

**HAWAII PUBLIC RADIO**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED JUNE 30, 2016**

**HAWAII PUBLIC RADIO**  
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**YEAR ENDED JUNE 30, 2016**

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P e t e r K . M a t s u m o t o , C P A

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Hawaii Public Radio  
Honolulu, Hawaii

I have audited the accompanying financial statements of Hawaii Public Radio (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hawaii Public Radio as of June 30, 2016, 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.

### Report on Summarized Comparative Information

I have previously audited the Hawaii Public Radio June 30, 2015 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my audit report dated November 14, 2015. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Peter H. Matsumoto, CPA". The signature is written in a cursive style with a large initial "P" and "M".

December 22, 2016  
Honolulu, Hawaii

**HAWAII PUBLIC RADIO**  
**Statement of Financial Position**  
**June 30, 2016**  
**With Comparative Totals for June 30, 2015**

**Assets**

	Unrestricted	Temporarily	Permanently	Total	
		Restricted	Restricted	2016	2015
<b>Current assets</b>					
Cash and cash equivalents	\$ 3,021,498	\$ 20,579	\$ 1,230	\$ 3,043,307	\$ 2,458,140
Accounts receivable, less allowance for doubtful accounts of \$5,000 and \$5,000	877,499	5,572	-	883,071	79,408
Pledges receivable, less allowance for doubtful accounts of \$30,000 and \$36,200	247,517	-	-	247,517	184,370
Beneficial interest in charitable lead trust, current portion	-	52,526	-	52,526	56,728
Prepaid expenses and other	296,884	-	-	296,884	146,144
<b>Total current assets</b>	<b>4,443,398</b>	<b>78,677</b>	<b>1,230</b>	<b>4,523,305</b>	<b>2,924,790</b>
<b>Property and equipment</b>					
Land	121,027	-	-	121,027	121,027
Building and improvements	1,521,590	-	-	1,521,590	1,521,590
Broadcast equipment and improvements	3,933,265	-	-	3,933,265	3,674,765
Office equipment	190,159	-	-	190,159	189,307
Furniture and fixtures	81,606	-	-	81,606	81,606
Records and tapes	67,952	-	-	67,952	67,952
	5,915,599	-	-	5,915,599	5,656,247
Less accumulated depreciation	3,958,781	-	-	3,958,781	3,718,194
<b>Total property and equipment, net</b>	<b>1,956,818</b>	<b>-</b>	<b>-</b>	<b>1,956,818</b>	<b>1,938,053</b>
<b>Other assets</b>					
Beneficial interest in charitable lead trust, less current portion	-	377,611	-	377,611	430,137
Cash restricted to purchase of long-lived assets	-	111,189	-	111,189	99,423
Investments held for long-term purposes	3,491,461	-	287,263	3,778,724	3,301,501
Station license, net of accumulated amortization of \$21,917 and \$20,917	17,083	-	-	17,083	18,083
<b>Total other assets</b>	<b>3,508,544</b>	<b>488,800</b>	<b>287,263</b>	<b>4,284,607</b>	<b>3,849,144</b>
	<b>\$ 9,908,760</b>	<b>\$ 567,477</b>	<b>\$ 288,493</b>	<b>\$ 10,764,730</b>	<b>\$ 8,711,987</b>

See accompanying notes to financial statements.

**HAWAII PUBLIC RADIO**  
**Statement of Financial Position**  
**June 30, 2016**  
**With Comparative Totals for June 30, 2015**

**Liabilities and Net Assets**

	Unrestricted	Temporarily	Permanently	Total	
		Restricted	Restricted	2016	2015
<b>Liabilities</b>					
Accounts payable	\$ 95,036	\$ -	\$ -	\$ 95,036	\$ 70,627
Accrued liabilities	171,422	-	-	171,422	125,404
Total liabilities	266,458	-	-	266,458	196,031
<b>Net assets</b>	9,642,302	567,477	288,493	10,498,272	8,515,956
	<u>\$ 9,908,760</u>	<u>\$ 567,477</u>	<u>\$ 288,493</u>	<u>\$ 10,764,730</u>	<u>\$ 8,711,987</u>

See accompanying notes to financial statements.

**HAWAII PUBLIC RADIO**  
**Statement of Activities**  
**Year Ended June 30, 2016**  
**With Comparative Totals for June 30, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2016	2015
<b>Support and revenue</b>					
Membership income	\$ 3,249,389	\$ -	\$ -	\$ 3,249,389	\$ 3,052,769
Contributions:					
Underwriting	1,426,783	-	-	1,426,783	1,248,329
Other contributions	1,702,180	208,175	6,430	1,916,785	316,011
Community service grant from					
Corporation for Public Broadcasting	241,029	84,379	-	325,408	314,807
Net realized and unrealized gains/(losses)	(50,138)	-	-	(50,138)	(70,867)
Donated facilities, services and equipment	105,563	-	-	105,563	137,143
Program event revenue	60,792	-	-	60,792	56,255
Investment income	74,786	-	-	74,786	82,043
Miscellaneous income	15,789	-	-	15,789	11,991
Net assets released from restrictions- satisfaction of program restrictions	341,286	(341,286)	-	-	-
<b>Total support and revenue</b>	<b>7,167,459</b>	<b>(48,732)</b>	<b>6,430</b>	<b>7,125,157</b>	<b>5,148,481</b>
<b>Expenses and losses</b>					
Program services:					
Programming and production	1,727,331	-	-	1,727,331	1,584,862
Broadcasting	1,496,293	-	-	1,496,293	1,471,900
Program information	414,699	-	-	414,699	422,800
Total program services	<b>3,638,323</b>	<b>-</b>	<b>-</b>	<b>3,638,323</b>	<b>3,479,562</b>
Supporting services:					
Management and general	537,243	-	-	537,243	421,178
Fundraising	967,275	-	-	967,275	855,653
Total supporting services	<b>1,504,518</b>	<b>-</b>	<b>-</b>	<b>1,504,518</b>	<b>1,276,831</b>
Total expenses	<b>5,142,841</b>	<b>-</b>	<b>-</b>	<b>5,142,841</b>	<b>4,756,393</b>
<b>Change in net assets</b>	<b>2,024,618</b>	<b>(48,732)</b>	<b>6,430</b>	<b>1,982,316</b>	<b>392,088</b>
<b>Net assets, beginning of year</b>	<b>7,617,684</b>	<b>616,209</b>	<b>282,063</b>	<b>8,515,956</b>	<b>8,123,868</b>
<b>Net assets, end of year</b>	<b>\$ 9,642,302</b>	<b>\$ 567,477</b>	<b>\$ 288,493</b>	<b>\$ 10,498,272</b>	<b>\$ 8,515,956</b>

See accompanying notes to financial statements.

**HAWAII PUBLIC RADIO**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2016**  
**With Comparative Totals for June 30, 2015**

	Program Services			Supporting Services			Total Program and Supporting Services		
	Programming and Production	Broadcasting	Program Information	Total Program Services	Management and General	Fund-raising	Total Supporting Services	2015	
								2016	2015
Salaries	\$ 582,176	\$ 429,195	\$ 163,242	\$ 1,174,613	\$ 264,872	\$ 433,967	\$ 698,839	\$ 1,873,452	\$ 1,636,739
Employee benefits and payroll taxes	166,965	128,133	48,095	343,193	85,026	70,020	155,046	498,239	462,871
Total salaries and related expenses	749,141	557,328	211,337	1,517,806	349,898	503,987	853,885	2,371,691	2,099,610
Programming-NPR/PRI/APM	554,125	-	-	554,125	-	-	-	554,125	557,573
Occupancy	5,459	413,843	1,189	420,491	1,153	3,116	4,269	424,760	477,208
Professional and contract services	140,167	89,877	12,989	243,033	96,745	35,005	131,750	374,783	296,351
Depreciation and amortization	21,794	211,258	4,869	237,921	4,937	15,209	20,146	258,067	255,638
Miscellaneous	16,291	3,364	51,659	71,314	14,570	124,233	138,803	210,117	147,628
Supplies	3,723	12,450	2,292	18,465	1,245	124,284	125,529	143,994	184,971
Telephone	8,874	105,976	2,435	117,285	5,223	15,202	20,425	137,710	124,401
Repairs and maintenance	33,552	52,584	7,305	93,441	9,041	29,648	38,689	132,130	121,516
Donated facilities and services	337	7,675	92,868	100,880	1,684	3,000	4,684	105,564	110,643
Membership dues	85,962	-	9,598	95,560	3,663	4,045	7,708	103,268	103,883
Insurance	12,771	36,130	3,000	51,901	10,040	7,682	17,722	69,623	64,609
Printing and publications	2,833	1,317	7,872	12,022	1,575	45,043	46,618	58,640	45,981
Travel	10,557	2,442	3,904	16,903	32,015	1,743	33,758	50,661	31,531
Programming and production	40,377	-	-	40,377	-	-	-	40,377	31,918
Program Events	37,751	-	-	37,751	-	-	-	37,751	33,516
Postage and shipping	211	1,399	606	2,216	593	33,829	34,422	36,638	37,399
Bad debts	-	-	-	-	-	20,793	20,793	20,793	18,288
Conferences and meetings	3,406	650	2,776	6,832	4,171	456	4,627	11,459	13,194
Interest and taxes	-	-	-	-	690	-	690	690	535
<b>Total expenses</b>	<b>\$ 1,727,331</b>	<b>\$ 1,496,293</b>	<b>\$ 414,699</b>	<b>\$ 3,638,323</b>	<b>\$ 537,243</b>	<b>\$ 967,275</b>	<b>\$ 1,504,518</b>	<b>\$ 5,142,841</b>	<b>\$ 4,756,393</b>

See accompanying notes to financial statements.



**HAWAII PUBLIC RADIO**  
**Statement of Cash Flows**  
**Year Ended June 30, 2016**  
**With Comparative Totals for June 30, 2015**

	2016	2015
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,982,316	\$ 392,088
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Decrease in provision for bad debts	(6,200)	(300)
Depreciation and amortization	258,067	255,638
Donated securities	(6,025)	(24,109)
Donated fixed assets	-	(1,500)
Increase in contributions restricted for long-lived assets	(11,766)	(56,546)
Realized and unrealized losses on investments	50,138	70,867
Changes in operating assets and liabilities:		
Increase in accounts and pledges receivable	(860,610)	(51,202)
Increase in prepaid expenses and other	(150,740)	(27,908)
Decrease in beneficial interest in charitable lead trust	56,728	61,267
Increase (decrease) in accounts payable	24,409	(34,185)
Increase in accrued liabilities	46,018	11,005
Net cash provided by operating activities	1,382,335	595,115
<b>Cash flows from investing activities</b>		
Purchase of assets restricted to investment in long-lived assets	(81,149)	(27,544)
Transfer to investment account	(477,450)	(112,250)
Purchase of property and equipment	(194,683)	(64,327)
Purchase of marketable securities	(1,128,202)	(1,464,955)
Proceeds from sale of marketable securities	1,084,316	1,426,954
Net cash used in investing activities	(797,168)	(242,122)
Net increase in cash	585,167	352,993
<b>Cash and cash equivalents, beginning of year</b>	2,458,140	2,105,147
<b>Cash and cash equivalents, end of year</b>	\$ 3,043,307	\$ 2,458,140

See accompanying notes to financial statements.

**HAWAII PUBLIC RADIO**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies**

**Organization and Nature of Activities**

Hawaii Public Radio (HPR) is a nonprofit corporation broadcasting cultural and informational programming in the State of Hawaii. HPR is supported primarily through memberships, underwriting, other contributions, community grants and program event fees.

Hawaii Public Radio is a tax-exempt organization under Internal Revenue Code (IRC) Section 501(c)(3) and, therefore, has no provision for income taxes.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. HPR reports its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Cash and Cash Equivalents**

HPR considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Investments**

HPR carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

**Fair Value Measurements**

HPR adopted accounting provisions for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis in accordance with standards established by the Financial Accounting Standards Board. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting provisions also establish a framework for measuring fair value and expand disclosures about fair value measurements.

**Restricted and Unrestricted Revenue and Support**

Contributions are recognized when pledged or received and considered available for unrestricted use unless specifically restricted by the donor. Contributions and support restricted by the donor are reported as an increase in unrestricted net assets when the restriction expires in the reporting period in which the support is recognized. All other donor restricted contributions and support are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When the restricted purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**HAWAII PUBLIC RADIO**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies - Continued**

**Donated Services, Materials and Facilities, and Property and Equipment**

Donated services are recognized at fair value, except for the work of volunteers for which no monetary value has been assigned. Donations of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically be purchased if not provided by donation.

Donations of property and equipment are recorded as support and revenue in the statement of activities at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. HPR reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. HPR reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**Pledges Receivable**

Unconditional pledges are recognized as revenues in the period received, and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional pledges are recognized when the conditions on which they depend are substantially met.

**Property and Depreciation**

Purchased property and equipment are carried at cost. Expenditures for major improvements and equipment are capitalized. Replacements, maintenance, and repairs that do not improve or extend asset lives are charged to expense as incurred. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which are generally five to thirty nine years.

**Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Comparative Statements**

The financial statements include certain prior-year summarized comparative information in total but not in sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Hawaii Public Radio's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

**HAWAII PUBLIC RADIO**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 2 - Concentration of Credit Risk**

HPR maintains its cash balances in various financial institutions located in Honolulu, Hawaii. Certain cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. HPR's uninsured cash balances totaled \$2,710,514 and \$2,225,700 at June 30, 2016 and 2015, respectively.

**Note 3 - Investments**

The market value of HPR's investments at June 30, 2016 and 2015 totaled \$3,778,724 and \$3,301,501 respectively.

A summary of fair values of investments at June 30, 2016 and 2015 is as follows:

	2016	2015
Equity securities	\$ 1,711,466	\$ 1,575,083
Fixed income securities	1,850,977	558,249
Mutual funds	3,155	783,296
Other	-	44,114
Money market	213,126	340,759
Total Assets at fair value	\$ 3,778,724	\$ 3,301,501

HPR adopted the accounting standards established by the Financial Accounting Standards Board for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Financial assets are measured at fair value in three levels outlined in the accounting standards as follows:

Level 1: Inputs to the valuation methodology are quoted prices, unadjusted, for identical assets or liabilities in active markets. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; inputs to the valuation methodology include quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs to the valuation methodology that are derived principally from or can be corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using discounted cash flow methodologies, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. As of June 30, 2016 and 2015, HPR's assets measured at fair value on a recurring basis were all classified as level 1 investments detailed as follows:

**HAWAII PUBLIC RADIO**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 3 – Investments - Continued**

Assets at Fair Value as of June 30, 2016

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity securities:				
Consumer Discretionary	\$ 287,945	\$ -	\$ -	\$ 287,945
Energy	58,362			58,362
Financials	244,768	-	-	244,768
Healthcare	156,615	-	-	156,615
Industrials	228,415	-	-	228,415
Materials	69,309	-	-	69,309
Consumer staples	125,592	-	-	125,592
Information Technology	274,514	-	-	274,514
Telecommunication Services	37,521	-	-	37,521
Utilities	64,520	-	-	64,520
Real estate	163,905	-	-	163,905
	<u>1,711,466</u>	<u>-</u>	<u>-</u>	<u>1,711,466</u>
Fixed income securities:				
US fixed income intermediate	1,221,455	-	-	1,221,455
US Aggregate	-	-	-	-
US CDs	275,883	-	-	275,883
Corporate high yield	151,297	-	-	151,297
Global	152,324	-	-	152,324
International CDs	50,018	-	-	50,018
	<u>1,850,977</u>	<u>-</u>	<u>-</u>	<u>1,850,977</u>
Mutual funds:				
Mutual funds unclassified	3,155	-	-	3,155
	<u>3,155</u>	<u>-</u>	<u>-</u>	<u>3,155</u>
Money market funds	213,126	-	-	213,126
	<u>\$ 3,778,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,778,724</u>

**HAWAII PUBLIC RADIO**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 3 – Investments - Continued**

	Assets at Fair Value as of June 30, 2015			Total
	Level 1	Level 2	Level 3	
Equity securities:				
Consumer Discretionary	\$ 230,413	\$ -	\$ -	\$ 230,413
Energy	107,766			107,766
Financials	297,284	-	-	297,284
Healthcare	173,092	-	-	173,092
Industrials	187,827	-	-	187,827
Materials	69,949	-	-	69,949
Consumer staples	115,934	-	-	115,934
Information Technology	228,145	-	-	228,145
Telecommunication Services	59,263	-	-	59,263
Utilities	105,410	-	-	105,410
	<u>1,575,083</u>	<u>-</u>	<u>-</u>	<u>1,575,083</u>
Fixed income securities:				
US Aggregate	408,143	-	-	408,143
US CDs	100,079			100,079
International CDs	50,027	-	-	50,027
	<u>558,249</u>	<u>-</u>	<u>-</u>	<u>558,249</u>
Mutual funds:				
Fixed income funds	783,296	-	-	783,296
	<u>783,296</u>	<u>-</u>	<u>-</u>	<u>783,296</u>
Other:				
MLPs	44,114	-	-	44,114
Money market funds	340,759	-	-	340,759
	<u>\$ 3,301,501</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,301,501</u>

**HAWAII PUBLIC RADIO**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 4 - Lease Arrangements**

HPR leases real estate for transmitters and other equipment under various agreements expiring through June 2038.

Future minimum lease payments required under these lease agreements are as follows:

Fiscal years ending June 30:

2017	\$ 139,834
2018	159,419
2019	155,837
2020	146,115
2021	129,858
Thereafter	322,907
	<u>\$ 1,053,970</u>

Rent expense for the above properties totaled \$125,444 and \$110,085 for the years ended June 30, 2016 and 2015 respectively.

HPR receives donated space for its transmitter site at a location on Hawaii. The estimated annual fair rental value of this space is \$1,800 and is recognized as donated facilities support and expense in the statement of activities.

**Note 5 – Charitable Lead Trust**

HPR is a beneficiary of a Charitable Lead Trust (“CLT”) the terms of which provide that HPR is entitled to receive twenty annual payments of \$105,000 ending in 2028. The value recognized in FY 2009 of \$1,021,284 was based on the net present value of the periodic payments HPR is entitled to receive over the life of the CLT, discounted at 8%. The present value of the unconditional promise to give was reflected as “Beneficial interest in charitable lead trust” in the Statement of Financial Position and as a temporarily restricted contribution on the Statement of Activities.

**Note 6 – Defined Contribution and Deferred Compensation Plan**

HPR sponsors a defined contribution retirement plan. Employees become eligible after completing a year of service (a 12 month period without a break in service) and completing a minimum of 1000 hours of service within that period. The Plan provides for HPR to contribute 5% of eligible wages on a monthly basis. A supplemental retirement annuity option allows participants to make contributions up to the Internal Revenue Code §402(g) limit.

HPR also maintains a deferred compensation plan. Contributions to the plan may be made annually at the sole discretion of the Board of Directors.

Total defined contribution and deferred compensation plan expense for the years ended June 30, 2016 and 2015 totaled \$118,310 and \$105,819, respectively.

**HAWAII PUBLIC RADIO**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 7 - Unrestricted Net Assets**

Unrestricted net assets include \$3,244,296 of contributions which the board designated as part of the endowment fund.

**Note 8 - Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, 2016 and 2015 consisted of cash restricted for the purchase of property and equipment and program production and amounted to \$137,340 and \$129,344, respectively and the present value of an unconditional promise to give from a charitable lead trust at June 30, 2016 and 2015 amounted to \$430,137 and \$486,865, respectively.

**Note 9 - Permanently Restricted Net Assets**

HPR has an endowment fund to which donors can make contributions. Donor contributions made to the endowment fund are permanently restricted.

**Note 10 - Subsequent Events**

Subsequent events have been evaluated through December 22, 2016 which is the date the financial statements were available to be issued.

No events arose through the evaluated date that requires disclosure.