COMMENTS:						



Honolulu Community Action Program, Inc.

Financial Statements, Supplementary Information, and
Single Audit Reports
(With Independent Auditors' Reports Thereon)

March 31, 2023

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Financial Statements, Supplementary Information, and Single Audit Reports

March 31, 2023

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PART I
FINANCIAL SECTION

Independent Auditors' Report

The Board of Directors
Honolulu Community Action Program, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Honolulu Community Action Program, Inc. (the Organization), which comprise the statement of financial position as of March 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of March 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update 2016-02, *Leases (Topic 842)*, effective on April 1, 2022. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 auditing standards generally accepted in the United States of America 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America 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 the Organization'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 the Organization'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 audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 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*, and the schedule of contracts with the Homeless Programs Office, Department of Human Services of the State of Hawaii, as required by the State of Hawaii, are presented for purposes of additional analysis and are 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 audit 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 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 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 November 16, 2023, 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 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 the Organization'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 the Organization's internal control over financial reporting and compliance.

KKDL Y LLC

Honolulu, Hawaii
November 16, 2023

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Statement of Financial Position

March 31, 2023

Assets

Current assets:	
Cash	\$ 3,430,032
Grants receivable	2,084,090
Other receivable, less allowance for doubtful accounts of \$15,934	115,243
Prepaid expenses	<u>377,889</u>
Total current assets	<u>6,007,254</u>
Property and equipment:	
Building and leasehold improvements	7,030,223
Equipment	3,002,120
Vehicles	171,747
Furniture and fixtures	<u>163,812</u>
	10,367,902
Less accumulated depreciation	<u>(5,242,792)</u>
Net property and equipment	<u>5,125,110</u>
Operating lease right-of-use assets	1,169,999
Deposits	46,578
Unemployment deposit account	<u>629,323</u>
Total assets	<u>\$ 12,978,264</u>

Liabilities and Net Assets

Current liabilities:	
Accounts payable	\$ 661,341
Accrued payroll and payroll taxes	1,582,569
Accrued vacation	338,084
Other accrued employee benefits	378,991
Refundable advances	167,207
Current maturities of operating lease liabilities	267,554
Current maturities of finance lease liabilities	<u>8,624</u>
Total current liabilities	3,404,370
Operating lease liabilities, net of current maturities	918,199
Finance lease liabilities, net of current maturities	22,551
Other	<u>146,446</u>
Total liabilities	<u>4,491,566</u>
Net assets:	
Without donor restrictions	8,311,232
With donor restrictions	<u>175,466</u>
Total net assets	<u>8,486,698</u>
Total liabilities and net assets	<u>\$ 12,978,264</u>

See accompanying notes to the financial statements.

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Statement of Activities

Year Ended March 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Federal grants	\$ 18,117,282	\$ -	\$ 18,117,282
Contributed nonfinancial assets	2,453,790	-	2,453,790
Nonfederal grants	1,072,209	100,867	1,173,076
Program and other income	614,311	-	614,311
Contributions	32,428	-	32,428
Net assets released from restrictions	89,916	(89,916)	-
	<hr/>	<hr/>	<hr/>
Total revenue and support	22,379,936	10,951	22,390,887
	<hr/>	<hr/>	<hr/>
Expenses:			
Program services:			
Education and child care	15,946,498	-	15,946,498
Other community services	3,747,882	-	3,747,882
	<hr/>	<hr/>	<hr/>
Total program services	19,694,380	-	19,694,380
Supporting services:			
Management and general	2,886,022	-	2,886,022
	<hr/>	<hr/>	<hr/>
Total expenses	22,580,402	-	22,580,402
	<hr/>	<hr/>	<hr/>
Change in net assets	(200,466)	10,951	(189,515)
Net assets at beginning of year	8,511,698	164,515	8,676,213
	<hr/>	<hr/>	<hr/>
Net assets at end of year	\$ 8,311,232	\$ 175,466	\$ 8,486,698
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to the financial statements.

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Statement of Functional Expenses

Year Ended March 31, 2023

	Program Services			Supporting Services	
	Education and Child Care	Other Community Services	Total	Management and General	Total
Salaries and employee benefits	\$ 8,432,691	\$ 1,810,954	\$ 10,243,645	\$ 2,283,937	\$ 12,527,582
Supplies	2,882,738	136,604	3,019,342	58,197	3,077,539
Contributed nonfinancial assets	2,152,024	301,766	2,453,790	-	2,453,790
Occupancy	608,985	313,406	922,391	300,117	1,222,508
Contracted services	454,163	533,012	987,175	101,517	1,088,692
Depreciation	553,538	247,484	801,022	9,948	810,970
Telephone	180,798	44,527	225,325	10,851	236,176
Dues and subscriptions	142,991	5,266	148,257	40,584	188,841
Repairs and maintenance	112,864	72,560	185,424	92	185,516
Travel	99,117	58,363	157,480	21,976	179,456
Staff development	115,706	15,380	131,086	7,713	138,799
Insurance	81,295	36,527	117,822	9,451	127,273
Program activities	17,929	95,354	113,283	244	113,527
Printing and publications	53,899	4,107	58,006	4,742	62,748
Postage and shipping	21,877	6,336	28,213	469	28,682
Miscellaneous	35,883	66,236	102,119	36,184	138,303
Total expenses	\$ 15,946,498	\$ 3,747,882	\$ 19,694,380	\$ 2,886,022	\$ 22,580,402

See accompanying notes to financial statements.

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Statement of Cash Flows

Year Ended March 31, 2023

Cash flows from operating activities:	
Change in net assets	\$ (189,515)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	810,970
Allowance for doubtful accounts	10,522
Changes in operating assets and liabilities:	
Grants receivable	(861,488)
Other receivables	61,481
Prepaid expenses	(124,093)
Carrying amount of operating lease right-of-use assets	263,575
Unemployment deposit account	342,104
Accounts payable	304,433
Accrued payroll and payroll taxes	(299,532)
Accrued vacation	45,559
Other accrued employee benefits	119,308
Refundable advances	(109,929)
Operating lease liabilities	(247,821)
Other liabilities	18,190
Net cash provided by operating activities	143,764
Cash flows used in investing activity:	
Purchases of property and equipment	(552,191)
Cash flows used in financing activity:	
Principal payments on finance lease obligation	(8,406)
Net decrease in cash	(416,833)
Cash at beginning of year	3,846,865
Cash at end of year	\$ 3,430,032
Supplemental information of noncash transactions:	
Contributions of nonfinancial assets	\$ 2,453,790

See accompanying notes to financial statements.

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

March 31, 2023

(1) Nature of Activities

Honolulu Community Action Program, Inc. (the Organization) was incorporated in the State of Hawaii (the State) on December 24, 1968 and is a nonprofit organization providing a wide range of services to reduce poverty, assist in revitalizing low-income communities, and empower low-income families and individuals to become fully self-sufficient. The Organization serves low-income clients through programs in areas such as job preparation and placement; education and childcare; family assistance and development; community involvement, advocacy, coordination and resource mobilization.

Revenues are provided primarily from contractual arrangements with various federal and state agencies. Other sources of revenues include federal and state grants, program income, and contributions.

(2) Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP) applicable to nonprofit entities. Net assets, revenue and support, and expenses are classified based upon the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets of the Organization, and changes therein, are classified and reported as follows:

Without donor restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

With donor restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents at March 31, 2023.

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

March 31, 2023

Use of Estimates

The preparation of the financial statements in conformity with 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Grants Receivable

Grant receivables represent amounts due from federal, state, and local government agencies. Management determines the allowance for doubtful accounts by identifying troubled accounts, considering the debtor's financial condition and current economic conditions, and using historical experience applied to an aging of the receivables. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimates of the amounts that will not be collected based upon prior experience.

Management provides for probable uncollectible amounts through a charge to a provision for bad debt and a credit to the valuation allowance based on its assessment of the current status of the accounts. Balances that are still outstanding after management has used reasonable collection efforts are written-off through a charge to the valuation allowance and a credit to accounts receivable.

Prepaid Expenses

Prepaid expenses consists of expenses paid for in advance.

Property and Equipment

Property and equipment are recorded at cost. Donated assets are recorded at their estimated fair value at the date of the gift. Acquisitions in excess of \$5,000 and a useful life of more than one year are capitalized. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives of 5 to 20 years and are computed using the straight-line method.

Property and equipment held under finance leases are stated at the present value of minimum lease payments, and amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset.

Expenditures for maintenance, repairs, and minor renewals are charged to expense; expenditures for betterments are capitalized. Property retired or otherwise disposed of is removed from the appropriate asset and related accumulated depreciation accounts. Gains and losses on sale of assets are reflected in current operations.

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

March 31, 2023

Leases

The Organization is a lessee under several long-term non-cancellable operating leases (see Note 5). The Organization accounts for leases in accordance with the Financial Accounting Standard Board's (the FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)* (ASC 842). The Organization recognizes a right-of-use (ROU) asset and a lease liability upon implementation of ASC 842.

For operating and finance leases, the lease liability is initially measured at the present value of the unpaid lease payments at the lease commencement date (or on April 1, 2022 for leases executed before the ASC 842 adoption date). The lease liability is subsequently measured at amortized cost using the effective-interest method.

The Organization has elected to discount its unpaid lease payments using a risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not determinable. The lease term for all of the Organization's leases includes the non-cancellable period of the lease plus any additional periods covered by an option to extend the lease that the Organization is reasonably certain to exercise. Lease payments included in the measurement of the lease liability comprise the fixed payments owed over the lease term.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability. For operating leases, the ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Operating lease ROU assets are presented as operating lease ROU assets on the statement of financial position. The current and noncurrent portions of operating lease liabilities are presented separately as operating lease liabilities in the accompanying statement of financial position.

Finance lease ROU assets are included in property and equipment, net. The current portion of finance lease liabilities is presented as current maturities of finance lease liabilities, and the long-term portion is presented as finance lease liabilities in the accompanying statement of financial position.

Variable lease payments associated with the Organization's leases (e.g., property taxes, insurance, maintenance, and general excise taxes) are recognized when the event, activity, or circumstance in the lease agreement on which those payments are assessed occurs. Variable lease payments are presented as operating expense in the Organization's statements of activities and functional expenses in the same line item as expense arising from fixed lease payments (operating leases).

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

March 31, 2023

The Organization has elected not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Organization recognizes the lease payments associated with its short-term leases as lease expense on a straight-line basis over the lease term. The Organization also combines lease and non-lease components in the contract for all lease arrangements.

Long-Lived Assets

Long-lived assets, such as property and equipment, and financing and operating ROU assets, held and used by the Organization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of recoverability would be performed. No impairment losses were recognized for the year ended March 31, 2023.

Revenue, Support and Expenses

Revenue and support are reported as increases in net assets without donor restriction, unless the use of the related asset is limited by donor-imposed time or purpose restrictions.

Contributions, including unconditional promises to give, are recognized in the period received. Amounts received that are designated by the donor for a future period or for specified purpose are reported as support that increases 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 as net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restriction.

Expenses are reported as decreases in net assets without donor restrictions. Conditional donor-restricted contributions whose conditions and restrictions are met in the same reporting period as the contribution is received are recognized as increases in net assets without donor restrictions.

Recognition of Governmental Grant Revenues

The Organization receives grants from the U.S. government, state, and local government agencies. Governmental grant receipts are subject to certain conditions and restrictions, which are met by incurring qualifying expenses for the particular program or project that is funded by the grant. Revenue from such grants is recognized when the funds have been expended on activities as stipulated in the grant agreement. For unconditional grants, revenue is recognized when the grant is received or pledged. Funding received in advance of the applicable revenue recognition criteria is recorded as refundable advances in the statement of financial position.

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

March 31, 2023

Contributed Nonfinancial Assets

Contributed nonfinancial assets represent the value of donated facilities, supplies and services based on the fair value of similar products and compensation of individuals at equivalent rates in private industry or government. Such donations are reported as increase in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Contributed nonfinancial assets in the form of donated facilities and supplies received during the fiscal year are recorded as revenue and expenses in the accompanying statement of activities.

The Organization receives donated services from a variety of volunteers assisting the Organization. The contribution of services is recognized to the extent that such services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would typically need to be purchased if not provided by the contribution. No amounts have been recorded for contributed volunteer efforts in the accompanying statement of activities because the criteria under GAAP have not been satisfied.

Functional Allocation of Expenses

The costs of program and supporting services are summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of total personnel costs of the various functions, a proportion of the direct costs or usage for items such as office rent.

Income Taxes

Although the Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, any income from activities not directly related to its tax-exempt purpose may be subject to taxation as unrelated business income. In addition, since the Organization has been classified as an organization that is not a private foundation under Section 509(a)(2), certain financial and other assistance provided to the Organization would qualify for the charitable contribution deduction under Section 170(b)(1)(A).

Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. The Organization is generally no longer subject to examination by the Internal Revenue Service and the State for years prior to 2020.

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

March 31, 2023

Recently Adopted Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The provisions of ASU 2020-07 include, but not limited to, (1) presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets; and (2) a disclosure requirement of a disaggregation of the amount and other related information of contributed nonfinancial assets recognized within the statement of activities by category. The Organization implemented the guidance beginning April 1, 2022. There was no material impact to the financial statements as a result of the adoption.

The Organization adopted ASC 842 effective April 1, 2022, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. ASC 842 establishes a model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities.

The Organization adopted ASC 842 using a modified retrospective transition approach. As a result, the Organization was not required to adjust its prior period financial information for effects of the standard or make the new required lease disclosures for periods before the date of adoption.

Concentrations of Credit Risk

The Organization maintains its cash accounts in financial institutions in the State of Hawaii. Cash balances in these accounts are insured up to \$250,000 per account holder by the Federal Deposit Insurance Corporation. In assessing its concentration of credit risk related to cash, the Organization deposits cash in these financial institutions, which may at times exceed insurance limits. At March 31, 2023, deposits in excess of federally insured limits amounted to approximately \$3,500,000.

Commitments and Contingencies

The Organization participates in several federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable may be impaired. Management does not believe there are any significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

March 31, 2023

Subsequent Events

Management has evaluated subsequent events through November 16, 2023, the date on which the financial statements were available to be issued, and determined that there are no other items to disclose.

(3) Liquidity and Availability of Funds

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures.

The Organization's financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date are comprised of the following at March 31, 2023:

Cash	\$ 3,430,032
Grants receivable	2,084,090
Other receivable, net	<u>115,243</u>
	5,629,365
Less: Net assets with donor restrictions	<u>(175,466)</u>
	<u><u>\$ 5,453,899</u></u>

(4) Unemployment Self Insurance

The Organization is a member of the 501(c) Agencies Trust (the Trust). The Trust facilitates the utilization by member agencies of the reimbursement financing method of meeting obligations under State of Hawaii unemployment insurance statutes. The ultimate costs of unemployment claims are accrued as payable when incidents occur that give rise to claims and represent management's estimate including claims incurred but not reported. Such liabilities are based on estimates and the ultimate liability may be in excess of or less than the amounts provided. The liability for claims was approximately \$1,147,000 at March 31, 2023 and is included in accrued payroll and payroll taxes in the statement of financial position.

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

March 31, 2023

(5) Leases

As Lessee

The Organization is obligated under operating leases for various office and classroom spaces expiring at various dates through July 2027. The office leases require the Organization pay common area maintenance expenses applicable to the leased premises. The Organization is also obligated under operating and financing leases for office equipment expiring at various dates through September 2026. Total rent expense under these leases for the fiscal year ended March 31, 2023 was approximately \$675,000 and is included in occupancy expense in the accompanying statement of functional expenses. The Organization also recorded expenses related to contributions of nonfinancial assets for classroom space (see Note 8).

The components of lease expense for the year ended March 31, 2023 are as follows:

Operating lease expense		\$ 296,414
Finance lease expense:		
Amortization of ROU assets	\$ 8,796	
Interest on lease liabilities	<u>897</u>	9,693
Variable lease expense		302,383
Short-term lease expense		<u>66,807</u>
Total lease expense		<u><u>\$ 675,297</u></u>

Amounts reported on the statement of financial position as of March 31, 2023 are as follows:

Operating leases:		
Operating lease ROU assets, net		<u><u>\$ 1,169,999</u></u>
Current maturities of operating lease liabilities	\$ 267,554	
Operating lease liabilities, net of current maturities	<u>918,199</u>	
Total operating lease liabilities		<u><u>\$ 1,185,753</u></u>

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

March 31, 2023

Finance leases:	
Equipment	\$ 39,581
Accumulated amortization	<u>(8,796)</u>
	<u>\$ 30,785</u>
Current maturities of finance lease liabilities	\$ 8,624
Finance lease liabilities, net of current maturities	<u>22,551</u>
Total finance lease liabilities	<u>\$ 31,175</u>

The following table summarizes the supplemental cash flow information for the year ended March 31, 2023:

Cash used in operations for operating leases	\$ 280,660
Cash used in operations for finance lease	9,303
ROU assets obtained in exchange for lease liabilities:	
Operating leases	1,433,574
Finance lease	39,581
Reductions to ROU assets resulting from reduction to lease liabilities:	
Operating leases	(263,575)
Finance lease	(8,976)

The following summarizes the weighted-average remaining lease term and the weighted-average discount rate:

Weighted-average remaining lease term in years:	
Operating leases	4.16
Finance lease	3.50
Weighted-average discount rate:	
Operating leases	2.63%
Finance lease	2.56%

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

March 31, 2023

Maturities of operating and finance lease liabilities under non-cancellable leases as of March 31, 2023 are as follows:

Year Ending March 31:	Operating Leases	Finance Lease
2024	\$ 294,195	\$ 9,303
2025	300,218	9,303
2026	302,377	9,303
2027	306,906	4,650
2028	45,459	-
Total undiscounted lease payments	1,249,155	32,559
Less imputed interest	(63,402)	(1,384)
Total lease liabilities	1,185,753	31,175
Less current maturities	(267,554)	(8,624)
Total lease liabilities, less current maturities	<u>\$ 918,199</u>	<u>\$ 22,551</u>

(6) Retirement Plans

The Organization has a 403(b) retirement plan for its employees who meet certain eligibility requirements. Employees may contribute to the plan to the extent allowed by law. Under the plan, the Organization matches employees' contribution up to 4% of the employee's contribution. During the fiscal year ended March 31, 2023, the Organization's contribution to the plan amounted to approximately \$226,000.

The Organization also has a money purchase retirement plan that covers all employees who meet certain eligibility requirements. The plan was frozen on September 1, 2006. No contributions have been made for the plan subsequent to September 1, 2006.

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Notes to Financial Statements

March 31, 2023

(7) Net Assets with Donor Restrictions

As of March 31, 2023, the Organization had net assets with donor restrictions for the following purposes:

Building construction	\$ 74,237
Building acquisition	40,702
Other	<u>60,527</u>
	<u>\$ 175,466</u>

(8) Contributed Nonfinancial Assets

The Organization leases various locations for its program activities at little or no cost and receives donated program supplies. The Organization recognizes the excess of the fair value over the cost of these items as contributed nonfinancial assets revenue and expense. Contributed nonfinancial assets for the year ended March 31, 2023 consists of the following:

Classroom space	\$2,443,706
Supplies	<u>10,084</u>
	<u>\$2,453,790</u>

SUPPLEMENTARY INFORMATION

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Schedule of Expenditures of Federal Awards

Year Ended March 31, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Cooperative/Grant Agreement/Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Agriculture - passed through the State of Hawaii			
Department of Education			
Child and Adult Care Food Program April 1, 2022 through March 31, 2023	10.558	1116-9	\$ 1,094,424
Child and Adult Care Food Program January 1, 2021 through September 30, 2022	10.558	1116-9	<u>118,273</u>
Total U.S. Department of Agriculture			<u>1,212,697</u>
U.S. Department of Housing and Urban Development - passed through the City and County of Honolulu			
Emergency Solutions Grants Program Cares Act December 10, 2021 through September 30, 2023	14.231	CT-DCS-2200103	<u>175,116</u>
U.S. Department of Energy - passed through the State of Hawaii			
Department of Labor and Industrial Relations			
Weatherization Assistance for Low-Income Persons July 1, 2022 through June 30, 2023	81.042	OCS-POS-22-54	79,976
Weatherization Assistance for Low-Income Persons July 1, 2021 through June 30, 2022	81.042	OCS-POS-21-54	42,089
Weatherization Assistance Program Bipartisan Infrastructure Law October 1, 2022 through September 30, 2027	81.042	OCS-WBIL-22-01	<u>82,923</u>
Total U.S. Department of Energy			<u>204,988</u>
U.S. Department of Health and Human Services			
Head Start Cluster:			
Head Start Program April 1, 2022 through March 31, 2023	93.600	09CH011451-03	12,543,622
Head Start American Rescue Plan Act April 1, 2021 through March 31, 2023	93.600	09HE00323-01	<u>987,248</u>
Total Head Start Cluster			<u>13,530,870</u>

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Schedule of Expenditures of Federal Awards (Continued)

Year Ended March 31, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Cooperative/Grant Agreement/Pass-Through Entity Identifying Number	Total Federal Expenditures
Passed through the State of Hawaii			
Department of Human Services			
Low-Income Home Energy Assistance October 1, 2021 through September 30, 2022	93.568	DHS-22-FAP-0101	\$ 232,236
Low-Income Home Energy Assistance October 1, 2022 through September 30, 2023	93.568	DHS-22-FAP-0101	23,200
Passed through State of Hawaii			
Department of Labor and Industrial Relations			
Low-Income Home Energy Assistance October 1, 2021 through September 30, 2022	93.568	OCS-LIHEAP-22-01	165,174
Low-Income Home Energy Assistance October 1, 2022 through September 30, 2023	93.568	OCS-LIHEAP-23-01	<u>87,400</u>
Total Low-Income Home Energy Assistance			<u>508,010</u>
Temporary Assistance for Needy Families January 1, 2023 through December 31, 2023	93.558	DHS-23-TANF-0029	3,505
Temporary Assistance for Needy Families January 1, 2022 through December 31, 2022	93.558	DHS-19-ETPO-0027	<u>88,863</u>
Total Temporary Assistance for Needy Families			<u>92,368</u>
Passed through the State of Hawaii			
Department of Labor and Industrial Relations			
Community Block Services Grant October 1, 2022 through September 30, 2023	93.569	OCS-POS-23-60	1,010,419
Community Block Services Grant October 1, 2021 through September 30, 2022	93.569	OCS-POS-22-60	987,514
Community Block Services Grant Cares Act March 27, 2020 through September 30, 2023	93.569	OCS-CASF-20-01	<u>395,850</u>
Total Community Block Services Grant			<u>2,393,783</u>
Total U.S. Department of Health and Human Services			<u>16,525,031</u>
Total Expenditures of Federal Awards			<u>\$ 18,117,832</u>

See accompanying independent auditors' report and notes to schedule of expenditures of federal awards.

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Notes to the Schedule of Expenditures of Federal Awards

Year Ended March 31, 2023

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Honolulu Community Action Program, Inc. (the Organization) under programs of the federal government for the year ended March 31, 2023. The information in this Schedule is presented 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* (the 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.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such 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.

(3) Indirect Cost Rate

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

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Schedule of Contracts with the Homeless Programs Office,
Department of Human Services of the State of Hawaii

Year Ended March 31, 2023

	<u>Federal Funds</u>	<u>State Funds</u>	<u>Total</u>
Contract Number DHS-21-HPO-0012			
Contract period 07/01/21-06/30/22	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Contract expenses - prior periods	\$ -	\$ 343,170	\$ 343,170
Contract expenses - current period	-	156,830	156,830
Total contract expenses - current period	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Contract Number DHS-21-HPO-0012			
Contract period 07/01/22-06/30/23	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Contract expenses - prior periods	\$ -	\$ -	\$ -
Contract expenses - current period	-	371,750	371,750
Total contract expenses - current period	<u>\$ -</u>	<u>\$ 371,750</u>	<u>\$ 371,750</u>

See accompanying independent auditors' report.

PART II
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND COMPLIANCE

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
Honolulu Community Action Program, Inc.:

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 (*Government Auditing Standards*), the financial statements of Honolulu Community Action Program, Inc. (the Organization), which comprise the statement of financial position as of March 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated November 16, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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 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 the Organization's 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 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.

KKDL Y LLC

Honolulu, Hawaii
November 16, 2023

PART III
COMPLIANCE AND INTERNAL CONTROL OVER
FEDERAL AWARDS

**Independent Auditors' Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance Required by the Uniform Guidance**

The Board of Directors
Honolulu Community Action Program, Inc.:

Report on Compliance for Each Major Federal Program

Opinion on Each Federal Program

We have audited Honolulu Community Action Program, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit 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 March 31, 2023. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2023.

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; 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* (the Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditors' Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Organization 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 each major federal program. Our audit does not provide a legal determination of the Organization'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 the Organization's federal programs.

Auditors' 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 the Organization'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 auditing standards generally accepted in the United States of America, *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 the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *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 the Organization'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 the Organization'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 Organization'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.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditors' 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, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

KKDLY LLC

Honolulu, Hawaii
November 16, 2023

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Schedule of Findings and Questioned Costs

Year Ended March 31, 2023

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
Significant deficiency(ies) identified?

Noncompliance material to financial statements noted?

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?
Significant deficiency(ies) identified?

Type of auditors’ report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?

Identification of major federal programs:

Federal Assistance Listing Number

Name of Federal Program or Cluster

93.600
10.558

Head Start Cluster - Head Start
Child and Adult Care Food Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

HONOLULU COMMUNITY ACTION PROGRAM, INC.

Schedule of Findings and Questioned Costs

Year Ended March 31, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.



Honolulu Community Action Program, Inc. Organizational Chart

