

**HAWAII PUBLIC TELEVISION FOUNDATION
dba PBS HAWAII**

**FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018**

(With Independent Auditor's Report)

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hawaii Public Television Foundation
dba PBS Hawaii
Honolulu, Hawaii

We have audited the accompanying financial statements of Hawaii Public Television Foundation dba PBS Hawaii (a nonprofit corporation) which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expense 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 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hawaii Public Television Foundation dba PBS Hawaii as of June 30, 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Hawaii Public Television Foundation dba PBS Hawaii's 2018 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated January 4, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Choo, Osada & Lu, CPAs, Inc.

Honolulu, Hawaii
January 14, 2020

HAWAII PUBLIC TELEVISION FOUNDATION
dba PBS HAWAII
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 11,013,933	9,130,386
Investments in marketable securities	4,699,184	4,528,938
Accounts receivable	5,833	5,300
Contributions receivable	3,014,425	3,483,239
Beneficial interest in assets held by others	116,418	115,932
Investment in limited liability company	82,311	99,246
Property and equipment, net of accumulated depreciation	24,385,198	25,413,654
Deposits - equipment and other	75	-
	<u>75</u>	<u>-</u>
Total assets	<u>\$ 43,317,377</u>	<u>42,776,695</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 152,572	257,741
Accrued liabilities	3,742	2,105
	<u>3,742</u>	<u>2,105</u>
Total liabilities	<u>156,314</u>	<u>259,846</u>
Net assets		
Without donor restrictions		
Net investment in property and equipment	24,385,198	25,413,654
Board designated	5,145,707	4,649,075
Undesignated	9,626,830	8,263,125
With donor restrictions	4,003,328	4,190,995
	<u>4,003,328</u>	<u>4,190,995</u>
Total net assets	<u>43,161,063</u>	<u>42,516,849</u>
Total liabilities and net assets	<u>\$ 43,317,377</u>	<u>42,776,695</u>

See accompanying notes.

HAWAII PUBLIC TELEVISION FOUNDATION
dba PBS HAWAII
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Change in net assets without donor restrictions		
Support and revenues		
Contributions	\$ 1,943,614	2,119,623
Telecasting and underwriting revenues	747,489	786,102
Community service grants from		
Corporation for Public Broadcasting	1,401,594	1,317,645
Franchise fee revenue	3,500,351	3,415,006
Investment income	329,357	302,060
Total support and revenues	<u>7,922,405</u>	<u>7,940,436</u>
Net assets released from restrictions	<u>1,242,263</u>	<u>1,419,651</u>
	<u>9,164,668</u>	<u>9,360,087</u>
Expenses and losses		
Program services		
Programming and production	3,920,860	3,768,018
Broadcasting	1,695,547	1,640,318
Program information	566,135	601,296
Supporting services		
Management and general	1,341,661	1,299,981
Underwriting, grant solicitation, and fund raising	806,908	922,408
Loss on disposition of equipment	1,676	41
Total expenses and losses	<u>8,332,787</u>	<u>8,232,062</u>
	<u>831,881</u>	<u>1,128,025</u>
Increase in net assets without donor restrictions		
Change in net assets with donor restrictions		
Capital campaign contributions	193,781	221,846
Telecasting and underwriting contributions	860,815	713,786
Net assets released from restrictions	<u>(1,242,263)</u>	<u>(1,419,651)</u>
Decrease in net assets with donor restrictions	<u>(187,667)</u>	<u>(484,019)</u>
Increase in net assets	644,214	644,006
Nets assets		
At beginning of year	<u>42,516,849</u>	<u>41,872,843</u>
At end of year	<u>\$ 43,161,063</u>	<u>42,516,849</u>

See accompanying notes.

HAWAII PUBLIC TELEVISION FOUNDATION
dba PBS HAWAII

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019 (With Summarized Financial Information For Year Ended June 30, 2018)

	Program Services			Supporting Services			2019 Total	2018 Total
	Programming and Production	Broadcasting	Program Information	Management and General	Solicitation, and Fundraising	Underwriting, Grant		
Salaries, payroll taxes and employee benefits	\$ 1,106,270	257,445	239,222	905,988	410,648	-	2,919,573	2,901,357
Personal services	540,221	10,752	-	71,274	-	-	622,247	661,544
Advertising and printing	53,938	-	209,043	16,085	24,717	-	303,783	291,271
Office and other supplies	24,086	28,045	26,768	69,790	109,121	-	257,810	256,712
Information technology	44,694	238,508	8,776	13,504	35,023	-	340,505	508,338
Program acquisition	1,299,985	-	-	-	-	-	1,299,985	1,248,901
Occupancy	220,099	597,527	32,045	48,507	51,771	-	949,949	698,097
Transportation, travel and training	55,378	2,722	530	12,031	7,041	-	77,702	69,476
Interest	19	-	-	131	-	-	150	144
Depreciation	518,693	535,419	48,984	98,902	66,653	-	1,268,651	1,250,091
Insurance	43,790	24,189	713	74,882	2,610	-	146,184	143,098
Taxes, other than income	741	938	-	3,111	10,262	-	15,052	21,694
Premiums	-	-	-	-	56,854	-	56,854	81,914
Other	12,946	2	54	27,456	32,208	-	72,666	99,384
	<u>\$ 3,920,860</u>	<u>1,695,547</u>	<u>566,135</u>	<u>1,341,661</u>	<u>806,908</u>	<u>-</u>	<u>8,331,111</u>	<u>8,232,021</u>

HAWAII PUBLIC TELEVISION FOUNDATION
dba PBS HAWAII
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Increase in net assets	\$ 644,214	644,006
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,268,651	1,250,091
Net realized and unrealized gain on investments	(181,041)	(187,101)
Increase in beneficial interest in assets held by others	(486)	(4,219)
Loss on disposition of equipment	1,676	41
Loss (income) in limited liability company	16,935	(278)
Decrease (increase) in		
Receivables	468,281	604,047
Deposits - equipment and other	(75)	-
Increase (decrease) in		
Accounts payable and accrued liabilities	(103,532)	(151,304)
Net cash provided by operating activities	<u>2,114,623</u>	<u>2,155,283</u>
Cash flows from investing activities		
Purchases of marketable securities	(4,737)	(11,254)
Sales of marketable securities	15,532	10,981
Purchases of property and equipment	(241,871)	(287,138)
Net cash used by investing activities	<u>(231,076)</u>	<u>(287,411)</u>
Net increase in cash and cash equivalents	1,883,547	1,867,872
Cash and cash equivalents at beginning of year	<u>9,130,386</u>	<u>7,262,514</u>
Cash and cash equivalents at end of year	<u>\$ 11,013,933</u>	<u>9,130,386</u>
Supplement disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 131</u>	<u>144</u>

See accompanying notes.

**HAWAII PUBLIC TELEVISION FOUNDATION
dba PBS HAWAII
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 – NATURE OF ORGANIZATION, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, AND USE OF ESTIMATES

Nature of organization

Hawaii Public Television Foundation dba PBS Hawaii (Foundation) is a nonprofit corporation organized under the laws of the State of Hawaii. The Foundation operates a non-commercial public television network with two transmitters (KHET in Honolulu and KMEB on Maui) and a series of translators on Hawaii and Kauai. It is funded primarily by franchise fees, community service grants from the Corporation for Public Broadcasting, and contributions from individuals and organizations in Hawaii.

Basis of accounting and financial statement presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

Cash and cash equivalents

For the purposes of the statement of cash flows, the Foundation considers all highly liquid debt securities purchased with maturities of three months or less to be cash equivalents.

Investments in marketable securities

Investments in marketable securities are stated at fair value.

Accounts receivable

Accounts receivable are recorded when invoices are issued and are presented in the statements of financial position net of the allowance for doubtful accounts. Accounts receivable are written off when they are deemed uncollectible. An allowance for doubtful accounts is established when necessary and is based on historical trends.

Beneficial interest in assets held for others

The Foundation's beneficial interest in assets held by others is valued at the net asset value of those assets. The net asset value is used as a practical expedient to estimate fair value.

Investment in limited liability company

Investment in limited liability company (LLC) is recorded under the equity method of accounting. Under the equity method, the Foundation's investment is increased for capital contributions and a proportionate share of the LLC's earnings, and is decreased for distributions from the LLC and a proportionate share of the LLC's losses.

Property and equipment

Property and equipment are recorded at cost or estimated fair value at the date of donation and depreciated under the straight-line method over the estimated useful lives of the assets. Renewals and improvements that extend the useful lives of assets are capitalized; maintenance and repairs are included as expenses in the statements of activities.

The Foundation's policy is to capitalize property and equipment over \$250.

HAWAII PUBLIC TELEVISION FOUNDATION
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NOTES TO FINANCIAL STATEMENTS – continued
JUNE 30, 2019 AND 2018

NOTE 1 – NATURE OF ORGANIZATION, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, AND USE OF ESTIMATES – continued

Contributions

Contributions are recorded as support with restrictions and without restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without restrictions.

Advertising costs

Advertising costs are expensed in the period they are incurred.

Contributed services

Contributed services are reflected in the financial statements at the fair value of the services received if the services create or enhance a nonfinancial asset, or require specialized skills and would typically be purchased by the Foundation if not donated.

General excise tax

General excise taxes, and the related amounts billed to customers for general excise taxes, are presented in the accompanying statements of activities at the gross amounts.

Income taxes

The Foundation is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation by the Internal Revenue Service. The Foundation is also exempt from Hawaii income taxes under Section 235 of the Hawaii Revised Statutes.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

New accounting pronouncement

On August 18, 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented. The new standards change the following aspects of the Foundation's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 10).

HAWAII PUBLIC TELEVISION FOUNDATION
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NOTES TO FINANCIAL STATEMENTS – continued
JUNE 30, 2019 AND 2018

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of deposits with three financial institutions in the State of Hawaii. At June 30, 2019 and 2018, deposits in excess of federally insured limits amounted to approximately \$10,284,000 and \$8,596,000, respectively.

NOTE 3 – INVESTMENTS IN MARKETABLE SECURITIES

At June 30, 2019 and 2018, the aggregate cost and fair value of investments in marketable securities were as follows:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Equity security mutual funds	\$ 2,676,243	3,072,749	2,772,679	3,049,848
Government bond mutual funds	1,587,311	1,626,435	1,498,080	1,479,090
	<u>\$ 4,263,554</u>	<u>4,699,184</u>	<u>4,270,759</u>	<u>4,528,938</u>

Investment income for the year ended June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 171,295	133,938
Net realized gains	3,589	4,958
Net unrealized gains	177,452	182,143
Increase in beneficial interest in assets held by others	485	4,219
Custodial and investment advisory fees	<u>(23,464)</u>	<u>(23,198)</u>
	<u>\$ 329,357</u>	<u>302,060</u>

HAWAII PUBLIC TELEVISION FOUNDATION
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NOTES TO FINANCIAL STATEMENTS – continued
JUNE 30, 2019 AND 2018

NOTE 4 - CONTRIBUTIONS RECEIVABLE

At June 30, 2019 and 2018, contributions receivable consisted of the following:

	<u>2019</u>	<u>2018</u>
Receivable in		
Less than one year	\$ 500,000	500,000
One to five years	2,500,000	2,500,000
Five to ten years	<u>500,000</u>	<u>1,000,000</u>
	3,500,000	4,000,000
Less discounts to net present value at 2.17%	<u>485,575</u>	<u>516,761</u>
	<u>\$ 3,014,425</u>	<u>3,483,239</u>

NOTE 5 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Prior to 2000, approximately \$101,000 was transferred to the Hawaii Community Foundation (HCF). HCF has been granted variance power for these assets; in the event that the Foundation ceases to exist, or if the Foundation is no longer necessary, HCF will have the power to redirect the funds to another beneficiary. Under terms of the transfer, the Foundation has specified itself as the beneficiary and receives the investment income earned on these funds on a quarterly basis. At June 30, 2019 and 2018, the fair value of the assets was \$116,418 and \$115,932, respectively and was included in the statements of financial position under the caption “Beneficial interest in assets held by others.” Investment income from these assets for each of the years ended June 30, 2019 and 2018 was approximately \$4,000.

The increase in the beneficial interest in assets held by others for the year ended June 30, 2019 and 2018 of \$485 and \$4,219, respectively, was included in investment income in the statements of activities.

NOTE 6 – FAIR VALUE MEASUREMENTS

The Financial Accounting Standards Board (FASB) has established a framework for measuring fair value in conformity with generally accepted accounting principles and for disclosures about fair value measurements. As a part of this framework, the FASB has established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 – Observable inputs such as quoted prices in active markets. Such inputs have the highest priority.
- Level 2 – Inputs, other than quoted market prices in active markets, that are observable either directly or indirectly.
- Level 3 – Unobservable inputs in which there is little or no market data, and which require significant management judgment or estimation.

HAWAII PUBLIC TELEVISION FOUNDATION
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NOTES TO FINANCIAL STATEMENTS – continued
JUNE 30, 2019 AND 2018

NOTE 6 – FAIR VALUE MEASUREMENTS - continued

The Organization uses appropriate valuation techniques based on available inputs to measure fair value. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

There have been no changes in the methodology used for the year ended June 30, 2019 and June 30, 2018.

The following table summarizes the fair values of the Foundation’s financial assets and liabilities that are measured on a recurring basis as of June 30, 2019 and 2018:

	<u>Level 1</u>	<u>Total</u>
<u>2019</u>		
Equity security mutual funds	3,072,749	3,072,749
Government bond mutual funds	<u>1,626,435</u>	<u>1,626,435</u>
	<u>\$ 4,699,184</u>	4,699,184
Investment measured at net asset value not classified in the hierarchy - beneficial interest in assets held by others		<u>116,418</u>
		<u>\$ 4,815,602</u>
	<u>Level 1</u>	<u>Total</u>
<u>2018</u>		
Equity security mutual funds	3,049,848	3,049,848
Government bond mutual funds	<u>1,479,090</u>	<u>1,479,090</u>
	<u>\$ 4,528,938</u>	4,528,938
Investment measured at net asset value not classified in the hierarchy - beneficial interest in assets held by others		<u>115,932</u>
		<u>\$ 4,644,870</u>

HAWAII PUBLIC TELEVISION FOUNDATION
dba PBS HAWAII
NOTES TO FINANCIAL STATEMENTS – continued
JUNE 30, 2019 AND 2018

NOTE 7 – INVESTMENT IN LIMITED LIABILITY COMPANY

The Foundation has a 20% interest in a Hawaii limited liability company (LLC) which was formed in September 2004; its members consist of the Foundation and four commercial television stations. The primary purpose of the LLC is to develop, operate and maintain a tower site on the island of Maui, Hawaii. The LLC is not expected to earn revenue; LLC expenditures are to be funded through the capital contributions of its members. For the year ended June 30, 2019 and 2018, the Foundation recorded losses from the LLC of \$125,507 and \$101,332, respectively.

NOTE 8 – PROPERTY AND EQUIPMENT

At June 30, 2019 and 2018, property and equipment consisted of the following:

	<u>2019</u>	<u>2018</u>
Buildings	\$ 18,733,816	18,733,816
Furniture, fixtures, and equipment	9,922,643	9,866,978
	<u>28,656,459</u>	<u>28,600,794</u>
Less accumulated depreciation	8,015,279	6,931,158
	<u>20,641,180</u>	<u>21,669,636</u>
Land	3,744,018	3,744,018
	<u>\$ 24,385,198</u>	<u>25,413,654</u>

At June 30, 2019 and 2018, property and equipment included assets contributed by the State of Hawaii as follows:

	<u>2019</u>	<u>2018</u>
Furniture, fixtures, and equipment	\$ 55,318	55,318
Less accumulated depreciation	<u>55,318</u>	<u>55,318</u>
	<u>\$ -</u>	<u>-</u>

In the event that furniture, fixtures and equipment contributed by the State of Hawaii is no longer useful to the Foundation, or if the Foundation is dissolved or discontinues public broadcasting in Hawaii, the State of Hawaii has the first right to acquire these assets at no cost.

HAWAII PUBLIC TELEVISION FOUNDATION
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NOTES TO FINANCIAL STATEMENTS – continued
JUNE 30, 2019 AND 2018

NOTE 9 – BOARD DESIGNATED ENDOWMENT

During the year ended June 30, 2017, the Foundation’s Board of Directors designated the balance of an investment account as a general endowment fund. Since that amount resulted from an internal designation and not from a donor restriction, it is included in unrestricted net assets. Proceeds from donations of automobiles, and additional amounts determined at the discretion of the Board of Directors, are added to the endowment fund. Appropriations from the endowment fund for expenditure are made at the discretion of the Board of Directors.

The Foundation has adopted an investment policy that attempts to optimize results and provide a hedge against anticipated inflation and structured primarily to protect the fund against the long-term erosion of capital. Endowment assets are selected in order to have a readily ascertainable market value, are readily marketable in a diversified asset mix that includes equity and debt securities, and intended to achieve an average annual return greater than a composite index on a trailing three-year basis.

The following is a reconciliation of the changes in the endowment for the year ended June 30, 2019 and 2018:

Balance at July 1, 2017	\$ 4,336,709
Contributions	38,902
Investment income	109,421
Net realized and unrealized appreciation (depreciation)	187,241
Investment fees	(23,198)
Appropriation for expenditure	<u>-</u>
Balance at June 30, 2018	\$ 4,649,075
Contributions	210,495
Investment income	128,317
Net realized and unrealized appreciation (depreciation)	181,284
Investment fees	(23,464)
Appropriation for expenditure	<u>-</u>
Balance at June 30, 2019	<u>\$ 5,145,707</u>

HAWAII PUBLIC TELEVISION FOUNDATION
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NOTES TO FINANCIAL STATEMENTS – continued
JUNE 30, 2019 AND 2018

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation’s financial assets available within one year of the balance sheet date for general expenditures. The assets have been reduced by amounts not available for general use because of donor-imposed restrictions. Amounts available include Board-approved appropriations from the endowment fund for the following year as well as donor-restricted amounts that are available for expenditure in the following year.

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 11,013,933	9,130,385
Investments in marketable securities	4,699,184	4,528,938
Accounts receivable	5,833	5,300
Contributions receivable	<u>3,014,425</u>	<u>3,483,238</u>
Total financial assets	18,733,375	17,147,861
Donor imposed restrictions		
Cash and cash equivalents	(240,000)	(120,000)
Endowment fund investments	(4,699,184)	(4,528,938)
Contributions to be collected in more than one year	<u>(2,555,569)</u>	<u>(3,014,425)</u>
	<u>\$ 11,238,622</u>	<u>9,484,498</u>

NOTE 11 – RESTRICTIONS ON NET ASSETS

At June 30, 2019 and 2018, net assets with restrictions were as follows:

	<u>2019</u>	<u>2018</u>
For Hiki No program	\$ 580,802	416,415
For future periods/capital campaign	3,014,425	3,483,238
For facilities maintenance	240,000	120,000
Beneficial interest in assets held by others	100,985	100,985
Other	<u>67,116</u>	<u>70,357</u>
	<u>\$ 4,003,328</u>	<u>4,190,995</u>

HAWAII PUBLIC TELEVISION FOUNDATION
dba PBS HAWAII
NOTES TO FINANCIAL STATEMENTS – continued
JUNE 30, 2019 AND 2018

NOTE 12 – FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

NOTE 13 – PROFIT-SHARING PLAN

The Foundation's profit-sharing plan is a safe harbor 401(k) plan covering all employees who meet the age requirements specified in the plan. An employee who is a member of the plan may elect to contribute a portion of his or her salary to the plan. Under terms of the plan, on an annual basis, the employer will elect to make one of two types of contributions for the following year, either a non-elective contribution based on a minimum of 3% of compensation to all eligible participants or a matching 100% contribution of up to the first 3% of participant compensation and a matching 50% of the next 2% of participant compensation that is contributed by the participant. Contributions for the year ended June 30, 2019 and 2018 were approximately \$103,000 and \$84,000, respectively.

NOTE 14 – ADVERTISING AND PRINTING

Advertising and printing costs for the year ended June 30, 2019 and 2018 were approximately \$304,000 and \$291,000, respectively.

NOTE 15 – INCOME TAXES

Tax years that remain subject to examination are the years ended June 30, 2016 and forward.

NOTE 16 – DATE OF MANAGEMENT'S REVIEW

Subsequent events have been evaluated through January 14, 2020, the date the financial statements were available to be issued.