

University of Hawai'i State of Hawai'i

**University of Hawai'i Hilo
Supplemental Information
June 30, 2014 and 2013**

Report of Independent Auditors on Supplemental Information

To the Board of Regents
University of Hawai'i

We have audited the consolidated financial statements of the University of Hawai'i ("University") as of and for the years ended June 30, 2014 and 2013 and our report thereon dated February 12, 2015, which expressed an unmodified opinion on those financial statements, which can be made readily available by the University upon request. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. Supplemental schedules I through III ("supplemental schedules") are presented for purposes of additional analysis of the consolidated financial statements, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Acuity LLP

Honolulu, Hawai'i
February 12, 2015

**University of Hawai'i
State of Hawai'i
University of Hawai'i Hilo
Statements of Net Position
June 30, 2014 and 2013
(All dollars reported in thousands)**

Schedule I

	2014	2013
Assets		
Current assets		
Claim on cash	\$ 29,183	\$ 28,014
Due from State of Hawai'i	-	112
Accounts receivable, net	4,381	3,085
Current portion of notes receivable, net	296	326
Accrued interest receivable	13	11
Inventories	1,212	1,529
Prepaid expenses and other current assets	2,253	2,180
Total current assets	<u>37,338</u>	<u>35,257</u>
Noncurrent assets		
Due from State of Hawai'i	11,439	21,320
Endowment and other investments	2,106	5,565
Notes receivable, net	2,432	2,848
Capital assets, net	207,990	208,339
Other noncurrent assets	-	1
Total noncurrent assets	<u>223,967</u>	<u>238,073</u>
Total assets	<u>\$ 261,305</u>	<u>\$ 273,330</u>
Liabilities and Net Position		
Current liabilities		
Accounts payable	\$ 3,497	\$ 8,924
Accrued payroll and fringe benefits	2,923	2,759
Advances from sponsors	372	807
Deferred revenue	2,751	2,530
Due to State of Hawai'i	50	26
Due to RCUH	2,198	842
Current portion of long-term liabilities	2,116	1,991
Other current liabilities	317	320
Total current liabilities	<u>14,224</u>	<u>18,199</u>
Noncurrent liabilities		
Accrued vacation	2,403	2,332
Accrued workers' compensation	623	642
Due to State of Hawai'i	42	61
Due to campuses and funds	1,252	1,113
Revenue bonds payable	23,671	24,188
Premium on bonds payable	1	1
Total noncurrent liabilities	<u>27,992</u>	<u>28,337</u>
Net position		
Net investment in capital assets	185,535	188,547
Restricted		
Nonexpendable	62	62
Expendable	12,289	18,226
Unrestricted	21,203	19,959
Total net position	<u>219,089</u>	<u>226,794</u>
Total liabilities and net position	<u>\$ 261,305</u>	<u>\$ 273,330</u>

University of Hawai'i
State of Hawai'i
University of Hawai'i Hilo
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2014 and 2013
(All dollars reported in thousands)

Schedule II

	2014	2013
Operating revenues		
Student tuition and fees	\$ 38,761	\$ 36,763
Less: Scholarship allowances	13,296	12,512
Net student tuition and fees	<u>25,465</u>	<u>24,251</u>
Federal appropriations, grants and contracts	25,764	29,738
State and local grants and contracts	885	1,021
Nongovernmental sponsored programs	1,319	932
Sales and services of educational departments, other	804	886
Auxiliary enterprises		
Bookstores	2,569	2,718
Student housing (net of scholarship allowances of \$398 and \$258)	2,997	2,017
Other auxiliary enterprises revenues	3,256	2,504
Other operating revenues	<u>79</u>	<u>84</u>
Total operating revenues	<u>63,138</u>	<u>64,151</u>
Operating expenses		
Compensation and benefits	73,763	67,344
Supplies, services and cost of goods sold	19,198	17,439
Depreciation	9,739	7,688
Telephone and utilities	6,750	6,041
Scholarships and fellowships	3,579	3,495
Travel expenses	2,715	2,758
Repairs and maintenance	1,715	1,585
Other operating expenses	<u>3,732</u>	<u>4,673</u>
Total operating expenses	<u>121,191</u>	<u>111,023</u>
Operating income (loss)	<u>(58,053)</u>	<u>(46,872)</u>
Nonoperating revenues (expenses)		
State appropriations	30,689	29,298
Federal Pell grants	7,364	7,288
Private gifts	205	205
Net investment income	194	188
Interest expense	(1,196)	(321)
Transfers from State of Hawai'i for fringe benefits	12,829	12,699
Loss on disposal of capital assets	(1,273)	(59)
Other, net	<u>(403)</u>	<u>(585)</u>
Net nonoperating revenues before capital and endowment additions	<u>48,409</u>	<u>48,713</u>
Capital – state appropriations	1,928	13
Capital – federal grants/subsidies	-	103
Capital – gifts and grants	30	194
Net transfers to State of Hawai'i for capital assets	<u>(19)</u>	<u>-</u>
Total other revenues	<u>1,939</u>	<u>310</u>
Net nonoperating revenues	<u>50,348</u>	<u>49,023</u>
Change in net position	<u>(7,705)</u>	<u>2,151</u>
Net position		
Beginning of year	<u>226,794</u>	<u>224,643</u>
End of year	<u>\$ 219,089</u>	<u>\$ 226,794</u>

University of Hawai'i
State of Hawai'i
University of Hawai'i Hilo
Summarized Statements of Cash Flows
Years Ended June 30, 2014 and 2013
(All dollars reported in thousands)

Schedule III

	2014	2013
Cash received from operations	\$ 68,544	\$ 63,694
Cash payments for operations	<u>(107,966)</u>	<u>(92,182)</u>
Net cash used in operating activities	(39,422)	(28,488)
Net cash provided by noncapital financing activities	31,340	36,793
Net cash provided by (used in) capital and related financing activities	5,603	(20,509)
Net cash provided by investing activities	<u>3,648</u>	<u>15,950</u>
Net increase in cash	1,169	3,746
Cash		
Beginning of year	<u>28,014</u>	<u>24,268</u>
End of year	<u>\$ 29,183</u>	<u>\$ 28,014</u>

**University of Hawai'i
State of Hawai'i
University of Hawai'i Hilo
Notes to Schedules I through III
June 30, 2014 and 2013
(All dollars reported in thousands)**

1. Basis of Presentation

The accompanying statements of net position and related statements of revenues, expenses and changes in net position and cash flows present the financial position and results of operations of the University of Hawai'i Hilo, and are presented on the accrual basis of accounting. The financial information of the Research Corporation of the University of Hawai'i and the University of Hawai'i Foundation is not reflected in these schedules.

In accordance with University policy, the University's liability for other postemployment benefits is not allocated internally to individual departments and funds. Accordingly, no liability for other postemployment benefits is reflected in these schedules.

2. Reclassifications

Certain amounts in the 2013 supplemental schedules have been reclassified to conform to the 2014 presentation. Such reclassifications had no impact on the 2013 change in net position as previously reported, however did impact operating loss and net nonoperating revenues.

	2013 As Previously Reported	Reclassifications	2013 Revised
Operating revenues			
Federal appropriations, grants and contracts	\$ 37,026	\$ (7,288)	\$ 29,738
Sales and services of educational departments, other	1,020	(134)	886
Auxiliary enterprises – Bookstores	<u>2,729</u>	<u>(11)</u>	<u>2,718</u>
Total operating revenues	<u>71,584</u>	<u>(7,433)</u>	<u>64,151</u>
Operating expenses			
Supplies, services and cost of goods sold	17,550	(111)	17,439
Other operating expenses	<u>4,707</u>	<u>(34)</u>	<u>4,673</u>
Total operating expenses	<u>111,168</u>	<u>(145)</u>	<u>111,023</u>
Operating loss	(39,584)	(7,288)	(46,872)
Nonoperating revenues (expenses)			
Federal Pell grants	-	7,288	7,288
Net nonoperating revenues before capital and endowment additions	41,425	7,288	48,713
Net nonoperating revenues	41,735	7,288	49,023
Cash flows from operating activities			
Net cash used in operating activities	(21,200)	(7,288)	(28,488)
Cash flows from noncapital financing activities			
Net cash provided by noncapital financing activities	29,505	7,288	36,793