

HAWAII PUBLIC RADIO

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
As of and for the Year Ended June 30, 2025
(With Prior Year Comparative Information)**





INDEPENDENT AUDITOR'S REPORT

Hawaii Public Radio:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hawaii Public Radio (HPR), a nonprofit Hawaii corporation, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of HPR as of June 30, 2025, 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 (U.S. GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of HPR 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS, 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 HPR'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 HPR'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 Prior Year Summarized Comparative Information

We have previously audited HPR's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 11, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

CW Associates, CPAs

CW Associates, CPAs
Honolulu, Hawaii
January 26, 2026



HAWAII PUBLIC RADIO
STATEMENT OF FINANCIAL POSITION
As of June 30, 2025
(With Prior Year Comparative Information)

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash (including interest-bearing accounts)	\$ 3,723,156	\$ 4,007,080
Accounts receivable – net	75,325	199,141
Pledges receivable – net	264,041	168,845
Prepaid expenses and other current assets	194,480	205,568
Total current assets	<u>4,257,002</u>	<u>4,580,634</u>
NONCURRENT ASSETS		
Investments in marketable securities – net	15,143,460	14,007,994
Property and equipment – net	1,204,833	1,403,548
Operating lease right-of-use assets – net	1,807,655	1,984,486
Station licenses – net	86,917	93,417
Total noncurrent assets	<u>18,242,865</u>	<u>17,489,445</u>
TOTAL ASSETS	<u>\$ 22,499,867</u>	<u>\$ 22,070,079</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 501,084	\$ 494,802
Accrued liabilities	276,069	340,265
Refundable advances	62,248	-
Operating lease liabilities – current	139,166	144,108
Total current liabilities	<u>978,567</u>	<u>979,175</u>
OPERATING LEASE LIABILITIES – Noncurrent	<u>1,783,431</u>	<u>1,922,597</u>
TOTAL LIABILITIES	<u>2,761,998</u>	<u>2,901,772</u>
NET ASSETS		
Net assets without donor restrictions		
Undesignated	17,325,013	16,297,837
Invested in property and equipment	1,204,833	1,403,548
Total net assets without donor restrictions	<u>18,529,846</u>	<u>17,701,385</u>
Net assets with donor restrictions	1,208,023	1,466,922
Total net assets	<u>19,737,869</u>	<u>19,168,307</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 22,499,867</u>	<u>\$ 22,070,079</u>

See accompanying notes to the financial statements.

HAWAII PUBLIC RADIO
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025
(With Prior Year Comparative Information)

	<u>2025</u>	<u>2024</u>
CHANGES IN NET ASSETS		
WITHOUT DONOR RESTRICTIONS		
Revenue and support		
Membership	\$ 4,464,048	\$ 3,932,819
Underwriting	1,898,035	2,022,916
Investment income – net	1,059,781	971,580
Net assets released from donor restrictions	617,248	331,114
Contributions without donor restrictions	401,907	171,309
Grant from the Corporation for Public Broadcasting	379,191	309,072
Program event revenue	49,546	29,592
In-kind contributions	5,134	32,506
Other income	<u>81,967</u>	<u>61,763</u>
Total revenue and support	<u>8,956,857</u>	<u>7,862,671</u>
Expenses		
Program services		
Programming and production	3,481,187	3,249,686
Broadcasting	1,713,192	1,577,351
Program information	<u>499,172</u>	<u>469,991</u>
Total program services	<u>5,693,551</u>	<u>5,297,028</u>
Supporting services		
Fundraising and development	1,834,373	1,536,261
Management and general	<u>600,472</u>	<u>726,327</u>
Total supporting services	<u>2,434,845</u>	<u>2,262,588</u>
Total expenses	<u>8,128,396</u>	<u>7,559,616</u>
Increase in net assets without donor restrictions	<u>828,461</u>	<u>303,055</u>
CHANGES IN NET ASSETS		
WITH DONOR RESTRICTIONS		
Contributions with donor restrictions	82,770	49,125
Investment income with donor restrictions	51,400	62,327
Grant from the Corporation for Public Broadcasting	224,179	210,408
Net assets released from donor restrictions	<u>(617,248)</u>	<u>(331,114)</u>
Decrease in net assets with donor restrictions	<u>(258,899)</u>	<u>(9,254)</u>
INCREASE IN NET ASSETS	569,562	293,801
NET ASSETS – Beginning of the year	<u>19,168,307</u>	<u>18,874,506</u>
NET ASSETS – Ending of the year	<u>\$19,737,869</u>	<u>\$19,168,307</u>

See accompanying notes to the financial statements.

HAWAII PUBLIC RADIO

STATEMENT OF FUNCTIONAL EXPENSES

**For the Year Ended June 30, 2025
(With Prior Year Comparative Information)**

	Programming and Production	Broadcasting	Program Information	Total Program Services	Fundraising and Development	Management and General	Total Supporting Services	2025 Total	2024 Total
Salaries, wages, and benefits	\$ 1,948,583	\$ 568,568	\$ 384,171	\$ 2,901,322	\$ 1,180,167	\$ 422,282	\$ 1,602,449	\$ 4,503,771	\$ 4,223,638
Programming NPR/PRI/PRX/APM	811,737	-	-	811,737	-	-	-	811,737	770,589
Professional and contract services	189,025	172,865	41,706	403,596	76,608	94,357	170,965	574,561	449,363
Occupancy	52,787	422,719	2,937	478,443	25,637	19,359	44,996	523,439	530,995
Depreciation and amortization	39,183	223,221	11,520	273,924	16,209	4,816	21,025	294,949	262,061
Repairs and maintenance	83,629	87,293	10,413	181,335	51,161	17,684	68,845	250,180	198,082
Supplies	19,645	31,572	2,106	53,323	113,830	3,537	117,367	170,690	153,878
Telephone/Communications	8,903	133,194	999	143,096	13,177	2,533	15,710	158,806	160,272
Merchant fees	-	-	-	-	117,750	-	117,750	117,750	122,135
Printing and publications	14,517	2,161	19,566	36,244	70,360	1,526	71,886	108,130	115,990
Insurance	27,628	44,843	4,568	77,039	13,837	12,952	26,789	103,828	106,407
Membership dues	88,051	-	-	88,051	9,726	1,483	11,209	99,260	97,076
Programming and production	85,275	-	-	85,275	-	-	-	85,275	82,998
Program events	55,352	-	-	55,352	-	-	-	55,352	39,578
Bad debts	-	-	-	-	55,045	-	55,045	55,045	12,255
Travel	17,809	19,215	2,331	39,355	12,662	1,304	13,966	53,321	66,400
Parking, mileage, and fuel	22,463	2,168	4,118	28,749	14,409	1,960	16,369	45,118	38,780
Postage and shipping	302	2,873	47	3,222	40,883	697	41,580	44,802	35,291
Conferences and meetings	4,455	-	2,962	7,417	15,300	4,235	19,535	26,952	25,141
Donated services	3,734	650	600	4,984	-	150	150	5,134	29,506
Miscellaneous	8,109	1,850	11,128	21,087	7,612	11,597	19,209	40,296	39,181
Total expenses	<u>\$ 3,481,187</u>	<u>\$ 1,713,192</u>	<u>\$ 499,172</u>	<u>\$ 5,693,551</u>	<u>\$ 1,834,373</u>	<u>\$ 600,472</u>	<u>\$ 2,434,845</u>	<u>\$ 8,128,396</u>	<u>\$ 7,559,616</u>

See accompanying notes to the financial statements.

HAWAII PUBLIC RADIO
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025
(With Prior Year Comparative Information)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 569,562	\$ 293,801
Adjustments to reconcile increase in net assets to cash provided (used) by operating activities		
Operating lease payments less straight-line expenses	32,723	38,796
Depreciation	288,449	255,561
Amortization	6,500	6,500
Gains on investments in marketable securities	(557,091)	(715,264)
Contribution of marketable securities	(29,959)	(90,606)
(Increase) decrease in		
Accounts receivable – net	123,816	(98,797)
Pledges receivable – net	(95,196)	23,309
Prepaid expenses and other current assets	11,088	(17,589)
Beneficial interest in charitable lead trust	-	2,246
Increase (decrease) in		
Accounts payable	6,282	127,995
Accrued liabilities	(64,196)	123,098
Refundable advances	62,248	-
Cash provided (used) by operating activities	<u>354,226</u>	<u>(50,950)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of investments in marketable securities	8,480,030	2,894,562
Purchases of investments in marketable securities	(9,028,446)	(3,091,550)
Additions to property and equipment	(89,734)	(195,631)
Net cash used by investing activities	<u>(638,150)</u>	<u>(392,619)</u>
NET DECREASE IN CASH	(283,924)	(443,569)
CASH – Beginning of the year	<u>4,007,080</u>	<u>4,450,649</u>
CASH – Ending of the year	<u>\$3,723,156</u>	<u>\$ 4,007,080</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Noncash operating and investing activity –		
Contribution of marketable securities	\$ 29,959	\$ 90,606

See accompanying notes to the financial statements.

HAWAII PUBLIC RADIO

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2025
(With Prior Year Comparative Information)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activity

Hawaii Public Radio (HPR) was incorporated in the State of Hawaii on April 10, 1984 to provide non-commercial, cultural, and informational programming in the State of Hawaii, the nation, and international community. HPR is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, qualifying contributions to HPR are tax deductible.

HPR provides statewide coverage over two discrete programming streams: HPR-1 provides news, talk, jazz, blues, and world music; and HPR-2 provides classical music. The radio station and all operations are conducted from facilities in Honolulu, Hawaii. Broadcasting for HPR-1 and HPR-2 is from Honolulu on 88.1 FM (KHPR) and 89.3 FM (KIPO), respectively. HPR's signals extend across the eight main Hawaiian Islands with 14 additional stations under the following call signs and frequencies:

<u>Island(s)</u>	<u>HPR-1</u>	<u>HPR-2</u>
Hawaii	KANO 89.1 KHPH 88.7 K235CN 94.9	KAHU 91.3 K239BV 95.7 K283CR 104.5
Maui, Molokai, Lanai	KKUA 90.7 KJHF 103.1	KIPM 89.7 KIPH 88.3
Oahu	KHPR 88.1 K203EL 88.5	KIPO 89.3 K264BL 100.7
Kauai	KIPL 89.9	K269GD 101.7

Basis of Presentation

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

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

Certain amounts in the prior year have been reclassified to conform to the current year presentation. Such reclassifications do not affect the prior year change in net assets.

HAWAII PUBLIC RADIO

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2025 (With Prior Year Comparative Information)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (continued)

Net Assets with Donor Restrictions consist of net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of HPR or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity (\$314,672 and \$313,672 as of June 30, 2025 and 2024, respectively).

The accompanying financial statements include prior year comparative information that does not constitute a complete presentation in accordance with U.S. GAAP. Accordingly, such information should be read in conjunction with HPR's financial statements as of and for the year ended June 30, 2024, from which the information was derived.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates, it is reasonably possible that such estimates may change within the near term, and such differences could be material to the financial statements.

Concentrations of Credit Risk

Financial instruments that potentially subject HPR to credit risk include cash, accounts receivable, pledges receivable, and investments in marketable securities. At June 30, 2025 and 2024, HPR's cash on deposit exceeded the related federal deposit insurance by approximately \$3,500,000 and \$3,848,000, respectively. Management evaluates the credit standing of the financial institutions to ensure that such deposits are adequately safeguarded. Accounts receivable, which are primarily underwriting transactions, have been reduced by estimated allowances for credit losses. Accounts are determined to be collectible or uncollectible based on an assessment by management of the facts and circumstances related to the individual accounts, including historical experience, an assessment of current and future economic conditions, and a review of subsequent collections. The estimated allowance for credit losses amounted to \$7,000 and \$5,000 at June 30, 2025 and 2024, respectively. Investments in marketable securities are insured by federal and private insurance, as represented by the custodian. Future changes in market prices may make such investments less valuable.

HAWAII PUBLIC RADIO

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**For the Year Ended June 30, 2025
(With Prior Year Comparative Information)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable

Unconditional promises to give are recorded at net realizable value if expected to be collected in one year. When material, unconditional promises expected to be collected in future years are recorded at the present value of expected future cash flows. The cash flows are discounted at a rate commensurate with the risks involved, at the date the promise was made. When considered necessary, an allowance is recorded based on management's estimate of collectability including factors such as prior collection history, type of contribution, and the nature of the fundraising activity. The estimated allowance for uncollectible pledges receivable amounted to \$17,000 and \$9,000 at June 30, 2025 and 2024, respectively.

Investments in Marketable Securities

Investments in marketable securities are reported at fair value. Net realized and unrealized gains and losses, determined using the specific identification method, are included in investment income. Investments in marketable securities are classified as current or noncurrent based on their intended use.

Property and Equipment

Property and equipment is stated at cost or, if donated, at estimated fair market value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of three to 39 years for building and improvements and broadcast equipment; and five years for furniture, fixtures, office equipment, and other equipment. Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Repairs and maintenance are expensed as incurred. Additions, betterments, and improvements over \$1,000 are capitalized.

Leases

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

HPR recognizes operating right-of-use assets and operating lease liabilities at the present value of future lease payments. HPR recognizes the right-of-use asset and operating lease liability at the inception of the lease if such amounts are material to the financial statements.

HAWAII PUBLIC RADIO

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**For the Year Ended June 30, 2025
(With Prior Year Comparative Information)**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (continued)

The lease terms used to calculate the right-of-use assets and operating lease liabilities at the commencement of the leases includes the impacts of options to extend or terminate the leases. Existing economic conditions; the nature, length, and terms of the lease agreements; and the expected condition of the leased assets at the end of the lease terms are factors in assessing the probability of an option to extend or terminate the lease.

The discount rate used to calculate the present value of lease payments is the rate implicit in the lease, when readily determinable; secured incremental borrowing rate, when the rate in the lease is not readily determinable; or a risk-free rate, when a secured incremental borrowing rate is not readily determinable. Real estate taxes, insurance, maintenance, and operating expenses applicable to the leased assets are generally obligations of HPR. When such payments are fixed, they are included in the measurement of the right-of-use assets and operating lease liabilities and, when variable, are excluded and recognized in the period in which the obligation for those payments is incurred.

Leases that have a term of 12 months or less upon commencement are considered short-term in nature. Such leases are not included in the statement of financial position and are expensed on a straight-line basis over the lease term. The lease agreements of HPR do not contain any material residual value guarantees or material restrictive covenants.

Accrued Leave

HPR allows eligible employees to accumulate vacation hours and carry forward all unused vacation hours up to the limits provided for in the employee handbook. Unused vacation hours are paid to employees at the employee's current hourly rate at the time of termination of employment. An estimated liability is accrued for the unused vacation leave that is attributable to services already rendered that is more likely than not to be used for time off or paid to employees. As of June 30, 2025 and 2024, the estimated liability for unused vacation leave was \$275,227 and \$215,658, respectively, and is included in accrued liabilities in the statement of financial position.

Revenue and Expense Recognition

Revenue is recognized when the services are provided to the customer. Revenue from performance obligations satisfied at a point in time consisted of program event revenue of \$49,546 and \$29,592 for the years ended June 30, 2025 and 2024, respectively. Revenue from performance obligations satisfied over time consisted of other income of \$81,967 and \$61,763 for the years ended June 30, 2025 and 2024, respectively. Revenue from other than performance obligations consisted of investment income of \$1,111,181 and \$1,033,907 as of June 30, 2025 and 2024, respectively.

HAWAII PUBLIC RADIO

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2025 (With Prior Year Comparative Information)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Expense Recognition (continued)

Expenses are recognized when the related liability is incurred. HPR allocates its expenses on a functional basis among its programs and supporting services based on estimates by management. Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Other expenses that are common to several functions are allocated to programs and supporting services based on estimates by management, including level of effort for salaries, wages, and benefits and usage for other costs.

Grants and Contracts

HPR's revenue from grants and contracts are primarily based on agreements with the Corporation for Public Broadcasting (CPB) and other entities such as private foundations, and organizations and individuals for membership and underwriting. HPR recognizes grants and contracts as either contributions or exchange transactions depending on whether the transaction is reciprocal or nonreciprocal. CPB may have restricted all grants or a portion of the grants for specific purposes, such as for the acquisition, production, promotion and/or distribution of national programming. For grants and contracts classified as conditional contributions, revenue is recognized when the conditions are met. Grant and contract agreements may contain a right of return or a right of release from obligation provision and HPR may have limited discretion over how funds transferred should be spent. As such, HPR recognizes revenue for those conditional contributions when the related barriers have been overcome. HPR considers all revenue from membership and underwriting to be contributions as the members and sponsors receive minimal direct benefits.

CPB announced on August 1, 2025 that it would shut down its operations by January 2026 following the passage of a federal rescission bill that cut its funding.

Amounts received prior to incurring qualified expenditures or where other conditions were not met as of the end of the period are reported as refundable advances in the statement of financial position (\$62,248 and \$0 as of June 30, 2025 and 2024, respectively). Qualifying expenditures incurred, but for which reimbursement has not yet been received, are reported as accounts receivable. Amounts received from such grants and contracts for which the conditions and any restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Donor Contributions

HPR recognized contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

HAWAII PUBLIC RADIO

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2025 (With Prior Year Comparative Information)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donor Contributions (continued)

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

Donated Goods and Services

In-kind contributions of goods and services that meet the criteria for recognition are recognized as contributions at the estimated fair market value at the date of donation and are recorded as expenses or assets in the same amount. Donated goods are recognized at fair value, which is the amount that HPR would have paid for identical or similar goods. For the years ended June 30, 2025 and 2024, donated goods amounted to \$5,134 and \$3,000, respectively.

Donated services are recognized as contributions if the services create or enhance nonfinancial assets, or require specialized skills that are performed by people with those skills and would otherwise be purchased by HPR. The services are valued at the standard rates charged by the donor. A number of unpaid volunteers have made contributions of their time to HPR. The value of their time is not reflected in these financial statements because it does not meet the criteria for recognition. For the years ended June 30, 2025 and 2024, donated services amounted to \$0 and \$29,506, respectively.

Hawaii General Excise Tax

The State of Hawaii imposes a general excise tax of 4% on certain gross receipts of HPR within Hawaii, plus an additional 0.5% on such gross receipts within the City and County of Honolulu. Hawaii general excise tax is included in various expense accounts. For the years ended June 30, 2025 and 2024, Hawaii general excise tax amounted to \$88 and \$120, respectively.

Income Taxes

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

HAWAII PUBLIC RADIO

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2025 (With Prior Year Comparative Information)

NOTE B – LIQUIDITY

HPR monitors the liquidity required to meet its operating and capital needs for the 12-month period following the statement of financial position date. HPR has various sources of liquidity including cash, accounts and pledges receivables, and investments in marketable securities. Accounts and pledges receivables are subject to implied time restrictions, but are expected to be collected within one year. Investments in marketable securities are not included in the financial assets available to meet cash needs for general expenditures within one year as HPR does not intend to use investments in marketable securities for general operating purposes, except for a variable allocation of investment income allocated annually by the HPR Board of Directors.

The following reflects the financial assets of HPR as of June 30, 2025 and 2024 available to meet cash needs for general expenditures within one year of the statement of financial position date:

	<u>2025</u>	<u>2024</u>
Cash (including interest-bearing accounts)	\$ 3,723,156	\$ 4,007,080
Accounts receivable – net	75,325	199,141
Pledges receivable – net	<u>264,041</u>	<u>168,845</u>
Total financial assets	4,062,522	4,375,066
Net assets with donor restrictions	<u>(1,208,023)</u>	<u>(1,466,922)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,854,499</u>	<u>\$ 2,908,144</u>

NOTE C – INVESTMENTS IN MARKETABLE SECURITIES

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

	<u>2025</u>	<u>2024</u>
Mutual funds	\$ 8,949,307	\$ 8,689,014
Cash management accounts	4,550,167	4,273,651
Exchange traded funds	1,638,657	1,043,860
Common stock	<u>5,329</u>	<u>1,469</u>
Total investments in marketable securities	<u>\$ 15,143,460</u>	<u>\$ 14,007,994</u>

HAWAII PUBLIC RADIO

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2025 (With Prior Year Comparative Information)

NOTE C – INVESTMENTS IN MARKETABLE SECURITIES (Continued)

For the years ended June 30, 2025 and 2024, investment income consisted of the following:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 643,227	\$ 387,865
Net realized gains from sales of investments	281,208	143,212
Net unrealized gains from holding investments	<u>275,883</u>	<u>572,052</u>
Investment income	1,200,318	1,103,129
Investment fees	<u>(89,137)</u>	<u>(69,222)</u>
Investment income – net	<u>\$ 1,111,181</u>	<u>\$ 1,033,907</u>

The Finance Committee of the HPR Board of Directors is responsible for overseeing HPR’s investment activities. This includes developing a spending policy, selecting appropriate service providers, establishing asset class ranges, reviewing investment performance, reviewing current funding levels, and recommending changes to HPR’s Investment Policy Statement. The primary objective is to obtain a return sufficient for HPR to achieve its spending policy goals. The investment approach and allocation strategy is to take a long-term view of building value in quality investments, while minimizing risk and preserving the investments.

NOTE D – FAIR VALUE MEASUREMENTS

U.S. GAAP provides a fair value hierarchy that prioritizes the inputs to the valuation methodology used to measure fair value. There are three levels of inputs to the valuation methodology. Level 1 inputs consist of unadjusted quoted prices for identical assets or liabilities in active markets that HPR has the ability to access. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs are unobservable and significant to the fair value measurement. The fair value measurement level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation methodologies used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

HAWAII PUBLIC RADIO

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2025 (With Prior Year Comparative Information)

NOTE D – FAIR VALUE MEASUREMENTS (Continued)

U.S. GAAP provides a fair value hierarchy that prioritizes the inputs to the valuation methodology used to measure fair value. There are three levels of inputs to the valuation methodology. Level 1 inputs consist of unadjusted quoted prices for identical assets or liabilities in active markets that HPR has the ability to access. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs are unobservable and significant to the fair value measurement. The fair value measurement level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation methodologies used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

At June 30, 2025 and 2024, the fair value measurements reportable by HPR (see Note C) consisted of mutual funds, exchange-traded funds, and common stock valued at quoted market prices, and cash management accounts valued at stated value (Level 1 inputs). There were no investments for which Level 2 or Level 3 valuation inputs were required. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

The following sets forth by level, within the fair value hierarchy, HPR's investments at fair value as of June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Equities	\$ 5,156,819	\$ -	\$ -	\$ 5,156,819
Fixed income	3,792,488	-	-	3,792,488
Total mutual funds	<u>8,949,307</u>	<u>-</u>	<u>-</u>	<u>8,949,307</u>
Cash management accounts				
Money market instruments	2,726,896	-	-	2,726,896
Money market funds	1,148,355	-	-	1,148,355
Certificates of deposit	465,462	-	-	465,462
Cash	209,454	-	-	209,454
Total cash management accounts	<u>4,550,167</u>	<u>-</u>	<u>-</u>	<u>4,550,167</u>
Exchange traded funds				
Equities	1,221,144	-	-	1,221,144
Fixed income	417,513	-	-	417,513
Total exchange traded funds	<u>1,638,657</u>	<u>-</u>	<u>-</u>	<u>1,638,657</u>
Common stock	<u>5,329</u>	<u>-</u>	<u>-</u>	<u>5,329</u>
Total investments at fair value	<u>\$ 15,143,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,143,460</u>

HAWAII PUBLIC RADIO

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2025 (With Prior Year Comparative Information)

NOTE D – FAIR VALUE MEASUREMENTS (Continued)

The following sets forth by level, within the fair value hierarchy, HPR's investments at fair value as of June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Equities	\$ 5,122,073	\$ -	\$ -	\$ 5,122,073
Fixed income	3,566,941	-	-	3,566,941
Total mutual funds	<u>8,689,014</u>	<u>-</u>	<u>-</u>	<u>8,689,014</u>
Cash management accounts				
Money market instruments	1,286,419	-	-	1,286,419
Money market funds	2,442,016	-	-	2,442,016
Certificates of deposit	280,193	-	-	280,193
Cash	265,023	-	-	265,023
Total cash management accounts	<u>4,273,651</u>	<u>-</u>	<u>-</u>	<u>4,273,651</u>
Exchange traded funds				
Equities	642,670	-	-	642,670
Fixed income	401,190	-	-	401,190
Total exchange traded funds	<u>1,043,860</u>	<u>-</u>	<u>-</u>	<u>1,043,860</u>
Common stock	<u>1,469</u>	<u>-</u>	<u>-</u>	<u>1,469</u>
Total investments at fair value	<u>\$ 14,007,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,007,994</u>

NOTE E – PROPERTY AND EQUIPMENT

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

	<u>2025</u>	<u>2024</u>
Building and improvements	\$2,791,207	\$2,740,542
Broadcast equipment	2,674,103	2,734,442
Furniture, fixtures, and office equipment	614,369	637,533
Other equipment	76,311	76,311
Total depreciable assets	6,155,990	6,188,828
Accumulated depreciation	<u>(5,072,184)</u>	<u>(4,906,307)</u>
Total depreciable assets – net	1,083,806	1,282,521
Land	<u>121,027</u>	<u>121,027</u>
Property and equipment – net	<u>\$ 1,204,833</u>	<u>\$ 1,403,548</u>

HAWAII PUBLIC RADIO

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**For the Year Ended June 30, 2025
(With Prior Year Comparative Information)**

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2025 and 2024, net assets with donor restrictions consisted of the following:

	<u>2025</u>	<u>2024</u>
Net assets with donor restrictions for		
Innovation fund	\$ 684,902	\$ 993,194
Endowment fund	314,672	313,672
Eblen – building fund	115,004	109,856
JAF Internship fund	40,365	35,510
Maui reporting fund	30,000	-
Local program support	-	12,954
Other activities	<u>23,080</u>	<u>1,736</u>
 Total net assets with donor restrictions	 <u>\$ 1,208,023</u>	 <u>\$ 1,466,922</u>

NOTE G – DONOR RESTRICTED ENDOWMENT

At June 30, 2025 and 2024, HPR maintained a general endowment fund to which donors may make contributions that are restricted in perpetuity. The earnings of the endowment fund are for the benefit of HPR unless such earnings are related to contributions that are restricted by the donor (none to date). Donor restricted contributions to the endowment amounted to \$1,000 for the years ended June 30, 2025 and 2024. At June 30, 2025 and 2024, net assets restricted for the endowment fund amounted to \$314,672 and \$313,672, respectively.

U.S. GAAP provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an amended version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), which was enacted in the State of Hawaii on July 1, 2009. The Board of Directors of HPR has interpreted the Act as requiring the preservation of the original gift of donor-restricted endowment funds as net assets with donor restriction, absent explicit donor stipulations to the contrary. The policy adopted by HPR for such endowment contributions classifies general endowment gifts as net assets with donor restrictions.

Changes in donor restricted endowments for the year ended June 30, 2025 and 2024 were as follows:

Balance as of June 30, 2023	\$312,672
Contributions	<u>1,000</u>
Balance as of June 30, 2024	313,672
Contributions	<u>1,000</u>
 Balance as of June 30, 2025	 <u><u>\$314,672</u></u>

HAWAII PUBLIC RADIO

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**For the Year Ended June 30, 2025
(With Prior Year Comparative Information)**

NOTE H – LEASES

HPR leases land, office space, and office equipment under various operating lease agreements expiring through February 2051. For the years ended June 30, 2025 and 2024, land and office equipment rent expense, which is recorded in various expense accounts, amounted to \$270,438 and \$270,400, respectively.

Supplemental financial position and cash flow information related to the operating lease as of and for the years ended June 30, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Operating lease costs	\$ 234,000	\$ 234,000
Variable lease costs	27,301	26,983
Short term lease costs	<u>9,137</u>	<u>9,417</u>
Total rental expense	<u>\$ 270,438</u>	<u>\$ 270,400</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 201,277	\$ 195,205
Weighted-average remaining lease term for operating leases	19.66 years	19.62 years
Weighted-average discount rate for operating leases based on risk free rate	2.88%	2.88%

The following table reconciles the undiscounted cash flows for the operating lease liabilities on the statement of financial position as of June 30, 2025:

Years Ending June 30th	
2026	\$ 192,109
2027	165,136
2028	168,295
2029	155,814
2030	99,043
Thereafter	<u>1,852,268</u>
Total minimum lease payments	2,632,665
Amount of lease payments representing interest	<u>(710,068)</u>
Present value of future lease payments	1,922,597
Operating lease liabilities – current	<u>(139,166)</u>
Operating lease liabilities – noncurrent	<u>\$1,783,431</u>

HAWAII PUBLIC RADIO

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the Year Ended June 30, 2025 (With Prior Year Comparative Information)

NOTE I – RETIREMENT PLAN

HPR sponsors a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code. Employees who complete a minimum of 1,000 hours of service within a continuous 12-month period are eligible to participate in the plan. The plan provides for eligible participants to receive an employer contribution of 5% of eligible wages. A supplemental retirement annuity option allows employees to make contributions upon hire up to statutory limits. For the years ended June 30, 2025 and 2024, employer contributions amounted to \$131,641 and \$131,717, respectively.

NOTE J – CONTINGENCIES

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

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

NOTE K – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 26, 2026, which is the date the financial statements were available to be issued, and determined that HPR did not have any subsequent events requiring adjustment to the financial statements or disclosure in the notes to the financial statements, except as disclosed in Note A to the financial statements.
