

HAWAII PUBLIC TELEVISION FOUNDATION
dba PBS Hawaii

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





INDEPENDENT AUDITOR'S REPORT

Hawaii Public Television Foundation *dba* PBS Hawaii:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hawaii Public Television Foundation *dba* PBS Hawaii (PBS Hawaii), 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 PBS Hawaii 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 PBS Hawaii 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.

Emphasis of Matter – 2024 Financial Statements Restated

As discussed in Note L to the financial statements, the 2024 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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 PBS Hawaii'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 PBS Hawaii'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 PBS Hawaii'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 Restated Summarized Comparative Information

We have previously audited PBS Hawaii's June 30, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 2, 2025. In our opinion, the restated summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the restated audited financial statements from which it has been derived.

CW Associates, CPAs

CW Associates, CPAs
Honolulu, Hawaii
February 25, 2026



HAWAII PUBLIC TELEVISION FOUNDATION *dba* PBS Hawaii

STATEMENT OF FINANCIAL POSITION

As of June 30, 2025

(With Prior Year *Restated* Comparative Information)

	<u>2025</u>	<u>2024</u> <i>(Restated)</i>
ASSETS		
CURRENT ASSETS		
Cash (including interest-bearing accounts)	\$ 21,871,939	\$ 20,052,679
Accounts receivable – net	108,260	1,878
Investments in marketable securities	11,574,955	10,662,381
Contributions receivable – net, current	403,400	500,000
Total current assets	<u>33,958,554</u>	<u>31,216,938</u>
NONCURRENT ASSETS		
Property and equipment – net	20,483,394	20,840,679
Contributions receivable – net, noncurrent	-	315,554
Beneficial interest in assets held by others	145,905	135,317
Investment in limited liability company	2,753	1,616
Operating lease right of use assets – net	632,624	715,045
Other noncurrent assets	68,477	68,335
Total noncurrent assets	<u>21,333,153</u>	<u>22,076,546</u>
TOTAL ASSETS	<u><u>\$ 55,291,707</u></u>	<u><u>\$ 53,293,484</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 60,579	\$ 69,509
Accrued liabilities	5,046	4,472
Deferred revenue	152,208	125,867
Operating lease liabilities – current	82,762	87,241
Total current liabilities	<u>300,595</u>	<u>287,089</u>
OPERATING LEASE LIABILITIES – Noncurrent	<u>566,436</u>	<u>649,198</u>
TOTAL LIABILITIES	<u>867,031</u>	<u>936,287</u>
NET ASSETS		
Net assets without donor restrictions		
Undesignated	19,033,763	17,527,922
Net investment in property and equipment	20,483,394	20,840,679
Board designated	12,965,762	11,406,469
Net assets without donor restrictions	<u>52,482,919</u>	<u>49,775,070</u>
Net assets with donor restrictions	1,941,757	2,582,127
Total net assets	<u>54,424,676</u>	<u>52,357,197</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 55,291,707</u></u>	<u><u>\$ 53,293,484</u></u>

See accompanying notes to the financial statements.

HAWAII PUBLIC TELEVISION FOUNDATION dba PBS Hawaii

STATEMENT OF ACTIVITIES

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

	<u>2025</u>	<u>2024</u> <i>(Restated)</i>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and support		
Franchise fee revenue	\$ 3,377,029	\$ 3,599,391
Contributions without donor restrictions	2,755,047	3,291,932
CPB grants	1,758,607	1,681,474
Investment income – net	1,589,579	1,326,979
Net assets released from restrictions	1,248,627	631,037
Telecasting and underwriting revenue	386,327	353,000
Total revenue and support	<u>11,115,216</u>	<u>10,883,813</u>
Expenses		
Program services		
Programming and production	4,099,523	4,005,464
Broadcasting	1,346,138	1,593,914
Program information	816,635	820,277
Total program services	<u>6,262,296</u>	<u>6,419,655</u>
Supporting services		
Management and general	1,241,904	1,198,813
Fundraising and development	914,623	994,012
Total supporting services	<u>2,156,527</u>	<u>2,192,825</u>
Total expenses	<u>8,418,823</u>	<u>8,612,480</u>
Revenue and support in excess of expenses	2,696,393	2,271,333
Change in beneficial interest in assets held by others	10,588	11,653
Gain on investment in limited liability company	1,137	1,354
Loss on disposition of equipment	(269)	(15,915)
Increase in net assets without donor restrictions	<u>2,707,849</u>	<u>2,268,425</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Telecasting and underwriting contributions	520,411	601,214
Capital campaign contributions	87,846	78,902
Net assets released from donor restrictions	(1,248,627)	(631,037)
Increase (decrease) in net assets with donor restrictions	<u>(640,370)</u>	<u>49,079</u>
INCREASE IN NET ASSETS	2,067,479	2,317,504
NET ASSETS – Beginning of the year	<u>52,357,197</u>	<u>50,039,693</u>
NET ASSETS – Ending of the year	<u>\$ 54,424,676</u>	<u>\$ 52,357,197</u>

See accompanying notes to the financial statements.

HAWAII PUBLIC TELEVISION FOUNDATION *dba* PBS Hawaii

STATEMENT OF FUNCTIONAL EXPENSES

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

	Program Services				Supporting Services			2025 Total	2024 Total <i>(Restated)</i>
	Programming and Production	Broadcasting	Program Information	Total	Management and General	Fundraising and Development	Total		
Salaries and benefits	\$1,436,511	\$ 216,383	\$563,399	\$2,216,293	\$ 874,119	\$ 527,585	\$1,401,704	\$ 3,617,997	\$ 3,527,666
Program acquisition	1,509,511	-	-	1,509,511	-	-	-	1,509,511	1,399,511
Depreciation	460,537	258,925	56,706	776,168	88,732	69,197	157,929	934,097	1,084,618
Occupancy	210,660	529,573	31,612	771,845	46,215	45,370	91,585	863,430	968,663
Information technology	58,028	296,290	18,623	372,941	19,413	60,303	79,716	452,657	427,501
Professional services	295,877	2,028	-	297,905	41,753	-	41,753	339,658	432,267
Office and other supplies	16,237	15,254	19,905	51,396	69,398	120,528	189,926	241,322	278,614
Insurance	63,757	26,964	3,561	94,282	85,194	2,520	87,714	181,996	185,671
Advertising	2,886	-	121,884	124,770	2,067	10,695	12,762	137,532	165,864
Premiums	-	-	-	-	-	29,438	29,438	29,438	32,776
Transportation, travel and training	27,671	721	-	28,392	-	467	467	28,859	32,525
Taxes	84	-	-	84	1,638	5,798	7,436	7,520	6,956
Miscellaneous	17,764	-	945	18,709	13,375	42,722	56,097	74,806	69,848
Total expenses	<u>\$4,099,523</u>	<u>\$ 1,346,138</u>	<u>\$ 816,635</u>	<u>\$ 6,262,296</u>	<u>\$ 1,241,904</u>	<u>\$ 914,623</u>	<u>\$ 2,156,527</u>	<u>\$ 8,418,823</u>	<u>\$ 8,612,480</u>

See accompanying notes to the financial statements.

HAWAII PUBLIC TELEVISION FOUNDATION *dba* PBS Hawaii

STATEMENT OF CASH FLOWS

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

	<u>2025</u>	<u>2024</u> <i>(Restated)</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 2,067,479	\$ 2,317,504
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Operating lease payments less straight-line expenses	(4,820)	14,263
Depreciation	934,097	1,084,618
Net realized and unrealized gains on investments in marketable securities	(885,927)	(925,818)
Contributions of marketable securities	(232,933)	(82,992)
Loss on disposal of equipment	269	15,915
(Increase) decrease in		
Accounts receivable – net	(106,382)	38,588
Contributions receivable – net	412,154	421,098
Other noncurrent assets	(142)	(3,600)
Increase (decrease) in		
Accounts payable	(8,930)	(9,185)
Accrued liabilities	574	145
Deferred revenue	26,341	57,003
Net cash provided by operating activities	<u>2,201,780</u>	<u>2,927,539</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of marketable securities	1,743,177	4,727,632
Purchases of marketable securities	(1,536,891)	(5,812,478)
Purchases of property and equipment	(577,081)	(838,817)
Change in beneficial interest in assets held by others	(10,588)	(11,654)
Change in investment in limited liability company	(1,137)	(1,354)
Net cash used by investing activities	<u>(382,520)</u>	<u>(1,936,671)</u>
NET INCREASE IN CASH	1,819,260	990,868
CASH – Beginning of the year	<u>20,052,679</u>	<u>19,061,811</u>
CASH – Ending of the year	<u>\$ 21,871,939</u>	<u>\$ 20,052,679</u>

See accompanying notes to the financial statements.

HAWAII PUBLIC TELEVISION FOUNDATION *dba* PBS Hawaii

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activity

Hawaii Public Television Foundation *dba* PBS Hawaii (PBS Hawaii), was incorporated in the State of Hawaii on December 31, 1997. PBS Hawaii operates a non-commercial public television network with two transmitters (KHET in Honolulu and KMEB on Maui) and a series of translators on the islands of Hawaii and Kauai. It is funded primarily by franchise fees, community service grants from the Corporation for Public Broadcasting (CPB), and contributions from individuals and organizations in Hawaii.

In September 2025, CPB ceased administering federal grant programs following the elimination of its federal appropriations. As a result, PBS Hawaii no longer receives federal funding from CPB. Management is evaluating the long-term impact of the loss of this revenue stream and is considering operational and funding adjustments as needed.

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 PBS Hawaii 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 PBS Hawaii. These net assets may be used at the discretion of PBS Hawaii's management and board of directors.

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 PBS Hawaii or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity (none in 2025 and 2024).

The accompanying financial statements include certain prior year comparative information that is not in sufficient detail to constitute a complete presentation in accordance with U.S. GAAP. Accordingly, such information should be read in conjunction with the restated financial statements of PBS Hawaii 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.

HAWAII PUBLIC TELEVISION FOUNDATION *dba* PBS Hawaii

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit Risk

Financial instruments that potentially subject PBS Hawaii to credit risk include cash, accounts and contributions receivable, and investments in marketable securities. Cash on deposit with financial institutions exceeded the related federal deposit insurance by approximately \$20,624,400 and \$19,225,500 at June 30, 2025 and 2024, respectively. Management evaluates the credit standings of these financial institutions to ensure that such deposits are adequately safeguarded. Accounts and contributions receivable, which have been reduced by estimated allowances for credit losses (none as of June 30, 2025 and 2024), 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. Accounts receivable and estimated allowances for credit losses at July 1, 2024 was \$40,466 and \$0, respectively. PBS Hawaii's investments in marketable securities are exposed to various risks, including interest rate, market, and credit risk. Future changes in market prices may make such investments less valuable.

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.

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 the shorter of the lease term or estimated useful lives of three to 15 years for buildings, and three to 15 years for furniture, fixtures, and 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. Expenditures for property and equipment over \$250 are capitalized.

Beneficial Interest in Assets Held By Others

PBS Hawaii is the beneficiary of assets held at Hawaii Community Foundation (HCF). PBS Hawaii accounts for its beneficial interest in assets held by others at fair value, which is based on the fair value of the underlying assets. Net realized and unrealized gains and losses, are included in change in beneficial interest in assets held by others. HCF has variance power over the assets and in the event that PBS Hawaii ceases to exist, HCF will have the power to redirect the funds to another beneficiary. PBS Hawaii receives the investment income from the funds at least annually.

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, PBS Hawaii 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. PBS Hawaii assesses whether a contract is or contains a lease at inception of the contract. See Note K for a summary of leases.

HAWAII PUBLIC TELEVISION FOUNDATION *dba* PBS Hawaii

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (continued)

PBS Hawaii recognizes an operating lease right-of-use asset and operating lease liability at the present value of future lease payments. PBS Hawaii recognizes the right-of-use asset and operating lease liability if such amounts are material to the financial statements.

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

The discount rate used to calculate the present value of lease payments is the rate implicit in the lease, when readily determinable; a 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 PBS Hawaii. 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 PBS Hawaii do not contain any material residual value guarantees or material restrictive covenants.

Revenue and Expense Recognition

Revenue is recognized when the goods or services are provided to the customer. Revenue from performance obligations satisfied over time include franchise fee revenue of \$3,377,029 and \$3,599,391 for the years ended June 30, 2025 and 2024, respectively. Revenue from sources other than performance obligations consists of loss on disposition of equipment of \$269 and \$15,915, for the years ended June 30, 2025 and 2024, respectively. Amounts received prior to the provision of the services are reported as deferred revenue (\$152,208 and \$125,867 at June 30, 2025 and 2024, respectively). PBS Hawaii considers telecasting and underwriting revenue to be contributions as the direct benefit received by the donor is not significant.

Expenses, including advertising expenses (approximately \$138,000 and \$166,000 at June 30, 2025 and 2024, respectively), are recognized when the related liability is incurred. PBS Hawaii allocates its expenses on a functional basis among its programs and supporting services. Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service using natural expense classifications. Other expenses that are common to several functions are allocated by various bases including management's estimates of the percentage of time spent by PBS Hawaii's personnel.

HAWAII PUBLIC TELEVISION FOUNDATION *dba* **PBS Hawaii**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contracts

PBS Hawaii's revenue from grants and contracts is based on agreements with CPB and other entities such as private foundations. PBS Hawaii recognizes grants and contracts as either contributions or exchange transactions depending on whether the transaction is reciprocal or nonreciprocal. PBS Hawaii's grant with CPB was a cost-reimbursable grant, which was conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures (including expenditures for property and equipment, which are capitalized and depreciated for financial reporting purposes). Amounts received are recognized as revenue when PBS Hawaii has incurred expenditures in compliance with the grant provisions. Amounts received prior to incurring the qualifying expenses are reported as refundable advances in the statement of financial position (none in 2025 and 2024). Qualifying expenditures that have been incurred or services performed, but for which reimbursement has not yet been received, are reported in the statement of financial position as accounts receivable (\$80,474 and \$1,878 at June 30, 2025 and 2024, respectively). Amounts received from such grants and contracts for which the conditions and any restrictions are met in the same reporting period are reported as increases in net assets without donor restrictions.

Donor Contributions

PBS Hawaii recognizes 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, those 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.

Unconditional promises to give that are expected to be collected within one year are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The cash flows are discounted at a rate commensurate with the risks involved at the date promises are received. Amortization of the discounts is included in contributions.

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.

Retirement Savings Plan

PBS Hawaii sponsors a defined contribution, salary reduction retirement plan for the benefit of its eligible employees. PBS Hawaii elects annually to make either a non-elective contribution based on a percentage of the participant's compensation or a matching contribution. For the years ended June 30, 2025 and 2024, PBS Hawaii's contribution to the plan amounted to approximately \$120,000 and \$115,000, respectively.

HAWAII PUBLIC TELEVISION FOUNDATION *dba* PBS Hawaii

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Hawaii General Excise Tax

The State of Hawaii imposes a general excise tax of 4% on gross receipts within Hawaii, plus an additional 0.5% on such gross receipts within the City and County of Honolulu. Hawaii general excise tax included in revenue and support and in expenses amounted to \$18,217 and \$17,016 for the years ended June 30, 2025 and 2024, respectively.

Income Taxes

PBS Hawaii is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code on exempt purpose income and is not a private foundation. Accordingly, qualifying contributions to PBS Hawaii are tax deductible.

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 PBS Hawaii's tax positions as of and for the years ended June 30, 2025 and 2024, and determined that PBS Hawaii had no uncertain tax positions required to be reported in accordance with U.S. GAAP. PBS Hawaii is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any open tax periods.

NOTE B – LIQUIDITY

PBS Hawaii's policy is to maintain cash balances to provide for its general expenditures, liabilities, and other obligations as they come due. Accounts and contributions receivable are subject to implied time restrictions, but are expected to be collected within one year.

The following reflects PBS Hawaii's financial assets 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)	\$ 21,871,939	\$ 20,052,679
Accounts receivable – net	108,260	1,878
Investments in marketable securities	11,574,955	10,662,381
Contributions receivable – net, current	<u>403,400</u>	<u>500,000</u>
Total financial assets	33,958,554	31,216,938
Net assets with donor restrictions	<u>(1,941,757)</u>	<u>(2,582,127)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 32,016,797</u>	<u>\$ 28,634,811</u>

HAWAII PUBLIC TELEVISION FOUNDATION *dba* PBS Hawaii

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

NOTE C – INVESTMENTS IN MARKETABLE SECURITIES

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

	2025		2024	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Exchange traded funds	\$ 3,574,367	\$ 5,892,772	\$ 3,574,367	\$ 5,170,084
Mutual funds	5,013,934	5,037,772	5,010,887	4,885,851
Brokered certificates of deposit	631,000	644,411	600,000	606,446
Investments in marketable securities	<u>\$ 9,219,301</u>	<u>\$ 11,574,955</u>	<u>\$ 9,185,254</u>	<u>\$ 10,662,381</u>

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

	<u>2025</u>	<u>2024</u>
Net unrealized gains from holding marketable securities	\$ 878,527	\$ 710,329
Interest and dividends	748,372	437,162
Net realized gains from sales of marketable securities	7,400	215,489
Investment fees	(44,720)	(36,001)
Investment income – net	<u>\$ 1,589,579</u>	<u>\$ 1,326,979</u>

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 PBS Hawaii 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 TELEVISION FOUNDATION *dba* PBS Hawaii

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

NOTE D – FAIR VALUE MEASUREMENTS (Continued)

At June 30, 2025 and 2024, the fair value measurements reportable by PBS Hawaii consisted of exchange traded funds and mutual funds valued at quoted market prices, and brokered certificates of deposit valued at stated value (Level 1 measurements). There were no investments for which Level 2 or Level 3 valuation inputs were required. The fair value of the beneficial interest in assets held by others is based on PBS Hawaii’s interest in the net assets. The net asset value is based on the underlying assets, at fair value, less any liabilities, and is not required to be in the fair value hierarchy. 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, PBS Hawaii’s investments in marketable securities at fair value as of June 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange traded funds				
Blend	\$ 4,340,439	\$ -	\$ -	\$ 4,340,439
Foreign	1,130,886	-	-	1,130,886
Emerging	421,447	-	-	421,447
Total exchange traded funds	<u>5,892,772</u>	<u>-</u>	<u>-</u>	<u>5,892,772</u>
Mutual funds				
Foreign	3,350,086	-	-	3,350,086
Bonds	655,687	-	-	655,687
Blend	412,219	-	-	412,219
Equity Market	408,419	-	-	408,419
Relative Value	211,361	-	-	211,361
Total mutual funds	<u>5,037,772</u>	<u>-</u>	<u>-</u>	<u>5,037,772</u>
Brokered certificates of deposit	<u>644,411</u>	<u>-</u>	<u>-</u>	<u>644,411</u>
 Total marketable securities at fair value	 <u>\$ 11,574,955</u>	 <u>\$ -</u>	 <u>\$ -</u>	 11,574,955
 Beneficial interest in assets held by others				 <u>145,905</u>
 Total assets at fair value				 <u>\$ 11,720,860</u>

HAWAII PUBLIC TELEVISION FOUNDATION *dba* PBS Hawaii

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

NOTE D – FAIR VALUE MEASUREMENTS (Continued)

The following sets forth by level, within the fair value hierarchy, PBS Hawaii’s investments in marketable securities at fair value as of June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange traded funds				
Blend	\$ 3,809,339	\$ -	\$ -	\$ 3,809,339
Foreign	985,006	-	-	985,006
Emerging	375,739	-	-	375,739
Total exchange traded funds	<u>5,170,084</u>	<u>-</u>	<u>-</u>	<u>5,170,084</u>
Mutual funds				
Foreign	3,287,740	-	-	3,287,740
Bonds	592,251	-	-	592,251
Blend	398,593	-	-	398,593
Equity Market	406,632	-	-	406,632
Relative Value	200,635	-	-	200,635
Total mutual funds	<u>4,885,851</u>	<u>-</u>	<u>-</u>	<u>4,885,851</u>
Brokered certificates of deposit	<u>606,446</u>	<u>-</u>	<u>-</u>	<u>606,446</u>
 Total marketable securities at fair value	 <u>\$ 10,662,381</u>	 <u>\$ -</u>	 <u>\$ -</u>	 10,662,381
 Beneficial interest in assets held by others				 <u>135,317</u>
 Total assets at fair value				 <u>\$ 10,797,698</u>

NOTE E – CONTRIBUTIONS RECEIVABLE

At June 30, 2025 and 2024, contributions receivable consisted of the following:

	<u>2025</u>	<u>2024</u>
Receivable in		
Less than one year	\$ 500,000	\$ 500,000
One to five years	-	500,000
Total	<u>500,000</u>	<u>1,000,000</u>
Less discounts to net present value at 2.17%	(96,600)	(184,446)
Contributions receivable	<u>403,400</u>	<u>815,554</u>
Allowance for uncollectible contributions receivable	<u>-</u>	<u>-</u>
 Total contributions receivable – net	 <u>\$ 403,400</u>	 <u>\$ 815,554</u>

HAWAII PUBLIC TELEVISION FOUNDATION *dba* *PBS Hawaii*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

NOTE E – CONTRIBUTIONS RECEIVABLE (Continued)

Contributions receivable are determined to be collectible based on an assessment by management of current and future economic conditions, and a review of subsequent collections.

NOTE F – INVESTMENT IN LIMITED LIABILITY COMPANY

PBS Hawaii has a 20% interest in Maui Television Broadcasters, LLC (Maui LLC) which was formed in September 2004. Its members consist of PBS Hawaii and four commercial television stations. The primary purpose of Maui LLC is to develop, operate, and maintain a tower site on the island of Maui, Hawaii. Maui LLC is not expected to earn revenue, and its expenditures are to be funded through the capital contributions of its members. PBS Hawaii accounts for its investment in Maui LLC using the equity method, whereby it recognizes its proportionate share of Maui LLC's equity and results of operations. For the years ended June 30, 2025 and 2024, PBS Hawaii recorded gain from Maui LLC of \$1,137 and \$1,354, respectively.

NOTE G – PROPERTY AND EQUIPMENT

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

	<u>2025</u>	<u>2024</u>
Land	\$ 3,744,018	\$ 3,744,018
Buildings	18,984,789	18,973,149
Furniture, fixtures, and equipment	<u>10,245,746</u>	<u>10,302,235</u>
Total property and equipment	32,974,553	33,019,402
Accumulated depreciation	<u>(12,491,159)</u>	<u>(12,178,723)</u>
Property and equipment – net	<u>\$ 20,483,394</u>	<u>\$ 20,840,679</u>

NOTE H – BOARD DESIGNATED NET ASSETS

In 2017, PBS Hawaii's Board of Directors (Board) designated the balance of an investment account as a quasi-endowment fund to be used to cover operational costs, capital expenses, or other projects as identified by the Board. The Board has full discretion over the use of the board designated net assets, which remain in net assets without donor restrictions. Such designations may be changed by the Board at any time.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**For the Year Ended June 30, 2025
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NOTE H – BOARD DESIGNATED NET ASSETS (Continued)

Changes in the board designated net assets for the years ended June 30, 2025 and 2024 were as follows:

Board designated net assets, June 30, 2023	\$ 9,179,007
Net realized and unrealized appreciation	869,036
Investment income	235,409
Contributions	1,038,843
Investment fees	(35,826)
Weinberg allocation	<u>120,000</u>
 Board designated net assets, June 30, 2024	 11,406,469
 Net realized and unrealized appreciation	 871,563
Investment income	379,517
Contributions	232,933
Investment fees	(44,720)
Weinberg allocation	<u>120,000</u>
 Board designated net assets, June 30, 2025	 <u><u>\$ 12,965,762</u></u>

NOTE I – 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>
Hiki No	\$ 1,123,707	\$ 1,222,427
Capital campaign	403,400	815,554
ARPA	281,564	329,360
Other	32,101	113,801
Beneficial interest in assets held by others	<u>100,985</u>	<u>100,985</u>
 Total net assets with donor restrictions	 <u><u>\$ 1,941,757</u></u>	 <u><u>\$ 2,582,127</u></u>

HAWAII PUBLIC TELEVISION FOUNDATION *dba* **PBS Hawaii**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**For the Year Ended June 30, 2025
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NOTE J – IN-KIND DONATIONS

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 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 PBS Hawaii (none in 2025 and 2024). Services valued at approximately \$10,600 and \$18,200 have not been recognized in the accompanying statement of activities for the years ended June 30, 2025 and 2024, respectively, as they do not meet the requirements of recognition. A number of unpaid volunteers have made contributions of their time to PBS Hawaii. The value of this time is not reflected on these financial statements because it did not meet the criteria for recognition.

NOTE K – LEASES

PBS Hawaii leases land, buildings, and equipment under various operating lease agreements expiring through May 2039. Lease rent expense (including common area maintenance and other costs) reported in occupancy expense, for the years ended June 30, 2025 and 2024, amounted to \$204,611 and \$199,404, respectively.

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

	<u>2025</u>	<u>2024</u> <i>(Restated)</i>
Operating lease costs	\$ 102,717	\$ 102,717
Variable lease costs	<u>101,894</u>	<u>96,687</u>
Total lease rent expense	<u>\$ 204,611</u>	<u>\$ 199,404</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$107,537	\$ 88,454
Weighted-average remaining lease term for operating leases	7.81 years	8.68 years
Weighted-average discount rate for operating leases, based on a risk-free rate	2.98%	2.98%

HAWAII PUBLIC TELEVISION FOUNDATION *dba* *PBS Hawaii*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

NOTE K – LEASES (Continued)

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	\$ 100,800
2027	101,800
2028	104,000
2029	106,300
2030	105,900
Thereafter	<u>213,598</u>
Total minimum lease payments	732,398
Amount of lease payments representing interest	<u>(83,200)</u>
Present value of future lease payments	\$ 649,198
Operating lease liabilities – current	<u>(82,762)</u>
Operating lease liabilities – noncurrent	<u>\$ 566,436</u>

NOTE L – RESTATEMENT OF 2024 STATEMENT OF FINANCIAL POSITION

Subsequent to the issuance of PBS Hawaii’s financial statements as of and for the year ended June 30, 2024, an overstatement of the operating lease right-of-use assets and the related operating lease liabilities was identified in the statement of financial position.

The accompanying information as of June 30, 2024 has been restated to correct such misstatement. There was no impact to the 2024 increase in net assets in the statement of activities, occupancy costs in the statement of functional expenses, or amounts reported in the statement of cash flows for the year ended June 30, 2024.

Following is a summary of the corrected misstatement as of June 30, 2024:

	As Originally Report	Correction	As Restated
Operating lease right-of-use assets – net	\$ 1,222,902	\$ (507,857)	\$ 715,045
Operating lease liabilities – current	\$ 98,433	\$ (11,192)	\$ 87,241
Operating lease liabilities – noncurrent	\$ 1,145,863	\$ (496,665)	\$ 649,198

HAWAII PUBLIC TELEVISION FOUNDATION *dba PBS Hawaii*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

NOTE M – COMMITMENTS AND CONTINGENCIES

PBS Hawaii 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.

Revenue derived from CPB grants may be subject to audit and adjustment by CPB. Any disallowed amounts, including amounts already collected, may constitute a liability. Management expects such amounts, if any, would not be material to the financial statements. The loss of grant revenue from CPB could have an adverse effect on PBS Hawaii (see Note A).

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

NOTE N – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 25, 2026, which is the date the financial statements were available to be issued, and determined that PBS Hawaii 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.
