

University of Hawai'i State of Hawai'i

**University of Hawai'i Hilo
Supplemental Information
June 30, 2015 and 2014**

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, 2015 and 2014 and our report thereon dated February 11, 2016, 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 11, 2016

University of Hawai'i
State of Hawai'i
University of Hawai'i Hilo
Statements of Net Position
June 30, 2015 and 2014
(All dollars reported in thousands)

Schedule I

	2015	2014
Assets		
Current assets		
Claim on cash	\$ 33,266	\$ 29,183
Due from State of Hawai'i	13	-
Accounts receivable, net	4,149	4,381
Current portion of notes receivable, net	397	296
Accrued interest receivable	20	13
Inventories	-	1,212
Prepaid expenses and other current assets	2,283	2,253
Total current assets	40,128	37,338
Noncurrent assets		
Due from State of Hawai'i	36,663	11,439
Endowment and other investments	1,553	2,106
Notes receivable, net	2,249	2,432
Capital assets, net	203,386	207,990
Total noncurrent assets	243,851	223,967
Total assets	\$ 283,979	\$ 261,305
Liabilities and Net Position		
Current liabilities		
Accounts payable	\$ 1,097	\$ 3,497
Accrued payroll and fringe benefits	3,187	2,923
Advances from sponsors	5,615	372
Unearned revenue	3,014	2,751
Due to State of Hawai'i	35	50
Due to RCUH	1,854	2,198
Current portion of long-term liabilities	2,356	2,116
Other current liabilities	310	317
Total current liabilities	17,468	14,224
Noncurrent liabilities		
Accrued vacation	2,265	2,403
Accrued workers' compensation	705	623
Due to State of Hawai'i	21	42
Due to campuses and funds	1,370	1,252
Revenue bonds payable	23,132	23,671
Premium on bonds payable	-	1
Total noncurrent liabilities	27,493	27,992
Net position		
Net investment in capital assets	180,969	185,535
Restricted		
Nonexpendable	62	62
Expendable	40,310	12,289
Unrestricted	17,677	21,203
Total net position	239,018	219,089
Total liabilities and net position	\$ 283,979	\$ 261,305

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, 2015 and 2014
(All dollars reported in thousands)

Schedule II

	2015	2014
Operating revenues		
Student tuition and fees	\$ 39,262	\$ 38,761
Less: Scholarship allowances	13,293	13,296
Net student tuition and fees	<u>25,969</u>	<u>25,465</u>
Federal appropriations, grants and contracts	20,070	25,764
State and local grants and contracts	1,098	885
Nongovernmental sponsored programs	1,464	1,319
Sales and services of educational departments, other	1,207	804
Auxiliary enterprises		
Bookstores	-	2,569
Student housing (net of scholarship allowances of \$404 and \$398)	3,164	2,997
Other auxiliary enterprises revenues	3,232	3,256
Other operating revenues	103	79
Total operating revenues	<u>56,307</u>	<u>63,138</u>
Operating expenses		
Compensation and benefits	74,756	73,763
Supplies, services and cost of goods sold	16,097	18,717
Depreciation	11,017	9,739
Telephone and utilities	5,664	6,750
Scholarships and fellowships	3,420	3,579
Travel expenses	2,829	2,715
Repairs and maintenance	805	1,715
Other operating expenses	3,988	3,732
Total operating expenses	<u>118,576</u>	<u>120,710</u>
Operating loss	<u>(62,269)</u>	<u>(57,572)</u>
Nonoperating revenues (expenses)		
State appropriations	31,916	30,689
Federal Pell grants	7,460	7,364
Private gifts	-	205
Net investment income	184	194
Interest expense	(1,245)	(1,196)
Transfers from State of Hawai'i for fringe benefits	13,639	12,829
Loss on disposal of capital assets	(416)	(1,273)
Other, net	(70)	(403)
Net nonoperating revenues before capital and endowment additions	<u>51,468</u>	<u>48,409</u>
Capital – state appropriations	31,000	1,928
Capital – gifts and grants	-	30
Net transfers to State of Hawai'i for capital assets	(310)	(19)
Net transfers from (to) other campuses and funds for capital assets	40	(481)
Total other revenues	<u>30,730</u>	<u>1,458</u>
Net nonoperating revenues	<u>82,198</u>	<u>49,867</u>
Change in net position	19,929	(7,705)
Net position		
Beginning of year	<u>219,089</u>	<u>226,794</u>
End of year	<u>\$ 239,018</u>	<u>\$ 219,089</u>

University of Hawai'i
State of Hawai'i
University of Hawai'i Hilo
Summarized Statements of Cash Flows
Years Ended June 30, 2015 and 2014
(All dollars reported in thousands)

Schedule III

	2015	2014
Cash received from operations	\$ 68,184	\$ 68,544
Cash payments for operations	<u>(92,975)</u>	<u>(107,485)</u>
Net cash used in operating activities	(24,791)	(38,941)
Net cash provided by noncapital financing activities	31,998	31,340
Net cash provided by (used in) capital and related financing activities	(3,847)	5,122
Net cash provided by investing activities	<u>723</u>	<u>3,648</u>
Net increase in cash	4,083	1,169
Cash		
Beginning of year	<u>29,183</u>	<u>28,014</u>
End of year	<u>\$ 33,266</u>	<u>\$ 29,183</u>

**University of Hawai'i
State of Hawai'i
University of Hawai'i Hilo
Notes to Schedules I through III
June 30, 2015 and 2014
(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 ("UH-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.

2. Employee Benefits

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

In accordance with University policy, the University's liability for pension benefits, deferred inflows and deferred outflows of resources related to pensions ("pension benefits") are not allocated internally to individual departments, funds and campuses. Accordingly, pension benefits are not reflected in these schedules.

3. Bookstore Operations

Prior to July 1, 2014, the financial transactions of the campus bookstore were reflected in the separate campus financial statements, although the bookstore operations were managed by the Office of Campus Services at the University of Hawai'i at Mānoa ("UH-Mānoa"). Effective July 1, 2014, the University amended this financial reporting practice to reflect all bookstore financial transactions across the system within UH-Mānoa's campus financial statements. Accordingly, no bookstore activity is reflected in UH-Hilo's 2015 supplemental schedules. Management has opted not to restate the 2014 supplemental schedules.

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Notes to Schedules I through III
June 30, 2015 and 2014
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4. Revisions

Certain amounts in the 2014 supplemental schedules have been revised due to improper classification of expenses. Such revisions had no impact on the change in net position as previously reported, however did impact operating loss and net nonoperating revenues.

	2014		2014
	As Previously	Reclassifications	Revised
	Reported		
Operating expenses			
Supplies, services and cost of goods sold	\$ 19,198	\$ (481)	\$ 18,717
Total operating expenses	<u>121,191</u>	<u>(481)</u>	<u>120,710</u>
Operating loss	(58,053)	481	(57,572)
Nonoperating revenues (expenses)			
Net transfers to other campuses and funds for capital assets	-	(481)	(481)
Total other revenues	1,939	(481)	1,458
Net nonoperating revenues	50,348	(481)	49,867
Cash flows from operating activities			
Net cash used in operating activities	(39,422)	481	(38,941)
Cash flows from capital and related financing activities			
Net cash provided by capital and related financing activities	5,603	(481)	5,122