

**FAMILY SUPPORT SERVICES OF WEST HAWAII AND SUBSIDIARY**  
(A Hawai‘i Nonprofit Corporation)

AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of  
Family Support Services of West Hawaii and Subsidiary  
Kailua-Kona, Hawai'i 96740

**Report on the Audit of the Consolidated Financial Statements**

***Opinion***

We have audited the accompanying consolidated financial statements of Family Support Services of West Hawaii (a nonprofit organization) and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the respective financial position of Family Support Services of West Hawaii and Subsidiary as of June 30, 2025 and 2024, and the respective changes in its net assets and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Family Support Services of West Hawaii and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Support Services of West Hawaii and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

## ***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 consolidated 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 consolidated 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 Family Support Services of West Hawaii and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Family Support Services of West Hawaii and Subsidiary's ability to continue as a going concern for a reasonable period of time.

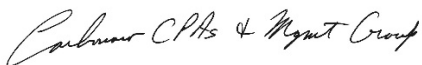
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Report on Supplementary Information***

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2025 on our consideration of the Family Support Services of West Hawaii and Subsidiary'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 Family Support Services of West Hawaii and Subsidiary'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 Family Support Services of West Hawaii and Subsidiary's internal control over financial reporting and compliance.



Kailua-Kona, Hawai'i  
December 23, 2025

FAMILY SUPPORT SERVICES OF WEST HAWAII AND SUBSIDIARY

Consolidated Statements of Financial Position  
As of June 30, 2025 and 2024

ASSETS	2025	2024
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents (Notes 2 and 9)	\$ 1,939,546	\$ 972,755
Grants and Contracts Receivable (Note 2)	411,997	695,518
Employee Retention Credits Receivable - Current Portion (Note 3)	610,500	-
Interest Receivable on Employee Retention Credits (Note 3)	173,457	-
Prepaid Expenses	24,729	20,679
Total Current Assets	3,160,229	1,688,952
<b>PROPERTY AND EQUIPMENT (Note 2)</b>		
Vehicles	304,177	288,817
Equipment - Restricted	142,751	142,751
Less: Accumulated Depreciation and Amortization	(295,177)	(360,212)
Operating Property and Equipment, Net	151,751	71,356
Leasehold Improvements in Progress	201,192	131,616
Total Property and Equipment	352,943	202,972
<b>OTHER NON-CURRENT ASSETS</b>		
Operating Lease Right-of-Use Assets, Net (Notes 2 and 8)	281,105	385,490
Employee Retention Credits Receivable (Note 3)	205,874	816,374
Investments (Note 4)	165,824	148,346
Security Deposits	11,854	11,854
Total Other Non-Current Assets	664,657	1,362,064
<b>TOTAL ASSETS</b>	<b>\$ 4,177,829</b>	<b>\$ 3,253,988</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 34,558	\$ 37,051
Accrued Payroll and Related Expenses	175,031	161,625
Refundable Advances (Note 2)	124,617	-
Current Portion of Operating Lease Liabilities (Notes 2 and 8)	116,142	104,385
Total Current Liabilities	450,348	303,061
Non-Current Portion of Operating Lease Liabilities (Notes 2 and 8)	164,963	281,105
<b>TOTAL LIABILITIES</b>	615,311	584,166
<b>NET ASSETS (Note 2)</b>		
Net Assets Without Donor Restrictions	3,478,299	2,570,482
Board of Directors Designated Net Assets Without Donor Restrictions	28,800	28,800
Net Assets With Temporary Restrictions	32,419	47,540
Net Assets With Permanent Restriction	23,000	23,000
Total Net Assets	3,562,518	2,669,822
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,177,829</b>	<b>\$ 3,253,988</b>

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

FAMILY SUPPORT SERVICES OF WEST HAWAII AND SUBSIDIARY

Consolidated Statements of Activities and Changes in Net Assets  
For the Years Ended June 30, 2025 and 2024

	Without Donor Restrictions	With Donor Restrictions	Totals 2025	Without Donor Restrictions	With Donor Restrictions	Totals 2024
<b>REVENUE</b>						
Federal, State and County Grants	\$ 3,424,756	\$ -	\$ 3,424,756	\$ 3,467,246	\$ -	\$ 3,467,246
Private Grants and Foundations	618,669	8,819	627,488	86,534	14,666	101,200
Contributions and Other Income	60,147	-	60,147	55,658	-	55,658
ITS Service Fees	27,184	-	27,184	45,025	-	45,025
In-Kind Donated Facility (Note 2)	57,116	-	57,116	94,800	-	94,800
Interest on Employee Retention Credits (Note 3)	173,457	-	173,457	816,374	-	816,374
Gain on Sale of Property and Equipment	27,415	-	27,415	28,884	-	28,884
Interest Income	46,672	-	46,672	29,180	-	29,180
Unrealized Gains from Investments	17,478	-	17,478	19,024	-	19,024
Net Assets Released from Restriction	23,940	(23,940)	-	16,104	(16,104)	-
<b>TOTAL REVENUE</b>	<b>4,476,834</b>	<b>(15,121)</b>	<b>4,461,713</b>	<b>4,658,829</b>	<b>(1,438)</b>	<b>4,657,391</b>
<b>EXPENSES</b>						
Program Services	3,045,683	-	3,045,683	3,179,519	-	3,179,519
Management and General	469,863	-	469,863	476,042	-	476,042
Fundraising	53,471	-	53,471	16,239	-	16,239
<b>TOTAL EXPENSES</b>	<b>3,569,017</b>	<b>-</b>	<b>3,569,017</b>	<b>3,671,800</b>	<b>-</b>	<b>3,671,800</b>
<b>CHANGES IN NET ASSETS</b>	<b>\$ 907,817</b>	<b>\$ (15,121)</b>	<b>\$ 892,696</b>	<b>\$ 987,029</b>	<b>\$ (1,438)</b>	<b>\$ 985,591</b>
Net Assets, Beginning of Year	2,599,282	70,540	2,669,822	1,612,253	71,978	1,684,231
Net Assets, End of Year	<u>\$ 3,507,099</u>	<u>\$ 55,419</u>	<u>\$ 3,562,518</u>	<u>\$ 2,599,282</u>	<u>\$ 70,540</u>	<u>\$ 2,669,822</u>

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

FAMILY SUPPORT SERVICES OF WEST HAWAII AND SUBSIDIARY

Consolidated Statements of Functional Expenses  
For the Years Ended June 30, 2025 and 2024

	Supporting Services				Supporting Services			
	Program Services	Management and General	Fundraising	Totals 2025	Program Services	Management and General	Fundraising	Totals 2024
Salaries and Wages	\$ 1,834,199	\$ 249,498	\$ 6,042	\$ 2,089,739	\$ 1,857,521	\$ 249,498	\$ 6,109	\$ 2,113,128
Employee Benefits (Note 10)	327,715	70,324	1,530	399,569	315,516	67,707	1,473	384,696
Payroll Taxes	152,936	32,818	714	186,468	161,548	34,666	754	196,968
Total Salaries, Wages and Related Expenses	2,314,850	352,640	8,286	2,675,776	2,334,585	351,871	8,336	2,694,792
Occupancy (Note 8)	202,708	23,716	-	226,424	200,185	23,421	-	223,606
Training, Travel and Conferences	119,320	9,392	-	128,712	121,093	9,532	-	130,625
Professional Fees	20,091	42,266	38,100	100,457	11,331	45,411	-	56,742
Supplies	84,152	8,046	1,120	93,318	117,804	11,264	1,568	130,636
Equipment and Vehicle Expense (Note 8)	59,656	12,792	-	72,448	66,741	14,311	-	81,052
Insurance	52,333	5,814	-	58,147	46,307	5,145	-	51,452
In-Kind Donated Facility Expense (Note 2)	57,116	-	-	57,116	94,800	-	-	94,800
Parent Training and Socialization	30,599	-	-	30,599	26,742	-	-	26,742
Depreciation and Amortization	26,548	-	-	26,548	36,883	-	-	36,883
Outside Services	25,777	113	10	25,900	42,603	186	17	42,806
Telephone	23,564	1,895	-	25,459	24,658	1,983	-	26,641
Utilities	12,852	2,321	-	15,173	17,952	3,242	-	21,194
Dues and Membership	5,714	8,412	-	14,126	5,103	7,511	-	12,614
Mileage Reimbursement	10,313	212	57	10,582	12,071	249	67	12,387
Direct Fundraising Expense	-	-	5,755	5,755	-	-	6,129	6,129
Bank Service Fees	-	2,244	143	2,387	-	1,916	122	2,038
Other	90	-	-	90	399	-	-	399
Loss on Impairment of Leasehold Improvements (Note 2)	-	-	-	-	20,262	-	-	20,262
Total Expenses	<u>\$ 3,045,683</u>	<u>\$ 469,863</u>	<u>\$ 53,471</u>	<u>\$ 3,569,017</u>	<u>\$ 3,179,519</u>	<u>\$ 476,042</u>	<u>\$ 16,239</u>	<u>\$ 3,671,800</u>

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

FAMILY SUPPORT SERVICES OF WEST HAWAII AND SUBSIDIARY

Consolidated Statements of Cash Flows  
For the Years Ended June 30, 2025 and 2024

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Government Agencies	\$ 3,708,277	\$ 3,725,395
Cash Received from Nongovernmental Contracts, Grantors, Donors and Other Receipts	812,252	156,858
Cash Received from ITS Service Fees	27,184	45,025
Interest Income	46,672	29,180
Cash Paid to Employees and Vendors	(3,478,490)	(3,518,431)
Net Cash Provided by Operating Activities (Note 6)	1,115,895	438,027
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Property and Equipment	30,302	51,498
Purchase of Property and Equipment	(109,830)	-
Purchase of Leasehold Improvements in Progress	(69,576)	(131,616)
Net Cash (Used) in Investing Activities	(149,104)	(80,118)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	-	-
<b>Net Increase in Cash for the Year</b>	<b>966,791</b>	<b>357,909</b>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	972,755	614,846
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,939,546	\$ 972,755

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

# FAMILY SUPPORT SERVICES OF WEST HAWAII AND SUBSIDIARY

## Notes to the Consolidated Financial Statements June 30, 2025 and 2024

### Note 1. ORGANIZATION

Family Support Services of West Hawaii and Subsidiary (FSSWH, or the Organization) was incorporated in April, 1981, as a non-profit corporation under the laws of the State of Hawai'i. These consolidated financial statements include the financial statements of Island Therapeutic Specialists (ITS), a limited liability corporation organized in July 2013 under the laws of the State of Hawai'i acquired by FSSWH in 2016. Collectively, FSSWH and ITS are referred to as "the Organization".

The Organization's mission is to support families and communities in providing love and care for our children. In fulfilling this mission, the Organization operates programs that assist and support families with children. Funding for the programs is primarily through government contracts and various foundation grants. The Organization operates facilities and programs in Kealahou, Na'alehu, Kailua-Kona, and Waimea on the Big Island of Hawai'i.

The Organization operates the following programs across the Big Island of Hawai'i:

- **Child and Family Well-being:** Programs centered on child development, such as the Early Head Start program and home-visiting services, are offered.
- **Parenting and Family Support:** The organization also offers initiatives like the Fatherhood Initiative, which provides resources and support for fathers, and other programs designed to strengthen parenting skills and family relationships.
- **Youth Development:** Specific youth development programs are available, with a focus on therapeutic support and intervention from island therapeutic specialists.
- **Community and Therapeutic Services:** The organization's offerings extend to various therapeutic counseling services, potentially in partnership with other organizations, to address a range of family needs.

### Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Revenue and Expense Recognition:* The Organization's consolidated financial statements are prepared on the accrual basis of accounting according to generally accepted accounting principles. Under this method of accounting, revenue is recognized when earned rather than when received, and expenses are recognized when incurred rather than when paid. For contributions and donations, revenue is recognized when the gift is received. For grants, revenue is recognized as the applicable requirements are fulfilled. The Organization follows the provisions of the FASB's *ASC Topic 606, Revenue from Contracts with Customers*. Performance obligations related to the program services and grant revenue are recognized as the expenses occurred or the services have been provided throughout the year. Other revenues and donations that do not have a specific performance obligation and are generally earned when received.

*Grants and Contracts Receivable:* Grants receivable represent revenue earned and not yet received from grants and contracts. The Organization determines whether an allowance for credit losses should be provided for certain grants and contracts receivable. Such estimates are based on management's assessment of the aged basis of its receivables, subsequent receipts, current economic conditions, and historical information. Management has determined, based on historical experience that amounts are collectible and no allowance for credit losses is deemed necessary.

## FAMILY SUPPORT SERVICES OF WEST HAWAII AND SUBSIDIARY

### Notes to the Consolidated Financial Statements June 30, 2025 and 2024

#### Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Contributed Nonfinancial Assets:* Under FASB ASC 958, contributions of donated goods, services, facilities or facilities at reduced rent that create or enhance non-financial assets or that require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The Organization receives donated use of facilities under operating lease arrangements at reduced charge. The estimated fair value of these donated rent amounts is recognized as contribution revenue and in-kind donated facility expense in the accompanying consolidated financial statements. The valuation is based on comparable market rates for similar facilities in the area.

*Cash and Cash Equivalents:* For the purpose of the consolidated statements of cash flows, cash is defined as demand deposits, petty cash on hand and money market accounts. The Organization considers cash equivalents to be all unrestricted highly liquid investments with an initial maturity of three months or less. The Organization maintains its cash accounts at one financial institution and a brokerage account.

Customer accounts held at the brokerage are protected by the Securities Investor Protection Corporation (“SIPC”) in the event of insolvency. SIPC coverage provides protection up to \$500,000 per customer, including a maximum of \$250,000 for cash. Money market funds are treated as securities under SIPC and are included in this protection. SIPC does not protect against losses from market fluctuations or declines in the value of investments, including money market funds. As of June 30, 2025 and 2024, the Organization held money market funds at a brokerage of \$1,225,112 and \$328,604, respectively, in excess of these limits. Management acknowledges the possibility of risk in this arrangement; however, the size and longevity of the depository institutions minimizes such risk.

*Property and Equipment:* Property and equipment are stated at cost. Depreciation and amortization is computed on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 15 years. Leasehold improvements generally revert to the ownership of the real property upon termination of the lease agreement and are amortized over the shorter of the useful life of those leasehold improvements and the remaining lease term. Where the lease does not explicitly require the lessee to make the improvement, the improvement is considered an asset of the lessee. The Organization capitalizes costs over \$5,000 and a useful life of more than one year. Donated property and equipment are recorded as revenue at their estimated fair value. Such donations are reported as unrestricted revenue unless the donor has restricted the donated asset to a specific purpose.

The Organization reviews its property for impairment whenever events or changes indicate that the carrying value of an asset may not be recoverable. The Organization compares the carrying value to its fair value to determine whether an impairment loss has occurred. For the year ending June 30, 2025, no impairment loss has been recognized. For the year ending June 30, 2024, the Organization recognized an impairment loss of \$20,262 related to leasehold improvements.

Leasehold improvements in progress consists of expenditures of Early Head Start (EHS) federal funding for the relocation and improvements of the facility at Kealakekua (Hawaii Belt Road) further described in Note 8.

Assets purchased with contract funds revert back to the grantee organization upon termination of their intended use. However, management intends to use the assets for their intended purposes for the life of the assets and the likelihood of the assets ever having to be returned to the grantors is remote.

## FAMILY SUPPORT SERVICES OF WEST HAWAII AND SUBSIDIARY

Notes to the Consolidated Financial Statements  
June 30, 2025 and 2024

### Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Refundable Advances:* The Organization receives grants and contributions from private foundations, government agencies, and other donors that may include conditions requiring the fulfillment of specified performance objectives or other measurable barriers. In accordance with FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*, contributions are evaluated to determine whether they are conditional or unconditional. Conditional contributions contain one or more barriers that must be overcome before the Organization is entitled to the funds and are accompanied by a right of return (or a release of the donor's obligation to transfer assets) if the conditions are not met. Revenue from conditional contributions is not recognized until the conditions have been substantially met or explicitly waived by the donor. Until such conditions are met, the related amounts received are recorded as refundable advances and presented as a liability on the statement of financial position.

*Leases:* The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 2016-02 Topic 842, *Leases*. Operating lease Right-of-Use (ROU) assets and lease liabilities are measured and recorded at the present value of the future minimum lease payments. The determination of whether an arrangement is a lease is made at the lease's inception. An arrangement is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. If the interest rate implicit in its leases is not readily determinable, the Organization uses the incremental borrowing rate on its line of credit to determine the present value of real property lease payments, and the implicit rate to determine the present value of vehicle lease payments. Leases with an initial term of twelve (12) months or less are not recorded on the statement of financial position.

*Net Assets:* Net assets, revenues, gains and losses are classified based on the existence of or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions:* Net assets without donor restrictions include all resources that are not subject to donor-imposed stipulations or contributions with donor-imposed restrictions that are met during the same year as the contribution is made. Net assets without donor restrictions denoted as property and equipment represent equity in such property and equipment. They are available for support of all organizational operations and services. Net assets without donor restrictions may be designated by the Board of Directors for specific purpose at any time.

*Net Assets With Donor Restrictions:* Net assets with donor restrictions include amounts that the donor subjects to restrictions in perpetuity and amounts subject to legal or donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time. Contributions with restriction are reported as increases in net assets with donor restriction. When the restriction is met, the amount is reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. If a donation with restrictions is received and the purpose is met during the year, it is reported as net assets without restrictions.

FAMILY SUPPORT SERVICES OF WEST HAWAII AND SUBSIDIARY

Notes to the Consolidated Financial Statements  
June 30, 2025 and 2024

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets with purpose restrictions represent restricted grants and funds received from foundations and donors for which the restrictions have not yet been fulfilled and consist of the following at June 30:

	2025	2024
FISH Speech	\$ 11,239	\$ 19,132
First Family: Striving, Supporting, Strengthening Project	8,819	-
Dental Supplies	3,360	3,360
Keiki Outdoor Play Space	3,000	3,000
No Kid Hungry	2,639	2,788
EIS Specialized Sensory Equipment	2,156	2,987
Fatherhood Initiative	901	6,617
Techie for the Keiki	305	305
EHS Quality Enhancement	-	5,351
EHS Connecting Resources	-	4,000
	\$ 32,419	\$ 47,540
Total		

Net assets with permanent restriction represent endowment funds received from donors subject to the restrictions of gift instruments requiring the principal to be maintained intact and only the investment income to be used to provide sustainable funding of programs and services which support the mission of the Organization. Investment income from certain endowment funds is restricted for specified purposes.

The State of Hawai‘i enacted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), the provisions of which apply to endowment funds existing on or established after that date. The Organization has determined that its net assets with donor restrictions through perpetuity meets the definition of endowment funds under UPMIFA. The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the endowment funds absent explicit donor stipulations to the contrary.

In accordance with UPMIFA, management considers in its determination to appropriate or accumulate donor restricted endowment funds using the following factors:

1. The duration and preservation of the fund,
2. The purposes of the Organization and the donor-restricted endowment fund,
3. General economic conditions,
4. The possible effect of inflation and deflation,
5. The expected total return from income and the appreciation of investments,
6. Other resources of the Organization, and
7. The investment policies of the Organization

The Organization’s endowment consists of donor-restricted funds established to provide a permanent source of support for the Organization’s programs. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. At June 30, 2025 and 2024, endowment net assets were \$23,000.

## FAMILY SUPPORT SERVICES OF WEST HAWAII AND SUBSIDIARY

### Notes to the Consolidated Financial Statements June 30, 2025 and 2024

#### Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

*Income Taxes:* FSSWH is exempt from federal income taxes pursuant to Internal Revenue Code Section 501(c)(3), and exempt from state income taxes under Section 237-23(b) of the Hawai'i Revised Statutes. Therefore, no provision for federal or state income taxes is required for the consolidated financial statements. ITS does not file its own return and income or losses are passed through to the parent, which are exempt from federal and state income taxes.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2025 and 2024. The Organization files its *Forms 990* in the U.S. federal jurisdiction and the office of the Attorney General for the State of Hawai'i. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2022.

*Use of Estimates:* The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Functional Expenses:* The consolidated financial statements include a statement of functional expenses. Functional expenses are allocated to program related and administrative functions. The allocations are generally computed based on the number of employees or contractors performing program or administrative functions.

#### Note 3. EMPLOYEE RETENTION CREDITS (ERC) RECEIVABLE, INTEREST RECEIVABLE AND INTEREST INCOME

In 2024, the Organization recorded a receivable related to the Employee Retention Credit (ERC), a refundable payroll tax credit program established under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and subsequently expanded by additional legislation. The ERC provides eligible employers with a credit against certain employment taxes for qualified wages paid to employees during specific periods impacted by the COVID-19 pandemic.

The Organization accounted for the ERC in accordance with the guidance in ASC 958-605 by analogy, recognizing the receivable and related income in 2024 when all eligibility requirements were considered substantially met and collection was reasonably assured.

Subsequent to June 30, 2025, the Organization received \$610,500 of the receivable and \$173,457 of associated interest. Management continues to monitor developments related to ERC compliance and enforcement but believes that all remaining positions are in conformity with applicable requirements.

FAMILY SUPPORT SERVICES OF WEST HAWAII AND SUBSIDIARY

Notes to the Consolidated Financial Statements  
June 30, 2025 and 2024

Note 4. FAIR VALUE MEASUREMENTS

The Organization follows *FASB ASC 820-10-50-1* which establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. This fair value hierarchy consists of three broad levels:

- Level 1 inputs consist of unadjusted quoted prices in active markets such as stock exchanges for identical assets and have the highest priority.
- Level 2 inputs consist of significant other observable inputs such as quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the consolidated financial instrument.
- Level 3 inputs consist of significant unobservable inputs and include situations where there is little, if any, market activity for the investment. The inputs require significant judgment or estimates, such as those associated with discounted cash flow methodologies and appraisals.

The following table sets forth, by level within the fair value hierarchy, the Organization's investments measured at fair value on a recurring basis:

Assets:	Totals 2025	Quoted Prices: Level 1	Totals 2024	Quoted Prices: Level 1
Balanced Index Funds - Stocks	\$ 99,041	\$ 99,041	\$ 88,385	\$ 88,385
Balanced Index Funds - Fixed Income	66,330	66,330	59,338	59,338
Stocks	453	453	623	623
Totals	\$ 165,824	\$ 165,824	\$ 148,346	\$ 148,346

There are no other financial assets or liabilities measured at fair value on a recurring or nonrecurring basis as of June 30, 2025 and 2024.

Note 5. UNUSED LINE OF CREDIT

The Organization has established a line of credit with the Bank of Hawaii with a maximum borrowing of \$150,000 at a rate of the bank's base rate plus 2.5%. The line of credit expires in August 2026 and had a \$-0- balance as of June 30, 2025 and 2024.

FAMILY SUPPORT SERVICES OF WEST HAWAII AND SUBSIDIARY

Notes to the Consolidated Financial Statements  
June 30, 2025 and 2024

Note 6. RECONCILIATION OF CHANGES IN NET ASSETS WITH NET CASH PROVIDED BY OPERATING ACTIVITIES

	2025	2024
Changes in Net Assets	\$ 892,696	\$ 985,591
Adjustments to Reconcile Changes in Net Assets:		
Depreciation and Amortization	26,548	36,883
Loss on Impairment of Leasehold Improvements	-	20,262
Gain on Sale of Property and Equipment	(27,415)	(28,884)
Unrealized Gain on Investments	(17,478)	(19,024)
Changes in Operating Assets and Liabilities:		
Grants and Contracts Receivable	283,521	258,149
Employee Retention Credits Receivable	-	(816,374)
Interest Receivable on Employee Retention Credits	(173,457)	-
Prepaid Expenses	(4,050)	(5,530)
Accounts Payable	(2,493)	3,617
Accrued Payroll and Related Expenses	13,406	3,337
Refundable Advances	124,617	-
	\$ 1,115,895	\$ 438,027

Note 7. CONCENTRATIONS

The Organization receives a significant portion of its funding from federal, state and county sources, including the U.S. Department of Health and Human Services (DHHS) – Early Head Start (EHS) program and the State of Hawai‘i Department of Health (DOH) – Early Intervention Services (EIS). These programs represented approximately 77% of the Organization’s total revenue for the year ended June 30, 2025.

Continued operations of the Organization are highly dependent upon the renewal and availability of these funding sources. Federal and state grants are subject to annual appropriation, program compliance requirements, and periodic renewal processes. Any significant reduction, delay, or termination of these funding streams could have a material impact on the Organization’s ability to carry out its programs.

Management is not aware of any matters that would cause the loss of these funding sources at this time; however, future funding levels are subject to governmental budget decisions and priorities outside the control of the Organization.

FAMILY SUPPORT SERVICES OF WEST HAWAII AND SUBSIDIARY

Notes to the Consolidated Financial Statements  
June 30, 2025 and 2024

Note 8. LEASES

The Organization leases facilities and office space in Kealahou, Na‘alehu, Kailua-Kona, and Waimea under operating leases on the Big Island of Hawai‘i in order to fulfill its mission, as follows:

*Facility in Kealahou (Greenwell Family Home):* The term of the lease agreement is month-to-month with monthly rent payments of \$1,771. This lease ended in June 2024.

*Facility in Kealahou (Hawaii Belt Road):* The term of the lease agreement began January 2024 for a term of four (4) years, with a base rent of \$3,000 per month plus general excise tax (GET). The base rent shall be adjusted by the percentage identified as the Cost of Living Adjustment for Social Security, as published by the Social Security Administration. Base rent includes all common area maintenance (CAM) charges and utility charges. In August 2024, this lease was amended and restated for a term beginning August 2024 of five (5) years with a base rent of \$4,000 per month plus GET.

*Facility in Na‘alehu:* The term of the lease agreement is month-to-month with monthly rent payments of \$592, excluding CAM of approximately \$480 per month. Management is reasonably certain to remain a tenant until June 2026.

*Office Space and Facility in Kailua-Kona (Lunapule Center):* The term of the lease agreement is month-to-month with monthly rent payments of \$4,355, excluding GET, and CAM charges of approximately \$6,100 per month. Management is reasonably certain to remain a tenant until at least June 2026.

*Facility in Waimea:* In July 2021, the Organization entered into a facility lease in Waimea. The term of the lease agreement is for three (3) years and three (3) months with the option to renew for an additional three-year term ending September 2027. Management is reasonably certain to exercise the renewal option. Base rent ranges from \$809 to \$893 per month during the initial term through September 2024, and \$937 to \$1,027 per month during the extension period, excluding CAM charges of approximately \$300 per month.

As of June 30, 2025, the weighted average remaining lease term was 3.3 years, and the weighted average discount rate was 9.9%. For the years ended June 30, 2025 and 2024, base lease expense of \$116,267 and \$115,071 was recognized in occupancy expense, exclusive of fixed utility and CAM charges, respectively.

Maturities of facility and office space operating lease liabilities as of June 30:

2026	\$ 116,815
2027	62,680
2028	53,147
2029	49,920
2030	4,160
Total Lease Payments	286,722
Less: Interest	(51,297)
Present Value of Lease Liabilities	<u>\$ 235,425</u>

FAMILY SUPPORT SERVICES OF WEST HAWAII AND SUBSIDIARY

Notes to the Consolidated Financial Statements  
June 30, 2025 and 2024

Note 8. LEASES (Concluded)

The Organization leases vehicles in order to fulfill its mission, as follows:

*One (1) 2022 Subaru Crosstrek:* In August 2022, the Organization entered into an operating leases for one (1) 2022 Subaru Crosstrek for a term of 48 months with a lease payments of \$396 per month at an implicit interest rate of 13%.

*Four (4) 2024 Subaru Crosstrek:* In May 2023, the Organization entered into operating leases for four (4) 2024 Subaru Crosstrek for a term of 48 months with total lease payments of \$1,758 per month at an implicit interest rate of 17%.

*One (1) 2024 Subaru Crosstrek:* In July 2024, the Organization entered into an operating lease for one (1) 2024 Subaru Crosstrek for a term of 48 months with total lease payments of \$446 per month at an implicit interest rate of 17%.

As of June 30, 2025, the weighted average remaining lease term was 1.8 years, and the weighted average discount rate was 16.6%. For the years ended June 30, 2025 and 2024, lease expense of \$31,204 and \$28,150 was recognized in equipment and vehicle expense, respectively.

Maturities of vehicle operating lease liabilities as of June 30:

	2026	\$ 31,204
	2027	23,724
		54,928
Total Lease Payments		54,928
Less: Interest		(9,248)
Present Value of Lease Liabilities		\$ 45,680

Additionally, the Organization leases printers, firewall hardware and a postage meter for which the remaining lease term is less than one year or the present value of future lease payments is de minimis.

Note 9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Management's policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Financial Assets at June 30, 2025	\$ 1,939,546
Less those unavailable for general expenditures within one year due to:	
Restricted by donor with purpose restrictions	(32,419)
Perpetual endowment principle	(23,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,884,127

In addition to the financial assets available above, the Organization has the ability to borrow on the line of credit described in Note 5.

FAMILY SUPPORT SERVICES OF WEST HAWAII AND SUBSIDIARY

Notes to the Consolidated Financial Statements  
June 30, 2025 and 2024

Note 10. DEFINED CONTRIBUTION PLAN

The Organization has a 401(k) retirement plan in which employees may make contributions up to the federal limit with a discretionary matching contribution. The Organization has matched 50% of the employee contribution up to 18% of their annual salary during the years ending June 30, 2025 and 2024. Employees are eligible for enrollment during the semi-annual open enrollment period after completing one year of employment and working 1,000 hours. For the years ended June 30, 2025 and 2024, plan contributions made by the Organization were \$80,108 and \$68,642 recognized in employee benefits expense, respectively.

Note 11. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 23, 2025, the date the consolidated financial statements were available to be issued. There are no recognized subsequent events, events that provide additional evidence about conditions that existed at the statement of financial position date, or non-recognized subsequent events, or events that provide evidence about conditions that did not exist at the statement of financial position date, which are necessary to disclose to keep the consolidated financial statements from being misleading.

FAMILY SUPPORT SERVICES OF WEST HAWAII AND SUBSIDIARY

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2025

<b>Federal Grantor / Pass-through Grantor/ Program Title</b>	<b>Assistance Listing Number</b>	<b>Grant Number</b>	<b>Federal Expenditures</b>
<b>United States Department of Health and Human Services</b>			
Early Head Start (Year 1)	93.600	09CH012569-01	\$ 1,269,630
Early Head Start (Year 2)	93.600	09CH012569-02	<u>224,870</u>
Subtotal Department of Health and Human Services direct programs			1,494,500
Passed through the State of Hawai‘i, Department of Human Services:			
Temporary Assistance for Needy Families	93.558	DHS-22-POS-0014	210,779
Foster Care Title IV-E	93.658	DHS-22-POS-0014	<u>142,635</u>
Subtotal State of Hawai‘i, Department of Human Services passed-through programs			<u>353,414</u>
<b>Total U.S. Department of Health and Human Services programs</b>			1,847,914
<b>Total Expenditures of Federal Awards</b>			<b><u><u>\$ 1,847,914</u></u></b>

The accompanying notes are an integral part of this schedule.

## FAMILY SUPPORT SERVICES OF WEST HAWAII AND SUBSIDIARY

### Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2025

#### Note A. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Family Support Services of West Hawaii and Subsidiary under programs of the federal government for the year ended June 30, 2025.

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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Family Support Services of West Hawaii and Subsidiary, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of Family Support Services of West Hawaii and Subsidiary.

#### Note B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of Accounting:* Expenditures reported on this 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.

*Indirect Cost Rate:* The Organization has not elected to use the 10% de minimis cost rate.

*Matching Requirements:* Certain Federal Programs require non-Federal cost share to support the Federally-funded programs. The Organization has met the matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

#### Note C. SUBRECIPIENT PASS THROUGH AWARDS

No Federal awards were passed through to subrecipients.

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

To the Board of Directors and Management of  
Family Support Services of West Hawaii and Subsidiary  
Kailua-Kona, Hawai'i 96740

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Family Support Services of West Hawaii and Subsidiary (a nonprofit organization), which comprise the statement financial position as of June 30, 2025, and the related statements of activities, and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated December 23, 2025.

**Report on Internal Control over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

## **Purpose of this Report**

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



Kailua-Kona, Hawai'i  
December 23, 2025

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors and Management of  
Family Support Services of West Hawaii and Subsidiary  
Kailua-Kona, Hawai'i 96740

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Family Support Services of West Hawaii and Subsidiary's 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 Family Support Services of West Hawaii and Subsidiary's major federal programs for the year ended June 30, 2025. Family Support Services of West Hawaii and Subsidiary'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, Family Support Services of West Hawaii and Subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Family Support Services of West Hawaii and Subsidiary 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 Family Support Services of West Hawaii and Subsidiary'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 Family Support Services of West Hawaii and Subsidiary'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 Family Support Services of West Hawaii and Subsidiary'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 generally accepted auditing standards, *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 Family Support Services of West Hawaii and Subsidiary's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Family Support Services of West Hawaii and Subsidiary'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 Family Support Services of West Hawaii and Subsidiary'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 Family Support Services of West Hawaii and Subsidiary'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.

*Carbunar CPAs & Mgmt Group*

Kailua-Kona, Hawai'i  
December 23, 2025

FAMILY SUPPORT SERVICES OF WEST HAWAII AND SUBSIDIARY

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2025

**A. SUMMARY OF AUDITORS' RESULTS**

Consolidated financial statements

Type of Auditors' report issued: **Unmodified**

Internal control over financial reporting:

- Significant Deficiencies **None Noted**
- Material Weaknesses **None Noted**

Noncompliance which is material to the consolidated financial statements noted: **None Noted**

Federal Awards

Internal control over Major Programs:

- Significant Deficiencies **None Noted**
- Material Weaknesses **None Noted**

Type of Auditors' report issued in regards to major program compliance: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with section 200.516(a) of the Uniform Guidance? **None Noted**

The programs tested as the major programs:

<u>Federal Grantor / Pass-through Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
<b>United States Department of Health and Human Services:</b>			
Early Head Start (Year 1)	93.600	09CH012569-01	\$ 1,269,630
Early Head Start (Year 2)	93.600	09CH012569-02	224,870
Total U.S. Department of Health and Human Services Direct Programs			<u>\$ 1,494,500</u>

The threshold for distinguishing between Type A and Type B programs was: **\$750,000**

Auditee qualified as a low-risk auditee: **Yes**

**B. FINANCIAL STATEMENT FINDINGS**

None noted.

**C. FINDINGS AND QUESTIONS COSTS - MAJOR FEDERAL AWARD PROGRAM**

None noted.

**D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

None.