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**Notice of Meeting  
UNIVERSITY OF HAWAI'I**

**BOARD OF REGENTS COMMITTEE ON INDEPENDENT AUDIT**

Members: Regents Higaki (Chair), Lee (Vice-Chair), Haning, Paloma, and Westerman

**Date:** Thursday, December 1, 2022

**Time:** 11:00 a.m.

**Place:** University of Hawai'i at Mānoa  
Information Technology Building  
1<sup>st</sup> Floor Conference Room 105A/B  
2520 Correa Road  
Honolulu, Hawai'i 96822

**See the Board of Regents website to access the live broadcast of the meeting and related updates: [www.hawaii.edu/bor](http://www.hawaii.edu/bor)**

**AGENDA**

- I. Call Meeting to Order**
- II. Approval of Minutes of the August 4, 2022 Meeting**
- III. Public Comment Period for Agenda Items:**

Individuals who are unable to provide testimony at this time will be allowed an opportunity to testify when specific agenda items are called.

All written testimony on agenda items received after posting of this agenda and up to 24 hours in advance of the meeting will be distributed to the board. Late testimony on agenda items will be distributed to the board within 24 hours of receipt. Written testimony may be submitted via the board's website through the testimony link provided on the Meeting Agendas, Minutes and Materials page. Testimony may also be submitted via email at [bor.testimony@hawaii.edu](mailto:bor.testimony@hawaii.edu), U.S. mail at 2444 Dole Street, Bachman 209, Honolulu, HI 96822, or facsimile at (808) 956-5156.

Those wishing to provide oral testimony virtually may register [here](#). Given the constraints with the format of hybrid meetings, individuals wishing to orally testify virtually must register no later than 7:30 a.m. on the day of the meeting in order to be accommodated. Registration for in-person oral testimony on agenda items will also be provided at the meeting location 15 minutes prior to the meeting. It is highly recommended that written testimony be submitted in addition to registering to provide oral testimony. Oral testimony will be limited to three (3) minutes per testifier.

All written testimony submitted are public documents. Therefore, any testimony that is submitted orally or in writing, electronically or in person, for use in the

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If you need an auxiliary aid/service or other accommodation due to a disability, contact the Board Office at (808) 956-8213 or [bor@hawaii.edu](mailto:bor@hawaii.edu) as soon as possible. If a response is received less than five (5) days in advance of the meeting, we will try to obtain the auxiliary aid/service or accommodation, but we will not guarantee that the request will be fulfilled. Upon request, this notice is available in alternate formats such as large print, Braille, or electronic copy.

public meeting process is public information and will be posted on the board's website.

**IV. Agenda Items**

- A. Review and Acceptance of the University of Hawai'i Audit Reports as of June 30, 2022, including:
  - 1. Audited Financial and Compliance Reports
  - 2. Corrective Action Responses for the Federal Compliance Findings
- B. Review and Acceptance of the Annual Report to the Legislature on Material Weaknesses and Fraud
- C. Review and Acceptance of the University of Hawai'i at Mānoa Intercollegiate Athletics Audit Reports for the Year Ended June 30, 2022
- D. Review and Acceptance of Office of Internal Audit Review of Outreach College
- E. Audit Project Status Update
- F. Whistleblower Report
- G. Office of Risk Management Biennial Report
- H. Enterprise Risk Management Process Update

**V. Adjournment**

**DISCLAIMER – THE FOLLOWING ARE DRAFT MINUTES AND ARE SUBJECT TO FURTHER REVIEW AND CHANGE UPON APPROVAL BY THE COMMITTEE**

**MINUTES**

**BOARD OF REGENTS COMMITTEE ON INDEPENDENT AUDIT MEETING**

**AUGUST 4, 2022**

**I. CALL TO ORDER**

Vice-Chair Gabriel Lee called the meeting to order at 9:01 a.m. on Thursday, August 4, 2022, at the University of Hawai'i at Mānoa, Information Technology Building, 1st Floor Conference Room 105A/B, 2520 Correa Road, Honolulu, Hawai'i 96822, with regents participating from various locations.

Committee members in attendance: Vice-Chair Gabriel Lee; Regent William Haning; Regent Diane Paloma; and Regent Robert Westerman.

Committee member excused: Chair Wayne Higaki.

Others in attendance: Regent Randy Moore; Regent Eugene Bal; Regent Alapaki Nahale-a; and Regent Laurie Tochiki (ex officio committee members); President David Lassner; Vice President (VP) for Administration Jan Gouveia; VP for Community Colleges Erika Lacro; VP for Legal Affairs/University General Counsel Carrie Okinaga; VP for Research and Innovation Vassilis Syrmos; VP for Budget and Finance/Chief Financial Officer Kalbert Young; UH Mānoa (UHM) Provost Michael Bruno; UH Hilo Chancellor Bonnie Irwin; UH West O'ahu Chancellor Maenette Benham; Executive Administrator and Secretary of the Board of Regents (Board Secretary) Kendra Oishi; and others as noted.

**II. APPROVAL OF MINUTES**

Vice-Chair Lee inquired if there were any corrections to the minutes of the June 1, 2022, committee meeting which had been distributed. Hearing none, the minutes were approved.

**III. PUBLIC COMMENT PERIOD**

Board Secretary Oishi announced that the Board Office did not receive any written testimony, and no individuals signed up to provide oral testimony. She also explained that, in accordance with new statutory requirements, public testimony would be accepted during the meeting should an individual sign-up to provide testimony on a specific agenda item.

**IV. AGENDA ITEMS**

**A. Committee Work Plan**

Vice-Chair Lee referenced the Committee Work Plan stating that it would be used as an outline to guide the work to be performed by the committee during the coming year and was based on the Internal Audit Work Plan (Audit Work Plan) for fiscal year 2022-2023 that was adopted by the committee in June. He noted that it was a living document that may be modified as needed and asked committee members if they had any questions or comments about the Committee Work Plan. No further discussion occurred on this matter.

### **B. Designation of Committee Member Financial Expertise**

Vice-Chair Lee stated that Section 304A-321, Hawai'i Revised Statutes, requires that membership of the committee include one or more individuals with financial expertise. He noted that statements submitted by himself, Regent Paloma, and Regent Westerman highlighting the qualifications that would allow them to serve as committee members with financial expertise were included in the materials packet and inquired if there were any questions from committee members. No questions were raised and no further discussion occurred on this issue.

### **C. Review and Acceptance of Clery Act Compliance Review**

Glenn Shizumura, Director of the Office of Internal Audit (OIA), provided background information on the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) which requires all higher education institutions that participate in federal financial aid programs to maintain and disclose information about crime on and near their respective campuses. He reviewed Clery Act requirements, noted the objectives of the compliance review, described the work performed by OIA, and summarized OIA's findings and recommendations.

Although no material gaps or deficiencies with respect to the preparation and timely submittal of required reports and surveys were discovered, OIA identified instances of non-compliance with Clery Act requirements among the 10 campuses of the university system which it believes are attributable to a lack of familiarity with these requirements and can be rectified through increased training and education. Additionally, the establishment of a working group as described in the management response to OIA's review will create consistency among all university campuses and ensure that Clery Act coordinators and key campus personnel are familiar with their respective campus's responsibilities.

Regent Westerman asked whether the federal government maintained a clearinghouse of Clery Act information that provided easy access to data and campus responsibilities that would assist a campus security authority in meeting its compliance requirements. Internal Auditor Shizumura replied that he was unaware of the existence of such a clearinghouse but stated that reporting and other requirements are explicitly spelled out in federal statutes.

Board Chair Moore asked if OIA's recommendation that a policy mandating annual training for all university personnel associated with Clery Act responsibilities be adopted

referred to a Regents Policy or Executive Policy (EP). Internal Auditor Shizumura responded that an EP would suffice.

Regent Paloma inquired if a year-to-year comparison of crime data by campus was available. Internal Auditor Shizumura replied that the primary objective of the audit was to determine compliance with Clery Act requirements and that OIA did not conduct a year-to-year comparison of crime data by campus. Regent Paloma suggested that future reports contain this information as it would be beneficial in determining any trends in criminal activities occurring on the university's campuses.

Regent Westerman moved to accept the Clery Act compliance review, seconded by Regent Paloma, and noting the excused absence of Chair Higaki, the motion carried with all members present voting in the affirmative.

#### **D. Review and Acceptance of the Review of the UHM Warrior Recreation Center (WRC)**

Internal Auditor Shizumura reviewed the history of the WRC, stating that the multi-purpose recreational and fitness facility opened for operations at the Campus Center Complex (CCC) in 2014. He discussed mandatory student and other fees that are used to fund operations of the CCC, including the WRC; noted the objectives of the WRC review; and summarized OIA's findings and recommendations. Although OIA found that WRC operations conform with applicable university policies, it discovered that the Office of Student Life and Development (OSLD) prepares, manages, and monitors the financial results of the CCC in the aggregate and does not prepare a separate operating budget or financial results reports for the WRC. OIA believes that stand-alone financial reports can provide OSLD leadership with the financial information necessary to improve its analysis of revenue generated by, as well as the costs associated with, each of the goods and services offered by the WRC and allow it to better assess if financial expectations are being met. As such, OIA has recommended that OSLD leadership disaggregate financial information specific to the WRC.

Regent Haning inquired as to whether medical residents who are associated with the John A. Burns School of Medicine (JABSOM) but are not considered to be traditional university students, faculty, or staff, can obtain WRC membership. Lori Ideta, Vice Provost for Student Success, replied that medical residents associated with JABSOM can obtain membership at the WRC through an opt-in membership fee applicable to individuals having UHM affiliate status.

Robust discussions ensued on questions raised by Board Chair Moore regarding the ability of OSLD to properly analyze the financial condition of the WRC without stand-alone fiscal reports; OSLD's response to the audit, particularly with respect to the methodology used to report and manage fiscal information that would afford the best opportunity for an accurate analysis of the WRC's revenues, fees, and expenditures; and OSLD's rationale for its objection to OIA's recommendation regarding the disaggregation of fiscal information specific to the WRC. OSLD also provided historical information on the establishment and use of fees associated with the CCC and their relation to the WRC's finances.

President Lassner stated that Board Chair Moore's questions were reasonable and proposed that a meeting be held between the administration's financial team and OSLD staff, inclusive of Vice Provost Ideta, to discuss the issues that were raised with respect to the effective use of the financial tools at OSLD's disposal, as well as to determine whether there is a better way of conveying fiscal information about the WRC to both OIA and the board. Regent Paloma suggested that this meeting also include discussions about the adequacy of the CCC fee structure given that it was established in 2006.

Regent Westerman moved to accept the review of the WRC, seconded by Regent Paloma, and noting the excused absence of Chair Higaki, the motion carried with all members present voting in the affirmative.

#### **E. Update on Office of Internal Audit Emergency Response Plan (ERP)**

Internal Auditor Shizumura gave an update on OIA's ERP which has remained relatively unchanged since it was last presented to the committee during the August 5, 2021 meeting, although revisions were made to reflect the development of a more structured approach to offsite data storage in response to regents' concerns with the security of OIA's electronic audit files.

#### **F. Whistleblower Report**

Internal Auditor Shizumura provided an overview of the whistleblower summary and tracking reports and reviewed some of the specific information contained within these reports. He noted that cases involving employment or human resources-related issues once again constituted the majority of whistleblower cases for the current reporting period after being surpassed by cases involving health and safety issues related to the COVID-19 pandemic during the last reporting period.

For the edification of newer regents, Board Chair Moore explained that the whistleblower hotline was established approximately six to seven years ago as a mechanism for reporting fraud at the university and that no instances of fraud have been reported to date. He also asked whether the whistleblower tracking report could be refined to include additional information on the resolution of cases that were referred to specific university departments for further action. Internal Auditor Shizumura summarized the process used to address complaints made to the whistleblower hotline stating that the tracking report could be modified to include the requested information.

Regent Westerman questioned the necessity of including what appeared to be non-whistleblower related types of complaints in OIA's report to the committee. He also opined that the amount of information contained within the whistleblower tracking report could be reduced to include the most recent three years of data without diminishing the purpose of this report. Internal Auditor Shizumura stated that all complaints made to the whistleblower hotline, regardless of their relevance, are recorded and follow-up is conducted.

#### **G. Enterprise Risk Management (ERM) Update**

VP Gouveia provided background on the establishment of ERM report and the development of a risk heat map that identifies the top risk categories for the university. She noted that the administration has received positive feedback from regents on the utilization of the risk heat map and reported that a comprehensive review was being undertaken to update the heat map so that it can continue to be used as an effective tool for managing the university's risk exposure. An ERM report using the updated heat map will be provided at the next committee meeting.

**H. Audit Project Status Update**

Internal Auditor Shizumura provided a status update on the projects and audits outlined in the Audit Work Plan and presented a chart indicating new and ongoing carryover projects as well as their current status.

**V. ADJOURNMENT**

There being no further business, Vice-Chair Lee adjourned the meeting at 9:58 a.m.

Respectfully Submitted,

Kendra Oishi  
Executive Administrator and Secretary  
of the Board of Regents



**UNIVERSITY  
of HAWAI'I**  
SYSTEM

**Kalbert K. Young**  
Vice President for Budget and Finance  
Chief Financial Officer  
UNIVERSITY OF HAWAI'I  
BOARD OF REGENTS

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November 23, 2022

**TO: Randolph G. Moore**  
Chairperson, Board of Regents

**Wayne Higaki**  
Chair, Committee on Independent Audit  
Board of Regents

**VIA: David Lassner**  
President

**FROM: Kalbert K. Young**  
Vice President for Budget and Finance/Chief Financial Officer

**SUBJECT: University of Hawai'i Audited Financial Reports for the Year Ended  
June 30, 2022**

Attached are the University of Hawai'i (UH) audited financial reports for the year ended June 30, 2022. These reports are for review and acceptance at the Committee on Independent Audit meeting on December 1, 2022.

These reports have been completed by Accuity LLP to satisfy annual audit requirements and expectations. The UH audited financial reports for the year ended June 30, 2022 are officially provided to the Board of Regents as a draft and subject to Board acceptance before designated as final. Both Mr. Cory Kubota and Ms. Jamie Asato, CPA's of Accuity LLP, will be attending the Committee meeting to present these reports and anticipate responding to any inquiries members may have.

**Attachments:**

1. Required Communications (Audit of the Financial Statements)
  2. Financial and Compliance Audit Report, with, Required Supplementary Information, and Other Supplementary Information
  3. Supplemental Information – Campus Schedules
- c: University Internal Auditor (w/o Attachments)  
Associate VP for Budget and Finance/University Controller (w/o Attachments)





**ACCUITY**

# UNIVERSITY OF HAWAI'I

**REQUIRED COMMUNICATIONS**

**December 1, 2022**

**Report to the Board of Regents  
Committee on Independent Audit  
External Audits  
Year Ended June 30, 2022**

# Financial Statement Highlights

## Statement of Net Position (page 9)

- Total assets increased \$147M; total liabilities decreased \$494M
- Cash and investments
  - Cash decreased \$176M which was offset by increases in the operating investment portfolio of \$314M as cash was reinvested during the year
  - Endowment value decreased \$27M due to market performance
- Pension and postretirement liabilities (allocated by State)
  - Pension liability decreased \$413M and OPEB liability decreased \$64M due to contributions made during the year and differences in actual versus projected investment performance (pension)
- Deferred inflows/outflows of resources (allocated by State)
  - Deferred outflows decreased \$125M due pension and OPEB differences between actuarial assumptions and actual versus projected investment performance
  - Deferred inflows increased \$314M primarily due to pension differences in actual versus projected investment performance

# Financial Statement Highlights

## Changes in Net Position (page 17)

- Operating revenues increased \$56M
  - Gross tuition revenue increased \$14M primarily due to increases in enrollment at UH Manoa of 5%, offset by decreases in enrollment at the community colleges and UH Hilo of 11% and 3%, respectively
  - Federal appropriations, grants and contracts increased \$30M due to additional funding from additional government agencies
  - Auxiliary revenue (Housing, Bookstore, Athletics) increased \$25M due to increase of on-campus student activity due to easing of pandemic restrictions
- Operating expenses declined \$170M
  - Personnel costs decrease \$258M due to decreases of \$122M related to pension costs, \$98M related to OPEB costs and \$39M related to payroll as a result of increased amount of retirees in the current year
  - Supplies, services and cost of goods sold increased \$24M due to easing of pandemic restrictions
  - Scholarships and fellowships increased \$35M as certain funds received through CARES Act were distributed directly to the students in the form of scholarships
- Nonoperating revenues/expenses increased \$51M
  - Increases in CARES Act funding of \$120M offset by decreases in State appropriations/fringe and net investment income of \$60M and \$54M, respectively
  - Increases of capital appropriations and grants, primarily from the State, of \$41M

# Compliance Highlights

- \$664M in federal expenditures reported on the SEFA
- Refer to Page 20 in the single audit report for complete Audit Results

## 11 major programs

- 8 reportable compliance findings. 6 related to Title IV Student Financial Aid, 1 related to Title VII, Native Hawaiian Education and 1 related to TRIO Cluster
  - 6 new findings
  - 2 repeat findings, of which 1 finding is a significant deficiency

# Required Communications

An integral part of the audit process is to ensure that the Audit Committee receives information regarding the scope and the results of the audit. Various communication requirements pertaining to the conduct of an audit are incorporated in auditing standards generally accepted in the United States of America to enhance the information flow and to assist the Audit Committee in discharging its oversight responsibility. We acknowledge our responsibility to communicate to the Audit Committee any accounting, auditing, internal control, or other matters that we believe warrant your consideration or action and have set forth below our required communications.

Matter to be communicated	Our response
<p><b>Auditors' responsibility for conducting the audit in accordance with auditing standards generally accepted in the United States of America</b></p> <p>The auditors should communicate the level of responsibility assumed for fraud and illegal acts, whether the financial statements are free of material misstatement whether caused by error or fraud, and whether management's assessment of the effectiveness of the University of Hawai'i's (the "University") internal control over financial reporting is fairly stated in all material respects.</p> <p>The auditors should communicate circumstances that arise in which our report may differ from its expected form and content based on the results of our audit, where it was necessary for us to modify our opinion, add a separate section, or add an emphasis of matter or other matter paragraph.</p>	<p>We performed the audit according to the planned scope and timing in Contract No. C180086:</p> <ul style="list-style-type: none"><li>• <b>OMB Uniform Guidance Audit</b><ul style="list-style-type: none"><li>• Financial statement audit and supplemental schedules</li><li>• Federal compliance audit</li></ul></li></ul> <p>We did not audit the assets, liabilities, revenues or expenses of the University of Hawai'i Foundation (the "Foundation"). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.</p> <p><i>(Continued on next page)</i></p>

# Required Communications

Matter to be communicated	Our response
<p><b>Auditors' responsibility for conducting the audit in accordance with auditing standards generally accepted in the United States of America</b></p> <p><i>(Continued from the previous page)</i></p>	<p>Our primary responsibility as the independent auditors is to evaluate and report on the fairness of the financial statements in accordance with accounting principles generally accepted in the United States of America.</p> <p>Our audit was conducted in accordance with U.S. generally accepted auditing standards and was designed to obtain reasonable, but not absolute assurance, of detecting errors and irregularities that are material to the financial statements. Our audit does not relieve management or those charged with governance of their responsibilities.</p> <p>We are prepared to issue an unmodified opinion on the 2022 financial statements.</p>
<p><b>Changes to significant risks identified</b></p> <p>The Audit Committee should be informed of changes to significant risks identified after the date of initial communication.</p>	<p>The overall and significant risks identified for the audit were as follows:</p> <ul style="list-style-type: none"><li>• Management override of controls</li><li>• Effect of COVID-19 pandemic on the University's operations and financial condition</li><li>• Improper recognition of federal grant revenue</li><li>• Improper accounting of capital assets</li><li>• Proper implementation of GASB Statement No. 87, <i>Leases</i>, including disclosures</li></ul> <p>During the course of our audit, there were no changes to the identified risks.</p>

# Required Communications



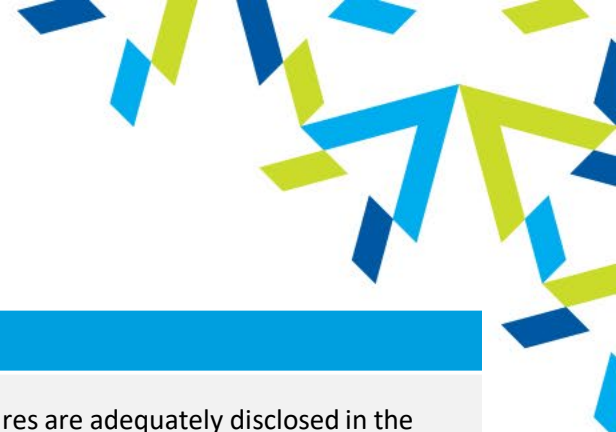
Matter to be communicated	Our response
<p><b>Significant accounting policies, including critical accounting policies, and the auditors’ judgment about the quality of accounting principles</b></p> <p>The auditors should determine that the Audit Committee is informed about the initial selection of and changes in significant accounting policies or their application, methods used to account for significant, unusual transactions, and the effect of significant accounting policies.</p> <p>The Audit Committee should be informed of the auditors’ judgment about the quality of the University’s accounting policies as applied in its financial reporting. The discussion should include such matters as consistency of accounting policies and their application, and clarity and completeness of the financial statements, including disclosures.</p> <p>The Audit Committee should be informed of the critical accounting policies applied in the financial statements and the auditors’ assessment of management’s disclosures regarding such policies and practices.</p> <p>The Audit Committee should be informed of alternative treatments within GAAP for accounting policies and practices related to material items, including the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditors.</p>	<p><b><u>New Significant Accounting Policies</u></b></p> <p>On July 1, 2022, the University adopted GASB No. 87, <i>Leases</i>, whereby the University’s leases were recorded on the Statement of Net Position upon adoption. The impact of the adoption of this standard resulted in the recognition of \$2.5 million of lease assets and lease liabilities and \$7.3 million of lease receivables and deferred inflows of resources on July 1, 2022.</p> <p><b><u>Presentation of Financial Statement</u></b></p> <p>Single year presentation was elected by the University due to the adoption of GASB No. 87 in fiscal 2022.</p> <p><b><u>Methods Used to Account for Significant, Unusual Transactions Lacking Authoritative Accounting Guidance and the Effect of Significant Accounting Policies</u></b></p> <p>There were no transactions entered into by the University during 2022 for which there was a lack of authoritative guidance or consensus.</p> <p><b><u>Quality of Accounting Policies</u></b></p> <p>The University’s significant accounting policies are disclosed in Note 1, and we believe they are appropriate and consistent with U.S. generally accepted accounting principles.</p> <p><b><u>Alternative Treatments Under GAAP</u></b></p> <p>There were no alternative accounting policies or practices under GAAP that were discussed with management.</p>

# Required Communications

Matter to be communicated	Our response
<p><b>Management judgments and accounting estimates</b></p> <p>The Audit Committee should be informed about the process used by management in formulating sensitive accounting estimates and about the auditors' conclusions regarding the reasonableness of those estimates.</p>	<p>We reviewed management's methodologies and processes for developing significant estimates, which included:</p> <ul style="list-style-type: none"><li>• Allowance for uncollectible accounts and loans receivable</li><li>• Useful lives of depreciable assets</li><li>• Reserves for self-insured exposures</li><li>• Asset retirement obligations</li><li>• Pension and other post employment benefits</li><li>• Reserves for litigation-related contingencies</li><li>• Valuation of investments</li><li>• Classification of current vs. noncurrent assets and liabilities</li></ul>
<p><b>Audit adjustments</b></p> <p>All significant financial statement adjustments arising from the audit or proposed during the audit and any uncorrected misstatements that were deemed immaterial by management individually and in the aggregate should be communicated to the Audit Committee.</p>	<p>There was one uncorrected audit difference related to the classification of completed projects recorded in construction in progress. Refer to the summary of uncorrected misstatements on page 14.</p> <p>The de minimis threshold used to evaluate unadjusted differences was \$3.4 million for the year ended June 30, 2022.</p>



# Required Communications



Matter to be communicated	Our response
<p><b>Potential effect on the financial statements of any significant risks and exposures</b></p> <p>The Audit Committee should be informed of major risks and exposures facing the University and how they are disclosed.</p>	<p>Significant risks and exposures are adequately disclosed in the financial statements.</p>
<p><b>Material uncertainties related to events and conditions, specifically going concern issues</b></p> <p>The Audit Committee should be informed of any doubt regarding the ability to continue as a going concern and any other material uncertainties.</p>	<p>None noted.</p>
<p><b>Other information in documents containing audited financial statements</b></p> <p>The auditors' responsibility extends to reviewing information presented in documents containing audited financial statements to ensure other information is not materially inconsistent with the financial statements.</p> <p>The auditors should communicate any procedures performed relating to supplementary information included in documents containing audited financial statements.</p>	<p>None noted.</p>

# Required Communications

Matter to be communicated	Our response
<p><b>Disagreements with management</b></p> <p>The auditors should discuss any disagreements with management about auditing, accounting or disclosure matters that individually or in the aggregate could be significant to the financial statements, management's assessment of internal control over financial reporting, the effectiveness of internal control, or the auditors' report.</p>	<p>None noted.</p>
<p><b>Consultations with other accountants</b></p> <p>When the auditors are aware that management has consulted with other independent accountants on significant audit or accounting matters, the auditors' view about the subject should be communicated to the Audit Committee.</p>	<p>We are not aware of any consultations with other independent accountants.</p>
<p><b>Major issues discussed with management prior to retention</b></p> <p>The Audit Committee should be informed of major accounting or auditing issues including discussions regarding the application of accounting principles and auditing standards discussed with management prior to our retention as auditors.</p>	<p>None noted.</p>

# Required Communications

Matter to be communicated	Our response
<p><b>Difficulties encountered in performing the audit</b></p> <p>The Audit Committee should be informed of serious difficulties encountered in dealing with management related to performance of the audit.</p>	<p>None noted.</p>
<p><b>Internal control deficiencies</b></p> <p>The Audit Committee should be informed of any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.</p>	<p>We did not identify any matters that we consider to be material weaknesses in internal control over financial reporting.</p> <p>We noted other matters involving internal control and its operation, which will be communicated in our Internal Control and Business Issues Report.</p>
<p><b>Fraud and illegal acts</b></p> <p>The Audit Committee should be informed of any fraud or illegal acts involving senior management or causing a material misstatement of the financial statements where the auditors determine there is evidence that such fraud may exist. The auditors should also discuss any illegal acts coming to their attention involving senior management and other illegal acts unless clearly inconsequential.</p>	<p>We did not identify any instances of fraud or illegal acts involving senior management or acts that would have a material impact on the 2022 financial statements.</p>

# Required Communications

Matter to be communicated	Our response
<p><b>Independence</b></p> <p>The auditors should communicate with the Audit Committee all relationships between the Firm and the University that, in our professional judgment, may reasonably be thought to bear on our independence.</p>	<p>Our contract with the University also included assistance with the preparation of the financial statements and the related notes based on the information provided by management. These nonaudit services do not constitute an audit under <i>Government Auditing Standards</i> and management has accepted responsibility for the nonaudit services. In our professional judgment, we believe that our independence has not been impaired with respect to this matter.</p> <p>We confirm that we are independent of the University and its affiliated entities.</p>
<p><b>Other material written communications</b></p> <ul style="list-style-type: none"><li>• Engagement letter/audit contract</li><li>• Management representation letter</li><li>• Reports on observations and recommendations on accounting, auditing, internal controls, or operational matters</li></ul>	<p>The following written communications will be or have already been exchanged between management and Accuity and are available for the Audit Committee's review:</p> <ul style="list-style-type: none"><li>• Audit Contract No. C180086</li><li>• Management representation letter</li><li>• The Internal Control and Business Issues Report</li></ul>

# Required Communications

Matter to be communicated	Our response
<p><b>Representations requested from management</b></p> <p>The Audit Committee should be informed of the representations that the auditors are requesting from management.</p>	<p>Copies of the management representation letters are available upon request.</p>
<p><b>Other matters</b></p> <p>The auditors should communicate with the Audit Committee any other matters of audit significance.</p>	<p>The required supplementary information (“RSI”) which include management’s discussion and analysis, schedules of the proportionate share of the net pension liability, pension contributions, changes in net OPEB liability and related ratios, and OPEB contributions, have been subjected to certain limited procedures, including inquiries with management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.</p>

# Required Communications

Matter to be communicated	Our response
<p><b>Other matters</b></p> <p>The auditors should communicate with the Audit Committee any other matters of audit significance.</p> <p><i>(Continued from the previous page)</i></p>	<p>We were engaged to report on the supplementary bond schedules which accompany the financial statements but are not RSI and separately report on the individual campus schedules. The supplementary information accompanying the financial statements and the separate campus schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.</p>

# Required Communications

## **Access to the Committee**

Although our principal forum for discussions with the Audit Committee are our scheduled committee meetings, we confirm we have access to the Audit Committee and its individual members and that we will advise you between such meetings when matters arise which we believe warrant your attention. We are always available to discuss any matters of interest or concern with the Audit Committee.

# Summary of Unadjusted Differences

(Amounts in thousands)

Unadjusted Difference #1		
Dr.	Capital Assets - Equipment	3,489
Dr.	Depreciation expense	395
Dr.	Net investment in capital assets	66
Cr.	Construction in progress	3,950
<i>To reclassify the CIP to Capital Assets and record Depreciation Expense for FY 2022.</i>		





# ACCUITY

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# University of Hawai'i State of Hawai'i

Financial and Compliance Audit

June 30, 2022



**University of Hawai'i**  
**State of Hawai'i**  
**Index**  
**Year Ended June 30, 2022**

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## **SECTION 1**

# **COMPLIANCE REPORTS**



**Report of Independent Auditors on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Board of Regents of the  
University of Hawai'i

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University of Hawai'i (the "University") as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2022. Our report includes a reference to other auditors who audited the financial statements of the University of Hawai'i Foundation, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Report on Internal Control over Financial Reporting**


In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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We also noted certain other matters that we will report to the Board of Regents and management of the University in our Internal Control and Business Issues Report.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests and the report of other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Honolulu, Hawai‘i  
December , 2022



**Report of Independent Auditors on Compliance  
for Each Major Program, Internal Control Over Compliance,  
and the Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance**

To the Board of Regents of the  
University of Hawai'i

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the University of Hawai'i's (the "University") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2022. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

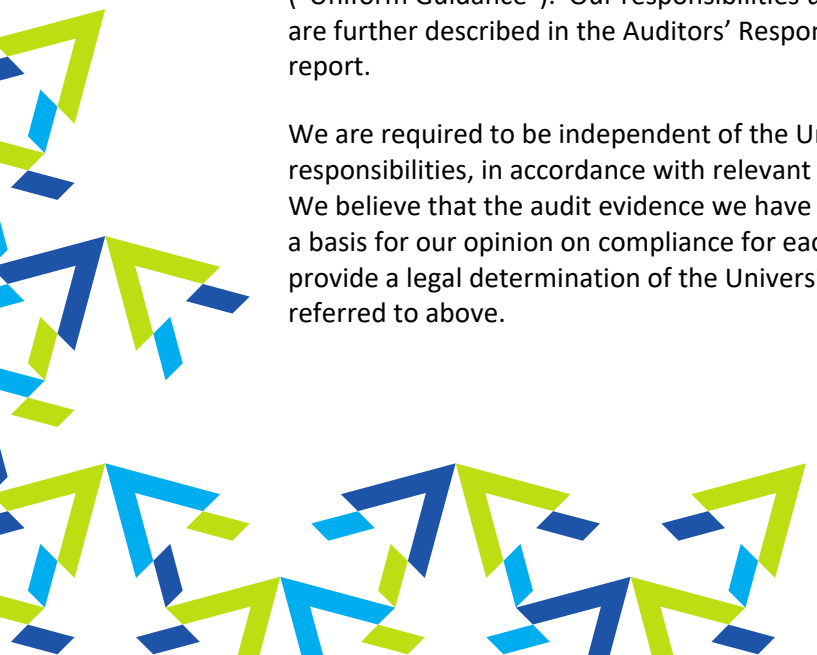
***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

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### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:


- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Findings No. 2022-001 through 2022-008. Our opinion on each major federal program is not modified with respect to these matters.





*Government Auditing Standards* requires the auditors to perform limited procedures on the University's response to the noncompliance findings identified in our audit as described in Section 5 of this report. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.


### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding No. 2022-07 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Honolulu, Hawai'i  
December , 2022

## **SECTION 2**

# **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**University of Hawai‘i**  
**State of Hawai‘i**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
<b>MAJOR PROGRAM – RESEARCH AND DEVELOPMENT</b>				
<b>U.S. Department of Agriculture</b>				
Agricultural Research Service				
	10.001			\$ 1,285,709
Animal and Plant Health Inspection Service				
	10.025			3,432,830
National Institute of Food and Agriculture				
	10.200		\$ 191,705	\$ 671,322
	10.202			329,055
	10.203			2,872,360
	10.307		2,692	11,938
	10.310		134,413	1,044,104
	10.329			50,566
Food and Nutrition Service				
	10.561		7,981	171,107
Forest Service				
	10.675			33,627
	10.680			10,672
	10.699			49,065
	10.707			22,523
	10.RD			376,944
National Resources Conservation Service				
	10.902			46,433
	10.912		24,121	222,546
Passed through from				
	10.170	various		170,361
	10.664	various		298,560
	10.675	C10274		5,471
	10.678	C11934		27,196
	10.680	various		213,756
	10.934	C20763		3,235
	10.699	2021-3-45435		10,087
	10.200	various		80,551
	10.304	various		6,725
	10.329	SA18-4060-23		27,762
	10.310	F100GVA499		33,888
	10.309	S-001357		48,817
	10.329	SA18-4060-12		16,060
	10.307	SUB00002426		20
	10.675	USFS-2019-01		15,302
	10.215	RCUOG-2019-002		58,778
	10.200	2016-17 CTSA		427
	10.025	AP19PPQS&T00C83UH		1,770
	10.212	2021-33530-34364-1		7,567
	10.500	A00-0983-S093		4,569
	10.931	-----		6,945
	10.215	various		151,736
	10.310	G146-21-W8621		8,785
	10.310	25-1107-0037-003		28,349
	10.RD	-----		10,000
	10.310	60064284		537
	10.025	2-569160.UH		38,360
	10.320	U1408C-A		18,274
	10.309	various		5,596
	10.912	M2102130		14,127
	10.912	various		51,675
	10.932	various		100,432
	10.500	various		38,446
				<u>1,504,164</u>
				12,134,965
<b>U.S. Department of Commerce</b>				
National Oceanic and Atmospheric Administration (“NOAA”)				
	11.008			73,898
	11.017			56,722
	11.405			11,914
	11.417			2,249,608
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program				
	11.427		3,370	15,702
	11.429			24,467
	11.431		43,791	1,013,334
	11.432			11,429,731
	11.439			103,189
	11.452			211,318
	11.454			120,498
	11.472			342,218
	11.473			31,963
	11.482			89,985
				<u>15,774,547</u>

**University of Hawai‘i**  
**State of Hawai‘i**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
Passed through from				
State of Hawaii Dept. of Land and Natural Resources	11.472	various		264,145
State of Hawaii Dept. of Land and Natural Resources County – Hawaii	11.482 11.419	various C.009389		154,827 100,000
American University	11.482	31552-01		1,547
Arizona State University	11.431	-----		23,447
Bishop Museum	11.482	various		144,988
Clark University	11.468	-----		63,024
East-West Center	11.431	various	38,241	370,768
Malama Maunaloa	11.473	20-4730208		63,508
University of Maryland	11.012	SA7525796C PO35820		215,827
University of Maryland	11.432	99658-Z7554213		19,597
National Estuarine Rsch Resv Assoc	11.419	Subaward No. 3006182307		1,935
National Fish and Wildlife Foundation	11.008	0312.20.071247		27,486
National Fish and Wildlife Foundation	11.473	0318.18.062406	54,000	325,067
National Fish and Wildlife Foundation	11.482	various		238,132
National Marine Sanctuary Foundation	11.429	various		9,705
The Ocean Foundation	11.017	-----		16,792
Oregon State University	11.472	J2391A-A		44,968
Pacific States Marine Fisheries Commission	11.472	20-160G		25,626
University Corp for Atmospheric Research	11.467	SUBAWD002540		8,034
Western Pacific Regional Fishery Mgt Council	11.441	21-ADMN-13		31,441
World Turtle Trust	11.454	various		77,904
				<u>2,228,768</u>
				18,003,315
<b>U.S. Department of Defense</b>				
Air Force				
Basic Scientific Research	12.431			20,648
Air Force Defense Research Sciences Program	12.800			577,574
Other – Unknown AL Number	12.RD			7,780,549
				<u>8,378,771</u>
Army				
Conservation and Rehabilitation of Natural Resources on Military Installations	12.005			3,598,576
Basic and Applied Scientific Research	12.300			925,599
Military Medical Research and Development	12.420			19,501
Basic, Applied, and Advanced Research in Science and Engineering	12.630			65,918
Other – Unknown AL Number	12.RD			385,688
				<u>4,995,282</u>
Navy				
Basic and Applied Scientific Research	12.300		1,922,522	14,239,841
Science, Technology, Engineering & Mathematics (“STEM”) Education, Outreach and Workforce Program	12.330			127,216
Other – Unknown AL Number	12.RD		1,158,812	10,840,028
				<u>25,207,085</u>
Pacific Command				
Environmental	12.RD		24,445	900,619
Threat Reduction Agency	12.RD		109,455	216,772
				<u>908,107</u>
Washington Headquarters Services				
Pacific Center Program (“PDC”)	12.109			3,798,504
Basic, Applied, and Advanced Research in Science and Engineering	12.630			8,133,721
Legacy Resource Management Program	12.632			7
				<u>11,932,232</u>
Defense Logistics Agency				
Defense Advanced Research Projects Agency	12.RD			45,996
				<u>13,823</u>
Passed through from				
State of Hawaii Dept. of Defense	12.401	PO 21217143		64,692
State of Hawaii Dept. of Defense	12.RD	HI-ENV-21-005		15,343
University of Alaska – Fairbanks	12.RD	UA 21-0114		222,462
American Systems Inc	12.RD	S19062		42,895
BioMADE	12.800	E-PC01-A-04-0081		2,008
Biomass Energy Systems Inc	12.RD	SP4701-21-P-0075		33,202
Goodman Technologies LLC	12.RD	various		136,171
HDR Environmental	12.RD	1000300001654		43,022
Henry M. Jackson Foundation	12.420	4557, P.O. 948197		30,799
Johns Hopkins University	12.RD	160113		383,826
Leidos Inc	12.910	P010235050		211,546
University of Minnesota	12.300	A008174601		263,331
Oceanit Laboratories, Inc	12.RD	various		180,275
Quantitech	12.RD	various		85,977
Southwestern Ohio Council	12.RD	RQ-UH-20-1-AFRL2		6,561
Spectrum Photonics Inc	12.RD	various		101,126
University of Tennessee Hlth Sci Ctr	12.420	various		87,537
				<u>1,910,773</u>
				54,509,460
<b>U.S. Department of the Interior</b>				
Bureau of Reclamation				
Water Desalination Research and Development	15.506			42,202
U.S. Fish and Wildlife Service				
Fish and Wildlife Management Assistance	15.608			24,706
Coastal	15.630			48,415
National Wildlife Refuge System Enhancements	15.654			7,843
Endangered Species Recovery Implementation	15.657			210,368
Fish and Wildlife Coordination and Assistance	15.664			91,852
Cooperative Ecosystem Studies Units	15.678			440,183
				<u>823,367</u>

**University of Hawai‘i**  
**State of Hawai‘i**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
U.S. Geological Survey				
Assistance to State Water Resources Research Institutes	15.805			314,392
U.S. Geological Survey Research and Data Collection	15.808			1,739,031
Cooperative Research Units	15.812			67,797
Volcano Hazards Program Research and Monitoring	15.818			1,084,341
National and Regional Climate Adaptation Science Centers	15.820		44,923	1,379,792
Other – Unknown AL Number	15.RD			2,005
<b>National Park Service</b>				
Cooperative Research and Training Programs – Resources of the National Park System	15.945			911,810
Passed through from				
State of Hawaii Dept. of Land and Natural Resources	15.605	various		585,916
State of Hawaii Dept. of Land and Natural Resources	15.608	various		17,875
State of Hawaii Dept. of Land and Natural Resources	15.611	various		79,711
State of Hawaii Dept. of Land and Natural Resources	15.615	various		970,496
State of Hawaii Dept. of Land and Natural Resources	15.634	various		897,094
State of Hawaii Dept. of Land and Natural Resources	15.657	various		192,179
State of Hawaii Dept. of Land and Natural Resources	15.670	C10906		78,391
State of Hawaii Dept. of Land and Natural Resources	15.944	C01921		29,703
State of Hawaii Dept. of Land and Natural Resources	15.RD	C21238		5,540
City & County Honolulu – Board of Water Supply	15.631	MOD2		49,194
America View	15.815	AV18-HI-02		23,441
American Samoa Power Authority	15.981	-----		46,156
Association of Fish & Wildlife	15.628	-----		6,626
Ducks Unlimited Inc	15.637	US-WA-122-11		7,343
Dudek	15.RD	8848		3,025
World Turtle Trust	15.631	-----		12,345
				<u>3,005,035</u>
				9,369,772
<b>U.S. Department of State</b>				
Passed through from				
East-West Center	19.RD	HC14083		33,024
<b>U.S. Department of Transportation</b>				
Federal Aviation Administration				
Air Transportation Centers of Excellence	20.109			61,322
Passed through from				
State of Hawaii Dept. of Land and Natural Resources	20.205	various		52,542
State of Hawaii Dept. of Transportation	20.200	TA 2019-1R, PO 40058860		166,626
State of Hawaii Dept. of Transportation	20.205	various		72,809
State of Hawaii Dept. of Transportation	20.RD	various		1,125,394
University of Alaska – Fairbanks	20.701	various		293,292
Jacobs Engineering	20.RD	148020619		35,547
				<u>1,746,210</u>
				1,807,532
<b>U.S. Department of Treasury</b>				
Passed through from				
State of Hawaii Dept. of Budget and Finance	21.026	PO 00027193		83,677
<b>National Aeronautics and Space Administration</b>				
Goddard				
Science	43.001		658,087	12,365,293
Office of Stem Engagement (“OSTEM”)	43.008		153,158	252,982
Ames				
Science	43.001			68,859
Aeronautics	43.002			31,003
Kennedy				
Office of Stem Engagement (“OSTEM”)	43.008			225,159
Langley Research Center				
Science	43.001			87,483
Office of Stem Engagement (“OSTEM”)	43.008			(51,270)
Stennis Space Center				
Office of Stem Engagement (“OSTEM”)	43.008		108,072	885,812
Passed through from				
University of Arizona	43.001	541544		13,959
Arizona State University	43.001	09-192		9,845
Arizona State University	43.RD	various		142,877
BAER Institute	43.001	-----		20,575
Baylor College of Medicine	43.003	various		38,845
University of California – Los Angeles	43.001	0995-S-NB083, AMDT 30		64,268
University of California – San Diego	43.001	various		61,517
University of California – Santa Cruz	43.001	A21-0406-S002		162,048
California Institute of Technology	43.001	S447534		59,352
California Institute of Technology	43.RD	S480858		31,262
University of Chicago	43.001	AWD101921 (SUB00000465)		79,909
University of Colorado	43.RD	1560127 / PO# 1001600805		1,158
Columbia University	43.001	1(GG016372-01)		8,336
George Mason University	43.001	E2050041		2,417
Goodman Technologies LLC	43.RD	various		62,715
Interstel Technologies Inc	43.RD	-----		8,058
University of Iowa	43.001	S02745-01		30,554

**University of Hawai'i**  
**State of Hawai'i**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
Jet Propulsion Lab	43.001	various		475,550
Jet Propulsion Lab	43.RD	1557436		33,282
University of Michigan	43.001	3004685380		2,038
University of New Mexico	43.001	133711-873Z		46,457
Predictive Science Inc	43.001	NATT04-UH19		71,668
Purdue University	43.001	12000329-003		53,449
Rensselaer Polytechnic Inst	43.001	A18-0010-S002		29,748
SETI Institute	43.001	SC 3369		93,909
Smithsonian Astrophysical Observatory	43.001	various		126,060
University of South Carolina	43.001	20-3947 PO#2000049650		57,575
Space Telescope Science Institute	43.RD	various		354,906
Stanford University	43.001	62308258-146334		27,000
Transastra Corporation	43.RD	80HQTR20C0037-UH		(639)
Universities Space Research Association	43.001	various	61,304	168,056
Universities Space Research Association	43.RD	SOF 07-0045		30,838
University of Washington	43.001	UWSC11882 (BPO48361)		50,325
Washington University	43.001	various		275,753
Woods Hole Oceanographic Inst	43.001	A101520		12,853
Wyle Laboratories, Inc	43.RD	various		105,324
				<u>2,811,847</u>
				16,677,168
<b>National Endowment for the Arts and Humanities</b>				
National Endowment for the Humanities				
Promotion of the Humanities Division of Preservation and Access	45.149			29,469
Promotion of the Humanities Research	45.161			39,577
				<u>69,046</u>
<b>Institute of Museum and Library Services</b>				
Laura Bush 21st Century Librarian Program	45.313			17,993
<b>National Science Foundation</b>				
Engineering	47.041			729,441
Mathematical and Physical Sciences	47.049		6,542	6,115,504
Geosciences	47.050		389,953	21,064,726
Computer and Information Science and Engineering	47.070		49,136	2,609,801
Biological Sciences	47.074		42,285	1,743,417
Social, Behavioral, and Economic Sciences	47.075		4,924	291,768
Education and Human Resources	47.076		463,840	5,335,933
Integrative Activities	47.083		34,760	1,707,769
Passed through from				
Adnoviv Inc	47.041	-----		52,129
University of Alaska – Fairbanks	47.083	P0548367		9,000
Appalachian State University	47.050	A20-0031-S002		9,233
Association of Universities for Research in Astronomy, Inc.	47.049	various		(49,262)
Auburn University	47.076	21-COSAM-200840-UHI		8,829
Boise State University	47.076	9682-PO138813		21,818
Boston University	47.075	4500002458		(5,372)
Brown University	47.050	00001410		(196)
University of California – Berkeley	47.075	00009689 (PO#B801014646)		3,621
University of California – San Diego	47.050	various		61,944
California Association for Research in Astronomy	47.049	15891		47,356
California State University – Fullerton Aux Svcs Corp	47.074	S-6543-UOH		8,573
Columbia University	47.050	37G (GG009393-04)		14,247
Computing Research Association	47.070	various		192,020
University of Delaware	47.083	47810		141,730
Indiana University	47.070	8713-UH, PO0262643		30,319
University of Iowa	47.075	S01090-01		52,434
University of Massachusetts	47.075	20-011028A		6,777
Massachusetts Institute of Technology	47.049	S5304, PO# 576482		34,692
University of New Mexico	47.050	133660-873Z		286,276
Research Foundation for the State University of New York	47.050	72862-1128064-2(PO 1012944)		19,167
Research Foundation for the State University of New York	47.074	1239150		60,189
University of Notre Dame	47.041	203435UHM		10,326
University of Oregon	47.075	222000-05780		3,037
Oregon State University	47.083	S2232A-B		43,434
Purdue University	47.070	10000686-057 (4101-71503)		52,001
Santa Clara University	47.075	NSF123-05		313
University of South Florida	47.075	1230-1229-00-B		7,468
Stanford University	47.050	62720430-211324		2,066
University of Texas – Austin	47.079	UTAUS-SUB0000009		21,825
University of Washington	47.041	UWSC13226 (BPO60528)		19,358
University of Washington	47.050	UWSC8197 (BPO6548)		2,060
University of Washington	47.083	UWSC13269 (BPO60735)		103,029
Willamette University	47.074	NSF2001190-UH		19,331
				<u>1,289,772</u>
				40,888,131
<b>U.S. Department of Veterans Affairs</b>				
	64.RD			6,885

**University of Hawai‘i**  
**State of Hawai‘i**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
<b>Environmental Protection Agency</b>				
Passed through from				
State of Hawaii Dept. of Health	66.419	various		46,953
State of Hawaii Dept. of Health	66.472	various		23,584
State of Hawaii Dept. of Land and Natural Resources	66.460	C11408		38,800
State of Hawaii Dept. of Land and Natural Resources	66.461	various		103,781
				<u>213,118</u>
<b>U.S. Department of Energy</b>				
Office of Science Financial Assistance Program	81.049			2,382,637
Renewable Energy Research and Development	81.087		70,611	634,054
Other – Unknown AL Number	81.RD			34,293
Passed through from				
State of Hawaii Dept. of Business, Economic Development and Tourism	81.041	various		126,190
Alliance for Sustainable Energy LLC	81.RD	SUB-2021-10731		208,278
Battelle Energy Alliance LLC	81.RD	197568		26,540
Battelle Memorial Institute	81.RD	various		27,810
Brookhaven National Lab	81.RD	various		134,244
University of California – Berkeley	81.049	00010209(PO#BB01314888)		63,544
University of California – Berkeley	81.RD	various		17,040
Fermi National Accelerator Lab	81.RD	681810		30,148
Georgia Institute of Technology	81.113	AWD-000372-G3		228,601
Lawrence Livermore National Lab	81.RD	various		203,132
University of Michigan	81.113	SUBK00009800		371,074
Nalu Scientific LLC	81.049	various		122,983
National Renewable Energy Lab	81.RD	-----		4,999
Ocean Era Inc	81.087	1037-002		46,906
Ocean Era Inc	81.135	1037-001		95,868
Oceanit Laboratories Inc	81.RD			19,876
University of Oklahoma	81.049	2020-35		14,747
Oregon State University	81.087	G0196A-B		3,633
Pajarito Powder LLC	81.087	N/A (Prime DE-EE0008419)		24,072
Purdue University	81.087	14000614-020		10,625
Sandia National Lab	81.RD	various		191,892
University of Texas - Arlington	81.049	2019GC3293		71,970
UT-Battelle LLC	81.RD	4000193505		144,774
University of Washington	81.087	UWSC11824 (BPO47742)		308,230
Washington State University	81.087	130616 SPC001434		46,321
				<u>2,543,497</u>
				5,594,481
<b>U.S. Department of Education</b>				
Office of Elementary and Secondary Education				
Javits Gifted and Talented Students Education	84.206A		35,047	283,591
Passed through from				
Hui No Ke Ola Pono Inc	84.259A	-----		34,611
University of Kansas Center for Research Inc	84.324N	FY2019-102		17,194
Native Hawaiian Education Assn	84.259A	MOU		8,608
				<u>60,413</u>
				344,004
<b>U.S. Department of Health and Human Services</b>				
National Institutes of Health				
Family Smoking Prevention and Tobacco Control Act Regulatory Research	93.077		21,356	174,912
Environmental Health	93.113		303,011	697,273
Mental Health Research Grants	93.242		84,381	129,377
Drug Abuse and Addiction Research Programs	93.279			276,449
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		50,733	1,081,260
Minority Health and Health Disparities Research	93.307		273,850	4,869,134
Trans-NIH Research Support	93.310		1,846,467	4,297,357
Construction Support	93.352			235,010
Cancer Cause and Prevention Research	93.393		1,636,271	4,720,156
Cancer Detection and Diagnosis Research	93.394		136,412	1,655,027
Cancer Treatment Research	93.395		119,188	291,440
Cancer Biology Research	93.396			565,247
Cancer Centers Support Grants	93.397		28,797	3,491,733
Cancer Research Manpower	93.398		165,754	588,322
Cancer Control	93.399		151,359	1,106,744
Cardiovascular Diseases Research	93.837			659,297
Lung Diseases Research	93.838			435,227
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		242,293	1,713,622
Allergy and Infectious Diseases Research	93.855		814,450	2,242,908
Biomedical Research and Research Training	93.859		1,033,295	12,267,647
Child Health and Human Development Extramural Research	93.865		130,216	1,336,860
Aging Research	93.866			12,315
International Research and Research Training	93.989			24,322
Other – Unknown AL Number	93.RD			1,699,480
				<u>44,571,119</u>
Centers for Disease Control and Prevention				
Strengthening Public Health through Surveillance, Epidemiologic Research, Disease Detection and Prevention	93.326		41,445	156,455
Other – Unknown AL Number	93.RD			67,792
				<u>224,247</u>

**University of Hawai'i**  
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**Schedule of Expenditures of Federal Awards**  
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	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
Administration for Community Living ("ACL") Special Programs for the Aging, Title IV, and Title II Discretionary Projects	93.048			237,917
Agency for Healthcare Research and Quality ("AHRQ") Research on Healthcare Costs, Quality and Outcomes	93.226			80,579
Passed through from				
State of Hawaii Dept. of Health	93.048	21		24,287
State of Hawaii Dept. of Health	93.110	Needs Assessment		6,856
State of Hawaii Dept. of Health	93.136	various		1,402,638
State of Hawaii Dept. of Health	93.243	various		128,450
State of Hawaii Dept. of Health	93.323	ASO LOG 22-149, PO 00267370		27,968
State of Hawaii Dept. of Health	93.470	ASO LOG 21-073		32,314
State of Hawaii Dept. of Health	93.870	various		34,692
State of Hawaii Dept. of Health	93.959	various		241,397
State of Hawaii Dept. of Health	93.982	ASO LOG 21-160, PO 265598		284,357
State of Hawaii Dept. of Health	93.RD	PO 00 244922		356
State of Hawaii Dept. of Human Services	93.556	DHS-21-POS-0035		183,710
Alliance NCTN Foundation	93.399	202010111		4,758
University of Arkansas	93.310	54005-VDORA, PO#G218700105		38,357
Baylor College of Medicine	93.393	various		139,733
Beth Israel Deaconess Med Ctr	93.393	01062660		39,993
Boston Medical Center Corp	93.361	7663	10,775	219,121
Brigham and Women's Hospital	93.837	2017D008368; BWH No. 119749		78,346
Brigham and Women's Hospital	93.RD	-----		742
University at Buffalo	93.837	R11186465		79,511
University of California – Los Angeles	93.RD	1935-S-XA591		14,248
University of California – San Francisco	93.393	12314sc		46,234
Cedars-Sinai Medical Center	93.395	1632520		13,803
Children's Hospital Philadelphia	93.865	GRT-00000601 (PO #20209305)		165,699
Clemson University	93.273	2277-209-2014458		24,499
University of Colorado	93.865	FY20.745.003		40,040
Columbia University	93.865	various		39,752
Cornell University	93.855	1 R21 AI170252-01/220952		6,360
Duke University	93.866	A030483		47,088
ECOG-ACRIN Cancer Research Group	93.RD	-----		4,140
Emory University	93.866	A119334		22,885
Florida State University	93.307	various		281,392
Franklin County Public Health	93.137	-----		97,706
George Washington University	93.394	19-M65, 20-M97,M118, 21-M83		101,881
University of Guam	93.397	ORSP 002		7,126
University of Hawaii Foundation	93.RD	124-2520-2		213,551
Hawaii Pacific University	93.279	UH-232810		9,295
Hutchinson Cancer Research Center	93.393	various		13,942
Johns Hopkins University	93.855	IMPAACT TO LDR 02		140,915
Kaiser Permanente Research	93.847	RNG210151-Hawaii		1,993
Ke Ola Mamo	93.932	-----		55,454
Kuakini Medical Center	93.859	various		125,804
Kuakini Medical Center	93.866	various		138,686
L. Krenk Inc	93.866	1R42UHH		44,778
Louisiana State University	93.855	22-03-001		1,593
Lurie Children's Hospital Chicago	93.847	901539-UH		64,054
Maine Medical	93.865	111367-Nadeau		2
M.D. Anderson Cancer Center	93.395	3001235204		368
University of Melbourne	93.393	GL058179-HW-Y4 / PO#719103		117,521
University of Michigan	93.865	SUBK00011705		9,016
University of Minnesota	93.393	various	27,934	277,619
University of Missouri – St Louis	93.242	00056433-1		11,592
Morehouse School of Medicine	93.307	RCC-001UHI		163,258
University of Nevada – Las Vegas	93.859	various		23,762
University of New Mexico	93.859	3REV9 AMDT2		14,768
New York University	93.394	various		89,711
Northern Arizona University	93.307	various		72,459
Northwestern University	93.307	60054662 HAW		23,720
NRG Oncology Foundation Inc	93.RD	-----		521
Oregon Health & Science University	93.RD	various	(18,750)	23,065
University of Pittsburgh	93.121	AWD00002487 (134948-3)		2,013
University of Pittsburgh	93.859	AWD00004497 (136809-2)		5,503
Queens Medical Center	93.394	1R01CA262460-01		51,476
Rutgers, State University	93.172	1204 (PO #1248299)		55,054
Rutgers, State University	93.866	9000, PO 1477992		18,589
The Salvation Army	93.243	-----		59,890
Seattle Institute for Biomedical and Clinical Research	93.847	KS16-UH-13		173,195
Soligenix Inc	93.855	SOLI2021-01		265,354
University of Southern California	93.393	various		132,049
Southwest Oncology Group	93.RD	-----	(6,500)	(6,794)
University of Utah	93.846	10052837-01, PO #U000252428		66,766
Vanderbilt University Medical Center	93.393	VUMC92464		47,322
University of Washington	93.855	UWSC13255 (BPO60601)		19,870
University of Washington	93.989	various		19,812
Washington State University	93.866	various		238,577
West Virginia University	93.838	N/A (Prime OT2HL161847)		21,427
				<u>6,687,989</u>
				51,801,851



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	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
<b>U.S. Department of Homeland Security</b>				
Passed through from				
State of Hawaii Dept. of Defense	97.039	various		301,700
State of Hawaii Dept. of Health	97.039	-----		129,794
City & County Honolulu	93.RD	CT-MAY-2200075		<u>52,887</u>
				484,381
<b>U.S. Agency for International Development</b>				
USAID Foreign Assistance for Programs Overseas	98.001		131,104	<u>515,335</u>
<b>Total Research and Development</b>				<b>212,554,138</b>
<b>MAJOR PROGRAM – STUDENT FINANCIAL ASSISTANCE</b>				
<b>U.S. Department of Education</b>				
Office of Federal Student Aid				
Federal Supplemental Educational Opportunity Grants	84.007A			1,766,039
Federal Work-Study Program	84.033A			1,332,094
Federal Pell Grant Program	84.063P			45,964,265
Federal Direct Student Loans	84.268			<u>114,511,709</u>
Teacher Education Assistance for College and Higher Education Grants (“TEACH” Grants)	84.379T			<u>60,353</u>
<b>Total Student Financial Assistance</b>				<b>163,634,460</b>
<b>MAJOR PROGRAM – TITLE III HIGHER EDUCATION – INSTITUTIONAL AID</b>				
<b>U.S. Department of Education</b>				
Office of Postsecondary Education				
Higher Education Institutional Aid	84.031V			4,270,514
Higher Education Institutional Aid	84.031W			<u>8,463,874</u>
Passed through from				
Chaminade University of Honolulu	84.031W	CUH-KCC-1		<u>35,182</u>
<b>Total Title III Higher Education – Institutional Aid</b>				<b>12,769,570</b>
<b>MAJOR PROGRAM – TRIO CLUSTER</b>				
<b>U.S. Department of Education</b>				
Office of Postsecondary Education				
TRIO Student Support Services	84.042A			2,091,079
TRIO Talent Search	84.044A			1,526,424
TRIO Upward Bound	84.047A			2,482,883
TRIO Upward Bound	84.047M			766,020
TRIO Educational Opportunity Centers	84.066A			<u>398,554</u>
<b>Total TRIO Cluster</b>				<b>7,264,960</b>
<b>MAJOR PROGRAM – TITLE VII NATIVE HAWAIIAN EDUCATION</b>				
<b>U.S. Department of Education</b>				
Office of Elementary and Secondary Education				
Native Hawaiian Education	84.362A		514,879	<u>11,382,961</u>
<b>Total Title VII Native Hawaiian Education</b>				<b>11,382,961</b>
<b>MAJOR PROGRAM – STATE AND LOCAL HOMELAND SECURITY NATIONAL TRAINING PROGRAM</b>				
<b>U.S. Department of Homeland Security</b>				
Federal Emergency Management Agency				
State and Local Homeland Security National Training Program	97.005			<u>3,686,249</u>
<b>Total State and Local Homeland Security National Training Program</b>				<b>3,686,249</b>
<b>MAJOR PROGRAM – GEAR UP PROGRAM</b>				
<b>U.S. Department of Education</b>				
Office of Postsecondary Education				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A		33,013	1,827,208
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334S		950,531	<u>3,417,550</u>
<b>Total Gear Up Program</b>				<b>5,244,758</b>
<b>MAJOR PROGRAM – IRTF OPERATION</b>				
<b>National Aeronautics and Space Administration</b>				
Goddard				
80HQTR19D0030	43.U01			<u>5,742,554</u>
<b>Total IRTF Program</b>				<b>5,742,554</b>
<b>MAJOR PROGRAM – HIGHER EDUCATION EMERGENCY RELIEF FUND</b>				
<b>U.S. Department of Education</b>				
Education Stabilization Fund				
COVID-19 – HEERF-Student Aid Portion	84.425E			45,000,211
COVID-19 – HEERF-Institutional Portion	84.425F			50,201,509
COVID-19 – HEERF-Minority Serving Institutions	84.425L			39,788,135
COVID-19 – Discretionary Grants Reimagining Workforce Preparation Grants	84.425G			1,842,067
COVID-19 – Institutional Resilience and Expanded Post Secondary Opportunity	84.425P			<u>3,465</u>
				136,835,387

**University of Hawai'i**  
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	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
Passed through from				
COVID-19 – State of Hawaii Office of the Governor	84.425C	-----		1,455,122
COVID-19 – State of Hawaii Dept. of Education	84.425C	PO22051458		16,291
COVID-19 – Research Corp of the University of Hawaii	84.425C	various		369,779
COVID-19 – Iolani School	84.425C	-----		20,447
<b>Total Higher Education Emergency Relief Fund</b>				<b>1,861,639</b>
<b>MAJOR PROGRAM – Coronavirus State and Local Fiscal Recovery Funds</b>				
<b>U.S. Department of Treasury</b>				
Passed through from				
COVID-19 – State of Hawaii Office of the Governor	21.027	-----		30,746,703
COVID-19 – State of Hawaii Dept. of Defense	21.027	MOD		39,326
COVID-19 – State of Hawaii Dept. of Land and Natural Resources	21.027	various		216,059
<b>Total Coronavirus State and Local Fiscal Recovery Funds</b>				<b>31,002,088</b>
<b>MAJOR PROGRAM – Career and Technical Education</b>				
<b>U.S. Department of Education</b>				
Office of Career, Technical, and Adult Education				
Career and Technical Education – Basic Grants to States	84.048A		814,329	3,125,745
<b>Total Career and Technical Education</b>				<b>3,125,745</b>
<b>OTHER FEDERAL ASSISTANCE</b>				
<b>U.S. Department of Agriculture</b>				
Agricultural Research Service				
Agricultural Research Basic and Applied Research	10.001			116,700
Animal and Plant Health Inspection Service				
Plant and Animal Disease, Pest Control, and Animal Care	10.025			54,151
Other – Unknown AL Number	10.001			18,905
Agricultural Marketing Service				
Federal-State Marketing Improvement Program	10.156			1,638
National Institute of Food and Agriculture				
Higher Education – Multicultural Scholars Grant Program	10.220			47,567
Alaska Native Serving and Native Hawaiian Serving Institutions Education Grants	10.228		72,207	1,427,707
Agriculture and Food Research Initiative (“AFRI”)	10.310		17,195	849,907
Beginning Farmer and Rancher Development Program	10.311			325,770
National Food Safety Training, Education, Extension, Outreach, and Technical Assistance Competitive Grants Program	10.328			76,672
Crop Protection and Pest Management Competitive Grants Program	10.329			2,297
Veterinary Services Grant Program	10.336			34,512
Cooperative Extension Service	10.500		16,768	191,691
Smith-Lever Funding (Various Programs)	10.511			1,335,972
Expanded Food and Nutrition Education Program	10.514			442,168
Renewable Resources Extension Act and National Focus Fund Projects	10.515			30,311
Rural Health and Safety Education Competitive Grants Program	10.516			63,244
Foreign Agricultural Service				
Norman E. Borlaug International Agricultural Science and Technology Fellowship	10.777			8,395
Forest Service				
Cooperative Forestry Assistance	10.664			39,056
Partnership Agreements	10.699			18,993
National Resources Conservation Service				
Environmental Quality Incentives Program	10.912		4,400	235,575
Rural Utilities Service				
Distance Learning and Telemedicine Loans and Grants	10.855			1,760
Passed through from				
State of Hawaii Dept. of Agriculture	10.170	69338		10,641
State of Hawaii Dept. of Agriculture	10.525	69794		145,083
State of Hawaii Dept. of Education	10.534	MOA D19-079, CO-10968		12,273
State of Hawaii Dept. of Education	10.558	various		17,354
State of Hawaii Dept. of Human Services	10.561	various		939,116
State of Hawaii Dept. of Land and Natural Resources	10.674	C20762		20,067
State of Hawaii Dept. of Land and Natural Resources	10.675	various		13,603
Cornell University	10.253	87701-11324		15,279
Extension Foundation	10.229	EXC1-2021-2073		16,780
Hawaii Public Health Institute	10.522	-----		16,875
Hoola Farms	10.002	-----		61,827
Kansas State University	10.500	various		28,936
Marine & Env Res Inst Pohnpei	10.311	2020-01		25,835
Montana State University	10.215	various		51,637
Montana State University	10.328	G203-19-W7506		10,382
Oregon State University	10.328	C0537A-E		22,723
Purdue University	10.500	F9001573902014		3,756
Synergistic Hawaii Agriculture	10.309	SCRIUHMCTAHR-2022		2,130
Washington State University	10.500	134194 SPC002714		50,246
				<b>1,464,543</b>
				<b>6,787,534</b>

**University of Hawai‘i**  
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**Year Ended June 30, 2022**

	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
<b>U.S. Department of Commerce</b>				
Economic Development Administration				
Economic Development Technical Assistance	11.303			125,844
Economic Adjustment Assistance	11.307			524,594
				650,438
National Oceanic and Atmospheric Administration ("NOAA")				
NOAA Missions-Related Education Awards	11.008			88,978
Integrated Ocean Observing System ("IOOS")	11.012		3,834	2,855,926
Sea Grant Support	11.417		86,914	1,737,206
Coastal Zone Management Estuarine Research Reserves	11.420		157,923	909,954
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427			66,886
Marine Sanctuary Program	11.429			27,774
Unallied Industry Projects	11.452			14,297
Meteorologic and Hydrologic Modernization Development	11.467			301,984
Office for Coastal Management	11.473			99,785
Other – Unknown AL Number	11.U01			189,803
				6,292,593
Minority Business Development Agency				
Minority Business Resource Development	11.802			9,539
MBDA Business Center	11.805			440,980
				450,519
Passed through from				
State of Hawaii Dept. of Business, Economic Development and Tourism	11.419	various		80,953
State of Hawaii Dept. of Defense	11.467	various		238,066
State of Hawaii Dept. of Land and Natural Resources	11.429	various		158,285
State of Hawaii Dept. of Land and Natural Resources	11.437	various		129,788
State of Hawaii Dept. of Land and Natural Resources	11.473	C20604		102,300
State of Hawaii Dept. of Land and Natural Resources	11.482	various		178,271
State of Hawaii Dept. of Land and Natural Resources	11.U01	various		236,148
Government of American Samoa	11.467	C01484		103,372
Government of Guam	11.U01	P196A04757, P216A01230		1,380
Hawaii Technology Development	11.611	-----		36,000
Maui Economic Development Board	11.023	-----		6,624
National Fish and Wildlife Foundation	11.473	various		145,756
National Marine Sanctuary Foundation	11.011	various		10,289
National Marine Sanctuary Foundation	11.419	20-05-B-269		78,435
Pacific American Foundation	11.427	11018-02		15,507
Southeast Coastal Ocean Obsvg	11.012	IOOS.21(097)UH.TT.ATN.1		27,300
				1,548,474
				8,942,024
<b>U.S. Department of Defense</b>				
Army				
Conservation and Rehabilitation of Natural Resources on Military Installations	12.005			2,340,260
Other – Unknown AL Number	12.U01			49,627
				2,389,887
Navy				
Basic and Applied Scientific Research	12.300			202,998
N00024-08-D-6323	12.U02			103,281
N00024-19-D-6400	12.U03			2,640,554
Other – Unknown AL Number	12.U04			573,810
				3,520,643
Defense Logistics Agency				
Procurement Technical Assistance for Business Firms	12.002			286,758
National Security Agency				
Language Grant Program	12.900			125,058
Information Security Grants	12.902			154,990
GenCyber Grants Program	12.903			140,711
				420,759
Passed through from				
Institute of International Education	12.550	various	274,903	2,587,413
Martin Defense Group LLC	12.U04	SCN09837/100510000100010012		1,888
Northeastern Reg Assoc	12.300	A012-029		6,411
				2,595,712
				9,213,759
<b>U.S. Department of Housing and Urban Development</b>				
Passed through from				
Hawaii Public Housing Authority	14.872	CO20-05		45,854
Gregory Housing Programs	14.U01	-----		9,941
Partners in Care	14.267	-----		32,276
				88,071
<b>U.S. Department of the Interior</b>				
Bureau of Land Management				
Joint Fire Science Program	15.232		58,955	100,702
U.S. Fish and Wildlife Service				
Fish and Wildlife Management Assistance	15.608			29,000
Cooperative Ecosystem Studies Units	15.678			35,717
				64,717
U.S. Geological Survey				
Assistance to State Water Resources Research Institutes	15.805			9,902
Other – Unknown AL Number	15.U01			20,401
				30,303
Insular Affairs				
Economic, Social, and Political Development of the Territories	15.875			89,327
National Park Service				
Cooperative Research and Training Programs – Resources of the National Park System	15.945			410,785

**University of Hawai'i**  
**State of Hawai'i**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
Passed through from				
State of Hawaii Dept. of Land and Natural Resources	15.611	various		126,740
State of Hawaii Dept. of Land and Natural Resources	15.614	various		140,316
State of Hawaii Dept. of Land and Natural Resources	15.615	various		794,188
State of Hawaii Dept. of Land and Natural Resources	15.634	C20761		166,917
				<u>1,228,161</u>
				1,923,995
<b>U.S. Department of Justice</b>				
Office of Justice Programs				
National Institute of Justice Research, Evaluation, and Development				
Project Grants	16.560			19,787
Postconviction Testing of DNA Evidence	16.820			123,121
Office of the Circuit Executive	16.U01			21,578
Passed through from				
State of Hawaii Dept. of Health	16.812	PO#00265183		11,722
State of Hawaii – Judiciary	16.812	J19391		45,476
National 4-H Council	16.726	various		67,623
Residential Yth Svc & Empower	16.736	-----		6,338
				<u>131,159</u>
				295,645
<b>U.S. Department of Labor</b>				
Passed through from				
State of Hawaii Dept. of Labor and Industrial Relations	17.259	various		163,287
County of Maui	17.259	various		99,227
Alu Like, Inc	17.265	VE-BOOST1718-HON		427
				<u>262,941</u>
<b>U.S. Department of State</b>				
Passed through from				
East-West Center	19.U01	various		180,849
<b>U.S. Department of Transportation</b>				
Passed through from				
State of Hawaii Dept. of Transportation	20.205	TA 2020-QK-MOU, PO 40059017	13,734	57,434
State of Hawaii Dept. of Transportation	20.215	-----		21,182
State of Hawaii Dept. of Transportation	20.600	OP21-S-09		53,346
State of Hawaii Dept. of Transportation	20.616	OP22-S-08		74,183
State of Hawaii Dept. of Transportation	20.U01	various		287,222
Government of American Samoa	20.215	-----		11,191
Commonwealth of the Northern Mariana Islands	20.215	-----		4,237
University of Southern California	20.701	84376201		173,702
WSP USA Solutions Inc	20.200	LSC2005137 TO#1		58,845
				<u>741,342</u>
<b>U.S. Department of Treasury</b>				
Passed through from				
COVID-19 – State of Hawaii Office of the Governor	21.029	-----		37,908
COVID-19 – City & County Honolulu	21.019	various		1,477,373
COVID-19 – Research Corp of the University of Hawaii	21.019	-----		177,875
				<u>1,693,156</u>
<b>National Aeronautics and Space Administration</b>				
Goddard				
Science	43.001			23,355
Office of Stem Engagement (“OSTEM”)	43.008			195,238
Other – Unknown AL Number	43.U01			517,362
Ames				
Office of Stem Engagement (“OSTEM”)	43.008			43,846
Passed through from				
University of Arizona	43.U01	Y403053		285,126
Baylor College of Medicine	43.003	7000001186		90,417
University of Maryland	43.001	71295-Z6179201		47,856
Space Telescope Science Institute	43.U02	various		144,903
				<u>568,302</u>
				1,348,103
<b>National Endowment for the Arts and Humanities</b>				
National Endowment for the Arts				
Promotion of the Arts Grants to Organizations and Individuals	45.024			18,106
National Endowment for the Humanities				
Promotion of the Humanities Division of Preservation and Access	45.149			109,370
Promotion of the Humanities Office of Digital Humanities	45.169			5,453
Passed through from				
Hawaii State Foundation on Culture & Arts	45.025	various		86,201
American Library Association	45.164	-----		7,020
Arts Midwest	45.024	00029673		19,926
Hawaii Council for the Humanities	45.129	various		21,980
WESTAF	45.025	various		8,625
				<u>143,752</u>
				276,681
<b>Institute of Museum and Library Services</b>				
National Leadership Grants	45.312			58,411

**University of Hawai'i**  
**State of Hawai'i**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
<b>Small Business Administration</b>				
Small Business Development Centers	59.037			1,347,710
Veterans Outreach Program	59.044			370,999
Shuttered Venue Operators Grant Program	59.075			629,850
Passed through from				
State of Hawaii Dept. of Business, Economic Development and Tourism	59.058	-----		29,704
State of Hawaii Dept. of Business, Economic Development and Tourism	59.061	various		26,932
				<u>56,636</u>
				2,405,195
<b>U.S. Department of Veterans Affairs</b>				
Passed through from	64.U01			103,150
University of California – Riverside	64.U02	S-001286		32,584
				<u>135,734</u>
<b>Environmental Protection Agency</b>				
Passed through from				
State of Hawaii Dept. of Health	66.419	CWBMI2021-1		43,481
State of Hawaii Dept. of Health	66.460	various		297,425
State of Hawaii Dept. of Land and Natural Resources	66.461	C21439		4,186
Extension Foundation	66.716	SA-2021-58		16,283
				<u>361,375</u>
<b>U.S. Department of Energy</b>				
Passed through from				
Alliance for Sustainable Energy LLC	81.U01	SUB-2021-10427		114,771
Battelle Memorial Institute	81.U02	446471		38,418
				<u>153,189</u>
<b>U.S. Department of Education</b>				
Office of Postsecondary Education				
National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	84.015A			549,143
National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	84.015B			969,272
Overseas Programs – Group Projects Abroad	84.021A			55,627
Overseas Programs – Doctoral Dissertation Research Abroad	84.022A			33,194
Language Resource Centers	84.229A			149,658
Child Care Access Means Parents in School	84.335A			224,291
Strengthening Minority-Serving Institutions	84.382B			46,025
Transition Programs for Students with Intellectual Disabilities into Higher Education	84.407A			472,972
				<u>2,500,182</u>
Office of Special Education and Rehabilitative Services				
Rehabilitation Long-Term Training	84.129B			177,823
Special Education – Personnel Development to Improve Services and Results for Children with Disabilities	84.325D			77,269
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326T			145,737
				<u>400,829</u>
Office of Elementary and Secondary Education				
Statewide Family Engagement Centers	84.310A			897,798
English Language Acquisition State Grants	84.365Z			61,892
				<u>959,690</u>
Passed through from				
State of Hawaii Dept. of Education	84.287C	MOA D17-076 CO 10758		15,840
State of Hawaii Dept. of Education	84.365D	MOA D18-032 CO-10852		10,499
State of Hawaii Dept. of Education	84.371C	MOA D20-102 CO-20080	1,263,292	1,551,832
State of Hawaii Dept. of Education	84.372A	various		436,481
State of Hawaii Dept. of Health	84.U02	EIS-CSPD Evaluation		46,734
State of Hawaii Dept. of Human Services	84.126A	DHS-19-VR-0018 SUPP1		36,680
Alu Like, Inc	84.259A	various		856,914
Government of American Samoa	84.U02	various		1,446,738
University of Connecticut	84.325H	UCHC7-127392376-A1		30,084
Hui No Ke Ola Pono, Inc	84.259A	various		145,729
College of the Marshall Islands	84.325K	H325K160037		33,612
				<u>4,611,143</u>
				8,471,844
<b>U.S. Department of Health and Human Services</b>				
Health Resources and Services Administration				
Training in General, Pediatric, and Public Health Dentistry	93.059			181,044
Area Health Education Centers	93.107		1,148,792	1,714,245
Maternal and Child Health Federal Consolidated Programs	93.110			456,603
Centers of Excellence	93.157			688,054
Grants to States for Loan Repayment Program	93.165			202,103
Telehealth Programs	93.211			609,405
Geriatric Academic Career Awards Department of Health and Human Services	93.250			28,460
Early Hearing Detection and Intervention	93.251			226,760
Mental and Behavioral Health Education and Training Grants	93.732		15,000	466,580
Health Careers Opportunity Program ("HCOP")	93.822		50,000	662,861
PPHF Geriatric Education Centers	93.969		82,125	860,585
				<u>6,096,700</u>

**University of Hawai'i**  
**State of Hawai'i**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
Centers for Disease Control and Prevention				
PPHF Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds	93.738		64,000	483,069
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		106,642	455,615
Other – Unknown AL Number	93.U01			29,011
Administration for Community Living (“ACL”)				967,695
Alzheimer’s Disease Program Initiative (“ADPI”)	93.470		5,871	107,241
Developmental Disabilities Projects of National Significance	93.631			171,297
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632		331,417	1,086,780
Office of Minority Health				1,365,318
Community Programs to Improve Minority Health Grant Program	93.137			195,537
Substance Abuse and Mental Health Services Administration				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			585,957
Passed through from				
State of Hawaii Dept. of Education	93.079	various		99,788
State of Hawaii Dept. of Education	93.596	MOA D20-010_CO-20014		99,260
State of Hawaii Dept. of Health	93.051	ASO LOG 18-195		4,072
State of Hawaii Dept. of Health	93.104	ASO LOG 22-143		80,729
State of Hawaii Dept. of Health	93.136	various		51,265
State of Hawaii Dept. of Health	93.241	PCSA Tracker / PO 00262373		2,896
State of Hawaii Dept. of Health	93.243	ASO LOG 19-245 MOD 1,3-5		399,067
State of Hawaii Dept. of Health	93.251	ASO LOG 21-184		34,840
State of Hawaii Dept. of Health	93.270	DI100-HRSB-08-21-HEP		26,218
State of Hawaii Dept. of Health	93.323	various		533,184
State of Hawaii Dept. of Health	93.334	ASO LOG 21-074		91,565
State of Hawaii Dept. of Health	93.387	various		77,990
State of Hawaii Dept. of Health	93.391	various		102,964
State of Hawaii Dept. of Health	93.426	various		167,182
State of Hawaii Dept. of Health	93.470	ASO LOG 21-075		27,214
State of Hawaii Dept. of Health	93.495	various		37,130
State of Hawaii Dept. of Health	93.665	ASO LOG 20-258		996,348
State of Hawaii Dept. of Health	93.758	ASO LOG 18-065 MOD 4 , 5 & 7		30,446
State of Hawaii Dept. of Health	93.788	various		481,603
State of Hawaii Dept. of Health	93.898	UH Cancer Tracker		11,418
State of Hawaii Dept. of Health	93.940	-----		19,076
State of Hawaii Dept. of Health	93.958	ASO LOG 21-042		262,195
State of Hawaii Dept. of Health	93.959	various		2,321,500
State of Hawaii Dept. of Health	93.991	HP2030 Tracker		18,328
State of Hawaii Dept. of Health	93.U02	various		700,879
State of Hawaii Dept. of Human Services	93.369	various		542,880
State of Hawaii Dept. of Human Services	93.558	DHS-19-ETPO-4232 SUPP2		1,650
State of Hawaii Dept. of Human Services	93.596	various		794,624
State of Hawaii Dept. of Human Services	93.667	various		268,141
State of Hawaii Dept. of Human Services	93.747	DHS-22-POS-0077		76,172
State of Hawaii Dept. of Human Services	93.778	various	3,182	2,079,218
County – Hawaii	93.137	C.009478		80,599
Government of American Samoa	93.283	-----		8,814
University of Arizona	93.516	461875		14,650
Association University Center	93.421	22-21-8815		11,592
University of California – Los Angeles	93.110	1920 G YA128		24,957
University of California – San Francisco	93.145	11467sc	24,000	189,680
Catholic Charities Hawaii	93.U03	various		41,345
Government of Guam	93.898	17-0791		24,845
Hawaii Health and Harm Reduct	93.914	-----		20,724
Hawaii State Rural Health Assn	93.912	GA1RH39562		84,061
I Ola Lahui	93.732	2021001		96,960
Commonwealth of the Northern Mariana Islands	93.778	various		676,384
Commonwealth of the Northern Mariana Islands	93.788	CNMI-MEDICAID-2020-E&E-MMIS		264,448
Commonwealth of the Northern Mariana Islands	93.888	WTL #CNMI-CHCC-2014-002		1,395
Commonwealth of the Northern Mariana Islands	93.898	-----		6,865
Pacific Island Health Officers	93.874	2021-05-UH prHPV	253,100	897,318
Papa Ola Lokahi	93.011	various		38,207
Papa Ola Lokahi	93.932	various	29,133	120,703
Republic of Palau	93.898	18-026		25,427
Research Corp of the University of Guam	93.969	various		32,190
Research Corp of the University of Hawaii	93.103	-----		571
Texas A&M University	93.297	M2102073		265,467
University Health Partners	93.917	7120-ACR-RW AMDT3		31,619
				13,398,663
				22,609,870
<b>Corporation for National and Community Service</b>				
State Commissions	94.003			168,914
AmeriCorps	94.006		2,155,261	2,155,261
Commission Investment Fund	94.008			4,536
Training and Technical Assistance	94.009			44,369
				2,373,080

**University of Hawai'i**  
**State of Hawai'i**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

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	AL Number	Pass-Through Identifier	Passed Through to Subrecipients	Expenditures
<b>Social Security Administration</b>				
Social Security – Work Incentives Planning and Assistance Program	96.008			71,572
<b>U.S. Department of Homeland Security</b>				
Federal Emergency Management Agency				
Financial Assistance for Targeted Violence and Terrorism Prevention	97.132			60,459
<b>Agency for International Development</b>				
Passed through from				
ABT Associates Inc	98.U01	51243		9,161
Mercy Corps	98.001	-----		266,742
RTI International	98.U01	7-330-0217797-66382L		<u>43,238</u>
				319,141
<b>Other</b>				
Peace Corps	99.U01	various		<u>27,103</u>
<b>Total Other Federal Assistance</b>				<u>68,801,073</u>
<b>Total expenditures of federal awards</b>			<b><u>\$ 21,613,431</u></b>	<b><u>\$ 663,905,582</u></b>

**University of Hawai'i**  
**State of Hawai'i**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the University and is presented on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The University has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**2. Federal Assistance Listing Number**

The Uniform Guidance requires the schedule of expenditures of federal awards to include the Federal Assistance Listing Number ("ALN") for each individual Federal program or other identifying number when the ALN information is not available. For federal assistance programs and awards that have no assigned ALN, federal awards to nonfederal entities from the same agency made for the same purpose are combined and considered as one program. If the ALN three-digit extension is unknown, it has been assigned a "U" followed by a two-digit number (e.g., U01, U02, etc.) under the respective federal agency. If the federal program is part of the Research and Development Cluster and the ALN extension is unknown, "RD" has been used as the ALN extension.



## **SECTION 3**

# **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**University of Hawai‘i<sup>2</sup>**  
**State of Hawai‘i**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**

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**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Type of auditors’ report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. CFR Part 200, Section 200.516?	Yes

**Identification of Major Programs<sup>1</sup>**

<b>Federal Assistance Listing Number</b>	<b>Federal Program or Cluster</b>
Various	Research and Development Cluster
Various	Student Financial Assistance Cluster – Grants, Scholarships and Loans
Various	TRIO Cluster
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
43.U01	NASA IRTF Operation
84.031	Title III Higher Education – Institutional Aid
84.048	Career and Technical Education
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs (“GEAR UP”)
84.362	Title VII Native Hawaiian Education
84.425	COVID-19 – Higher Education Emergency Relief Fund (“HEERF”)
97.005	State and Local Homeland Security National Training Program

Dollar threshold used to distinguish between Type A and Type B programs	\$3,000,000
Auditee qualified as low-risk auditee?	Yes

<sup>1</sup> Refer to Section 2 of this report for detailed information on each contract and grant comprising the University’s major programs.

<sup>2</sup> The University’s federal entity identification number is 99-6000354.

**University of Hawai'i**  
**State of Hawai'i**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**

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**Section II – Financial Statement Findings**

There were no findings related to the financial statements. However, we noted other matters involving compliance and internal control over financial reporting that we will be reporting to the Board of Regents and management of the University in a separate letter.

**University of Hawai‘i  
State of Hawai‘i  
Schedule of Findings and Questioned Costs  
Student Financial Assistance Cluster  
University of Hawai‘i at Mānoa  
Year Ended June 30, 2022**

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**Section III – Federal Award Findings and Questioned Costs**

**Questioned  
Costs**

**\$ -0-**

**Finding No. 2022-001:** Financial Aid Administration – Control Deficiency

**Federal Agency:** U.S. Department of Education

**Assistance Listing Number  
and Title:** 84.063 – Federal Pell Grant Program

**Condition**

During our audit, for 1 out of 15 students selected for testing, the institution failed to remit all disbursed Title IV Funds to the Title IV program within 30 days after the institution became aware that the student did not begin attendance.

**Criteria**

Title 34, Section 668.21(a) through (b) of the U.S. Code of Federal Regulations (“CFR”) requires if a student does not begin attendance in a payment period or period of enrollment, the institution must return all Title IV, Higher Education Act (“HEA”) program funds that were credited to the student’s account at the institution or disbursed directly to the student for that payment period or period of enrollment for Federal Perkins Loan, Federal Supplemental Educational Opportunity Grant, Federal Pell Grant, Teacher Education Assistance for College and Higher Education Grant, Academic Competitiveness Grant, and National Science and Mathematics Access to Retain Talent Grant program funds. For Federal Direct Student Loans, the institution must return all funds that were credited to the student’s account at the institution for that payment period or period of enrollment. The institution must return those funds for which it is responsible for the respective Title IV, HEA program as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not, or has not begun attendance.

**Cause**

Due to turnover in critical positions within the financial aid office and lack of personnel training, the institution was unable to accurately perform the return to Title IV calculations timely.

**University of Hawai'i  
State of Hawai'i  
Schedule of Findings and Questioned Costs  
Student Financial Assistance Cluster  
University of Hawai'i at Mānoa  
Year Ended June 30, 2022**

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**Effect**

In accordance with 34 CFR 668.84, the Secretary of Education may levy fines and/or penalties on the institution or suspend future participation in federal student financial assistance programs for failure to comply with the requirements applicable to Title IV of the HEA.

**Context**

A sample of 15 students who withdrew from the institution and were disbursed a total of \$105,403 in Title IV funds was selected for audit from a population of 480 students who withdrew and were disbursed a total of \$4,138,083 in Title IV funds. Our test found 1 student's institutional portion of unearned aid was remitted untimely. Our sample was a statistically valid sample.

**Repeat Finding**

This is not a repeat finding.

**Recommendation**

We recommend that the institution perform the following to ensure compliance with Federal requirements:

- Remit the institutional portion of unearned aid to the appropriate Title IV program within the required 30-day time period in accordance with federal regulations.

**Views of Responsible Officials and Planned Corrective Actions**

The institution will work with the Office of the Registrar to confirm student attendance as needed to ensure compliance with federal reporting guidelines and to enable the institution to prepare the return of Title IV calculation in a timely manner.

**University of Hawai‘i  
State of Hawai‘i  
Schedule of Findings and Questioned Costs  
Student Financial Assistance Cluster  
Honolulu Community College  
Year Ended June 30, 2022**

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**Questioned  
Costs**

**\$ 812**

**Finding No. 2022-002:** Financial Aid Administration – Control Deficiency

**Federal Agency:** U.S. Department of Education

**Assistance Listing Number  
and Title:** 84.063 – Federal Pell Grant Program  
84.268 – Federal Direct Student Loans

**Condition**

During our audit, we noted the following instances of noncompliance:

Return of Title IV Funds

- For 1 out of 15 students selected for testing, the institution failed to remit the appropriate amount of Title IV funds for this student, resulting in a total underpayment of \$812 to the Title IV program.
- For 3 out of 15 students selected for testing, the institution failed to determine the withdrawal date for students who unofficially withdrew from the institution within 30 days after the end of the period of enrollment.
- For 1 out of 15 students selected for testing, the institution failed to remit the institutional portion of unearned Title IV Funds to the Title IV program within 45 days after the institution determined that the student withdrew.

Direct Student Loans

- During our audit, for 1 out of 3 months selected for testing, the institution did not have evidence that they were transmitting and properly reconciling borrower data. As such, the institution failed to perform the reconciliation between institutional records and direct loan disbursement records.

**University of Hawai‘i**  
**State of Hawai‘i**  
**Schedule of Findings and Questioned Costs**  
**Student Financial Assistance Cluster**  
**Honolulu Community College**  
**Year Ended June 30, 2022**

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**Criteria**

Return of Title IV Funds

Title 34, Section 668.22(j)(1) of the CFR requires the institution to return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution’s determination that the student withdrew.

Title 34, Section 668.22(a)(1) through (a)(5) of the CFR requires the institution to determine the amount of Title IV aid earned by the student as of the student’s withdrawal date when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance.

Title 34, Section 668.22(j)(2) of the CFR requires if an institution is not required to take attendance, the institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of 1) the payment period or period of enrollment, as applicable; 2) the academic year; or 3) the program.

Direct Student Loans

Title 34, Section 685.30(b)(5) of the CFR requires the institution to reconcile institution records with direct loan funds received from the Secretary of Education and direct loan disbursement records submitted to and accepted by the Secretary of Education on a monthly basis.

**Cause**

Return of Title IV Funds

Due to turnover in critical positions within the financial aid office and lack of personnel training, the institution was unable to accurately perform the return of Title IV funds calculations timely.

Direct Student Loans

Due to turnover in critical positions within the financial aid office and lack of personnel training, the institution was unable to perform the month-end direct loan reconciliation process.

**Effect**

In accordance with 34 CFR 668.84, the Secretary of Education may levy fines and/or penalties on the institution or suspend future participation in federal student financial assistance programs for failure to comply with the requirements applicable to Title IV of the HEA.

**University of Hawai‘i**  
**State of Hawai‘i**  
**Schedule of Findings and Questioned Costs**  
**Student Financial Assistance Cluster**  
**Honolulu Community College**  
**Year Ended June 30, 2022**

---

**Context**

Return of Title IV Funds

A sample of 15 students who withdrew from the institution and were disbursed a total of \$40,116 in Title IV funds was selected for audit from a population of 199 students who withdrew and were disbursed a total of \$337,507 in Title IV funds. Our test found 1 student’s return of Title IV funds was incorrectly calculated, resulting in a total questioned cost of \$812. Our sample was a statistically valid sample.

A sample of 15 students who withdrew from the institution and were disbursed a total of \$40,116 in Title IV funds was selected for audit from a population of 199 students who withdrew and were disbursed a total of \$337,507 in Title IV funds. Our test found 3 students’ return to Title IV calculation performed untimely. Our sample was a statistically valid sample.

A sample of 15 students who withdrew from the institution and were disbursed a total of \$41,248 in Title IV funds was selected for audit from a population of 199 students who withdrew and were disbursed a total of \$337,507 in Title IV funds. Our test found 1 student’s return of Title IV funds was not remitted timely. Our sample was a statistically valid sample.

Direct Student Loans

A sample of 3 monthly reconciliations was selected for audit from a population of 12 monthly reconciliations. Our test found that the institution was unable to provide us with the requested reconciliations for 1 out of our 3 sampled months. Our sample was a statistically valid sample.

**Repeat Finding**

This is a not a repeat finding.

**Recommendation**

We recommend that the institution perform the following to ensure compliance with Federal requirements:

Return of Title IV Funds

- Ensure that the correct information is used to prepare the return of Title IV calculation.
- Remit the institutional portion of unearned aid to the appropriate Title IV program within the required 45-day time period in accordance with federal regulations.



**University of Hawai'i  
State of Hawai'i  
Schedule of Findings and Questioned Costs  
Student Financial Assistance Cluster  
Honolulu Community College  
Year Ended June 30, 2022**

---

- Determine the withdrawal date for students who unofficially withdrew from the institution within the required 30-day time period in accordance with federal regulations.
- Remit all aid to the appropriate Title IV programs if a student fails to begin attendance during the period of enrollment.

Direct Student Loans

- We recommend that the institution reconcile borrower information on a monthly basis, retain records to ensure compliance with Federal requirements, and retain secondary copies of the reconciliation support.

**Views of Responsible Officials and Planned Corrective Actions**

Return of Title IV Funds

The institution is currently in the process of hiring additional personnel to assist in the preparation of the return of Title IV calculation. To ensure compliance with federal reporting guidelines, the institution will provide personnel with additional training on the return of Title IV calculation and develop a processing schedule to assist in the completion of the return of Title IV calculation in a timely and accurate manner.

Direct Student Loans

The institution will provide personnel with additional training on the loan reconciliation process and develop a schedule to assist in the completion of the loan reconciliation process in a timely and accurate manner.

**University of Hawai‘i  
State of Hawai‘i  
Schedule of Findings and Questioned Costs  
Student Financial Assistance Cluster  
Leeward Community College  
Year Ended June 30, 2022**

---

**Questioned  
Costs**

**\$ 670**

**Finding No. 2022-003:** Return of Title IV Funds – Control Deficiency

**Federal Agency:** U.S. Department of Education

**Assistance Listing Number  
and Title:** 84.063 – Federal Pell Grant Program

**Condition**

During our audit, for 1 out of 15 students selected for testing, the institution failed to remit the appropriate amount of Title IV funds for this student, resulting in a total underpayment of \$670 to the Title IV program.

**Criteria**

Title 34, Section 668.22(j)(1) of the CFR requires the institution to return the amount of Title IV funds for which it is responsible as soon as possible but no later than 45 days after the date of the institution’s determination that the student withdrew.

**Cause**

Due to an oversight by one of the financial aid office staff, the institution’s required return amount was not returned to the Title IV program despite a calculation being performed.

**Effect**

In accordance with 34 CFR 668.84, the Secretary of Education may levy fines and/or penalties on the institution or suspend future participation in federal student financial assistance programs for failure to comply with the requirements applicable to Title IV of the HEA.

**Context**

A sample of 15 students who withdrew from the institution and were disbursed a total of \$55,745 in Title IV funds was selected for audit from a population of 457 students who withdrew and were disbursed a total of \$926,438 in Title IV funds. Our test found 1 student’s return of Title IV funds was not remitted timely, resulting in a total questioned cost of \$670. Our sample was a statistically valid sample.

**University of Hawai'i  
State of Hawai'i  
Schedule of Findings and Questioned Costs  
Student Financial Assistance Cluster  
Leeward Community College  
Year Ended June 30, 2022**

---

**Repeat Finding**

This is a repeat of prior audit Finding No. 2021-004.

**Recommendation**

We recommend that the institution remit the institutional portion of unearned aid to the appropriate Title IV program within the required time period in accordance with federal regulations.

**Views of Responsible Officials and Planned Corrective Actions**

The institution has updated its procedures to include an additional step to confirm that all required returns have been processed and returned. Personnel will also be assigned to review the completed return of Title IV calculations on a weekly basis to ensure the calculation was performed in a timely and accurate manner.

**University of Hawai‘i  
State of Hawai‘i  
Schedule of Findings and Questioned Costs  
Student Financial Assistance Cluster  
Kapiolani Community College  
Year Ended June 30, 2022**

---

**Questioned  
Costs**  
  
**\$ -0-**

**Finding No. 2022-004:** Financial Aid Administration – Control Deficiency

**Federal Agency:** U.S. Department of Education

**Assistance Listing Number  
and Title:** 84.268 – Federal Direct Student Loans

**Condition**

During our audit, for 2 out of 3 months selected for testing, the institution did not have evidence that they were transmitting and properly reconciling borrower data. As the institution could not provide evidence that they performed the reconciliation between institutional records and direct loan disbursement records, we deem the reconciliation to not have been performed.

**Criteria**

Title 34, Section 685.30(b)(5) of the CFR requires the institution to reconcile institution records with direct loan funds received from the Secretary of Education and direct loan disbursement records submitted to and accepted by the Secretary of Education on a monthly basis.

**Cause**

Due to an unexpected malfunction of the institution’s data server, all evidence that the monthly reconciliation process was completed prior to March 2022 was lost.

**Effect**

In accordance with 34 CFR 668.84, the Secretary of Education may levy fines and/or penalties on the institution or suspend future participation in federal student financial assistance programs for failure to comply with the requirements applicable to Title IV of the HEA.

**Context**

A sample of 3 monthly reconciliations was selected for audit from a population of 12 monthly reconciliations. Our test found that the institution was unable to provide us with the requested reconciliations for 2 out of our 3 sampled months. Our sample was a statistically valid sample.

**University of Hawai'i  
State of Hawai'i  
Schedule of Findings and Questioned Costs  
Student Financial Assistance Cluster  
Kapiolani Community College  
Year Ended June 30, 2022**

---

**Repeat Finding**

This is a not a repeat finding.

**Recommendation**

We recommend that the institution reconcile borrower information on a monthly basis, retain records to ensure compliance with Federal requirements, and retain secondary copies of the reconciliation support.

**Views of Responsible Officials and Planned Corrective Actions**

In November 2022, the institution implemented procedures to back up documentation supporting the transmittal and reconciliation of borrower data on at least a quarterly basis.

**University of Hawai‘i  
State of Hawai‘i  
Schedule of Findings and Questioned Costs  
Student Financial Assistance Cluster  
Windward Community College  
Year Ended June 30, 2022**

---

**Questioned  
Costs**  
  
**\$ -0-**

**Finding No. 2022-005:** Financial Aid Administration – Control Deficiency

**Federal Agency:** U.S. Department of Education

**Assistance Listing Number  
and Title:** 84.268 – Federal Direct Student Loans

**Condition**

During our audit, for 1 out of 3 months selected for testing, the institution did not have evidence that they were transmitting and properly reconciling borrower data. As such, the institution failed to perform the reconciliation between institutional records and direct loan disbursement records.

**Criteria**

Title 34, Section 685.30(b)(5) of the CFR requires the institution to reconcile institution records with direct loan funds received from the Secretary of Education and direct loan disbursement records submitted to and accepted by the Secretary of Education on a monthly basis.

**Cause**

Due to turnover in critical positions within the financial aid office and lack of personnel training, the institution was unable to perform the month-end direct loan reconciliation process.

**Effect**

In accordance with 34 CFR 668.84, the Secretary of Education may levy fines and/or penalties on the institution or suspend future participation in federal student financial assistance programs for failure to comply with the requirements applicable to Title IV of the HEA.

**Context**

A sample of 3 monthly reconciliations was selected for audit from a population of 12 monthly reconciliations. Our test found that the institution was unable to provide us with the requested reconciliations for 1 out of our 3 sampled months. Our sample was a statistically valid sample.

**Repeat Finding**

This is a not a repeat finding.

**University of Hawai'i  
State of Hawai'i  
Schedule of Findings and Questioned Costs  
Student Financial Assistance Cluster  
Windward Community College  
Year Ended June 30, 2022**

---

**Recommendation**

We recommend that the institution reconcile borrower information on a monthly basis, retain records to ensure compliance with Federal requirements, and retain secondary copies of the reconciliation support.

**Views of Responsible Officials and Planned Corrective Actions**

The institution has updated its procedures to assist in the completion of the transmittal and reconciliation of borrower data in a timely manner.

**University of Hawai‘i  
State of Hawai‘i  
Schedule of Findings and Questioned Costs  
Student Financial Assistance Cluster  
University of Hawai‘i Maui College  
Year Ended June 30, 2022**

---

**Questioned  
Costs**

**\$ -0-**

**Finding No. 2022-006:** Return of Title IV Funds – Control Deficiency

**Federal Agency:** U.S. Department of Education

**Assistance Listing Number  
and Title:** 84.063 – Federal Pell Grant Program  
84.268 – Federal Direct Student Loans

**Condition**

During our audit, we noted the following instances of noncompliance:

- For 4 out of 15 students selected for testing, the institution failed to remit the institutional portion of unearned Title IV Funds to the Title IV program within 45 days after the institution determined that the student withdrew.
- For 6 out of 15 students selected for testing, the institution failed to determine the withdrawal date for students who unofficially withdrew from the institution within 30 days after the end of the period of enrollment.

**Criteria**

Title 34, Section 668.173(b) of the CFR requires the institutional portion of unearned aid to be returned to the appropriate Title IV, HEA program or Federal Family Education Loan lender no later than 45 days after the date of the institution’s determination that the student withdrew.

Title 34, Section 668.22(j)(2) of the CFR requires if an institution is not required to take attendance, the institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of 1) the payment period or period of enrollment, as applicable; 2) the academic year; or 3) the program.

Title 34, Section 668.22(a)(1) through (a)(5) of the CFR requires the institution to determine the amount of Title IV aid earned by the student as of the student’s withdrawal date when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance.



**University of Hawai'i  
State of Hawai'i  
Schedule of Findings and Questioned Costs  
Student Financial Assistance Cluster  
University of Hawai'i Maui College  
Year Ended June 30, 2022**

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**Cause**

Due to turnover in critical positions within the financial aid office, the institution was unable to accurately perform the return of Title IV calculations timely.

**Effect**

In accordance with 34 CFR 668.84, the Secretary of Education may levy fines and/or penalties on the institution or suspend future participation in federal student financial assistance programs for failure to comply with the requirements applicable to Title IV of the HEA.

**Context**

A sample of 15 students who withdrew from the institution and were disbursed a total of \$49,002 in Title IV funds was selected for audit from a population of 120 students who withdrew and were disbursed a total of \$358,323 in Title IV funds. Our test found that 4 students' institutional portion of unearned aid was remitted untimely and the institution failed to determine the withdrawal date in a timely manner for 6 students. Our sample was a statistically valid sample.

**Repeat Finding**

This is not a repeat finding.

**Recommendation**

We recommend that the institution perform the following to ensure compliance with federal regulations:

- Determine the withdrawal date for students who withdrew without providing notification within 30 days after the end of the period of enrollment in accordance with federal regulations.
- Remit the institutional portion of unearned aid to the appropriate Title IV program within the required 45-day time period in accordance with federal regulations.

**Views of Responsible Officials and Planned Corrective Actions**

The institution is currently training additional personnel to assist with the return of Title IV calculations. Personnel will also be assigned to review the completed return of Title IV calculations on a weekly basis to ensure the calculation was performed in a timely and accurate manner.

**University of Hawai‘i**  
**State of Hawai‘i**  
**Schedule of Findings and Questioned Costs**  
**Title VII Native Hawaiian Education**  
**Year Ended June 30, 2022**

---

**Questioned  
Costs**  
  
**\$ 10,911**

**Finding No. 2022-007:** Inaccurate Stipend Expenditure – Significant Deficiency

**Federal Agency:** U.S. Department of Education

**Assistance Listing Number  
and Title:** 84.362 – Title VII Native Hawaiian Education

**Condition**

During our audit of the Title VII Native Hawaiian Education (“Title VII”) program, we noted the following instances in which the stipend amount distributed to program participants was not calculated in an accurate manner:

- We noted three instances from the Hokulani program in which the criteria used to determine the amount of the stipend distributed to a program participant was not formally documented.
- We noted ten instances from the Ho‘oku‘i III program in which the stipend amount distributed to a program participant did not align with the documented criteria communicated to such participants.
- We noted one instance from the Kukulu Kumuhana K-3 Hawaiian Language Student and Family Literacy Project program in which the criteria used to determine the amount of the stipend distributed to a program participant was not formally documented. We also noted one instance from the Kukulu Kumuhana K-3 Hawaiian Language Student and Family Literacy Project program in which the documented process for determining and calculating the stipend distributed to a program participant was not followed.

**Criteria**

Section 200.403 – *Factors affecting allowability of costs* of Title 2 U.S. CFR Part 200, states “(c) – in order for costs to be allowable under Federal awards it must be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of non-Federal entity.”

**Cause**

The inaccurate calculation and lack of documentation supporting the determination of amounts to be distributed to program participants may be attributed to a lack of oversight by program personnel.

**University of Hawai‘i**  
**State of Hawai‘i**  
**Schedule of Findings and Questioned Costs**  
**Title VII Native Hawaiian Education**  
**Year Ended June 30, 2022**

---

**Effect**

Failure to adhere to the allowable cost principles of Title 2 U.S. CFR Part 200 exposes the University to an undue risk of misuse of federal funds and may ultimately jeopardize the University’s ability to obtain future federal funding.

**Context**

A sample of 40 scholarship and stipend transactions totaling \$41,961 in expenditures from the Title VII program was selected for audit from a population of \$865,552 in scholarship and stipend expenditures from the Title VII program. Our test found 15 transactions in which the criteria applied to calculate the stipend amount was inadequately documented or the program’s policies for determining and awarding stipends was not followed. Our sample was a statistically valid sample.

**Repeat Finding**

This is a repeat of prior audit Finding No. 2021-006.

**Recommendation**

We recommend that the University ensure that adequate documentation is maintained detailing the criteria used to calculate the awarded stipends and that policies for determining and awarding stipends are appropriately followed to ensure an accurate distribution of stipends utilizing funds within the context of Title 2 U.S. CFR 200, subpart E.

**Views of Responsible Officials and Planned Corrective Actions**

Hokulani and Ho’oku’i III Programs

Program personnel have been reminded that any changes or variations to project stipend payments must be communicated to all participants prior to the changes or variations taking effect and that the criteria used to formulate stipend payments must be formally documented.

Kukulu Kumuhana K-3 Hawaiian Language Student and Family Literacy Project Program

Program personnel have updated their procedures to ensure that the criteria applied during the calculation of stipend payments is properly documented.

**University of Hawai‘i**  
**State of Hawai‘i**  
**Schedule of Findings and Questioned Costs**  
**TRIO Cluster**  
**Year Ended June 30, 2022**

---

**Questioned  
Costs**  
  
**\$ 25**

**Finding No. 2022-008:** Inaccurate Stipend Expenditure – Control Deficiency

**Federal Agency:** U.S. Department of Education

**Assistance Listing Number  
and Title:** 84.047 – TRIO Cluster

**Condition**

During our audit of the TRIO Cluster program, we noted five instances from the Upward Bound program in which the stipend amount distributed to a program participant was not calculated in an accurate manner, resulting in an underpayment of \$5 to three participants and an overpayment of \$5 to two participants.

We also noted four instances from the Upward Bound program in which there were discrepancies amongst the information included in various underlying supporting records used to track student participation in program activities. However, it was noted that the record ultimately used to calculate the student’s stipend accurately reflected the program activities in which they participated and thus, resulted in the distribution of an appropriate stipend.

**Criteria**

Section 200.403 – *Factors affecting allowability of costs* of Title 2 U.S. CFR Part 200, states “(c) – in order for costs to be allowable under Federal awards it must be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of non-Federal entity.”

**Cause**

The inaccurate distribution of stipends to program participants and discrepancies amongst the various underlying supporting records used to track student’s participation in program activities were attributed to computational errors during the calculation of stipend amounts and clerical errors while creating the various supporting records.

**Effect**

Failure to adhere to the allowable cost principles of Title 2 U.S. CFR Part 200 exposes the University to an undue risk of misuse of federal funds and may ultimately jeopardize the University’s ability to obtain future federal funding.

**University of Hawai‘i**  
**State of Hawai‘i**  
**Schedule of Findings and Questioned Costs**  
**TRIO Cluster**  
**Year Ended June 30, 2022**

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**Context**

A sample of 40 scholarship and stipend transactions totaling \$9,010 in expenditures from the TRIO Cluster program was selected for audit from a population of \$96,279 in scholarship and stipend expenditures from the TRIO Cluster program. Our test found 5 transactions in which an inaccurate stipend amount was distributed and 4 transactions in which discrepancies were noted in the underlying supporting records used to track a student’s participation in program activities. Our sample was a statistically valid sample.

**Repeat Finding**

This is not a repeat finding.

**Recommendation**

We recommend that the University streamline the recordkeeping function used to track student participation in program activities by reducing the number of documents currently utilized. In addition, the University should implement an additional level of review to ensure an accurate distribution of stipends utilizing funds in accordance with allowable cost criteria set forth in Title 2 U.S. CFR Part 200, subpart E.

**Views of Responsible Officials and Planned Corrective Actions**

Effective January 1, 2022, the program implemented the use of a database to assist in the tracking of student participation in program activities. Going forward, program personnel will also implement a secondary review of the calculation of stipend amounts within the database prior to the distribution of such amounts to program participants.

## **SECTION 4**

# **FINANCIAL STATEMENTS**

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Index**  
**June 30, 2022**

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## Report of Independent Auditors

To the Board of Regents of the  
University of Hawai'i

### Opinion

We have audited the accompanying financial statements of the University of Hawai'i (the "University"), a component unit of the State of Hawai'i, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the accompanying index.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the University and its discretely presented component unit as of June 30, 2022, and the changes in financial position and, where applicable, cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the University of Hawai'i Foundation (the "Foundation"), which represent 21.3 percent of the total assets and deferred outflows of resources and 0.8 percent of the total operating revenues of the University as of and for the year ended June 30, 2022. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the Foundation as of and for the year ended June 30, 2022, are based solely on the report of the other auditors.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Foundation were not audited under *Government Auditing Standards*. We are required to be independent of the University, 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.

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### **Adoption of New Accounting Principle**

As discussed in Note 1, the University adopted Governmental Accounting Standards Board (“GASB”) Statement No. 87, *Leases*, in fiscal year 2022. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America 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 the University’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors’ 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 auditors’ 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 generally accepted auditing standards and *Government Auditing Standards* 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 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 generally accepted auditing standards and *Government Auditing Standards*, 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 the University’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 the University'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.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of the proportionate share of the net pension liability, pension contributions, changes in net OPEB liability and related ratios, and OPEB contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements. The accompanying schedule of expenditures of federal awards, prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of



America. In our opinion, the schedule of expenditures of federal awards, as prepared on the cash basis of accounting, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December [REDACTED], 2022, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Honolulu, Hawai'i  
December [REDACTED], 2022

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Management’s Discussion and Analysis (Unaudited)**  
**June 30, 2022**

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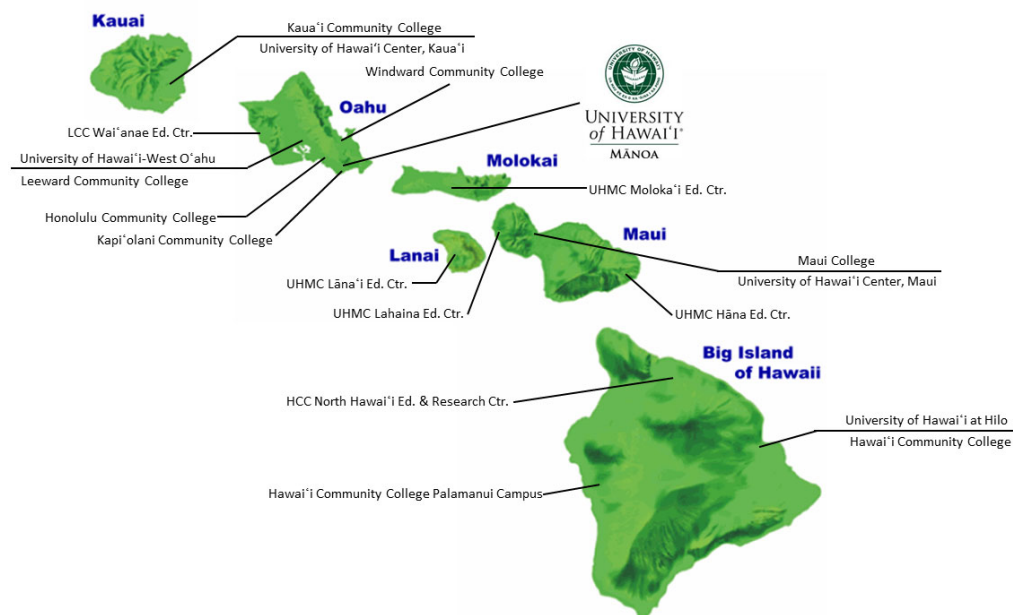
**Introduction**

The following discussion and analysis provide an overview of the financial position and activities of the University of Hawai‘i (the “University”) for the year ended June 30, 2022, with selected information for the year ended June 30, 2021. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Founded in 1907 under the auspices of the Morrill Act, the University is a land-grant, sea-grant, and space-grant institution and a 10-campus system comprised of a major research university (UH-Mānoa), two baccalaureate campuses (UH-Hilo and UH-West O‘ahu), seven community colleges (Hawai‘i, Honolulu, Kapi‘olani, Kaua‘i, Leeward, Maui and Windward), and nine educational centers distributed across the State.

The University is the sole public higher education system within the State and, therefore, has a unique competitive position and value in Hawai‘i. Furthermore, the University is the only truly integrated higher education system in the country that seamlessly arranges its universities and community colleges into one system. Other public higher education systems in the country are typically separate and distinct systems defined by the type of system (community colleges, junior colleges, and universities).

In addition to being an integrated higher education system, the University distinguishes itself through its Hawai‘i, Asian and Pacific orientation and its position as one of the world’s foremost multicultural centers for global and indigenous studies. Students are members of a population in which no one ethnic group constitutes a majority, and the educational experience is enriched by the diversity of cultures represented.



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<b>Students</b>	<b>Academic Year 2022</b>	<b>Academic Year 2021</b>
Undergraduate	43,113	44,315
Graduate	5,260	5,458
<b>Total</b>	<b>48,373</b>	<b>49,773</b>

**Type of Degrees Awarded**

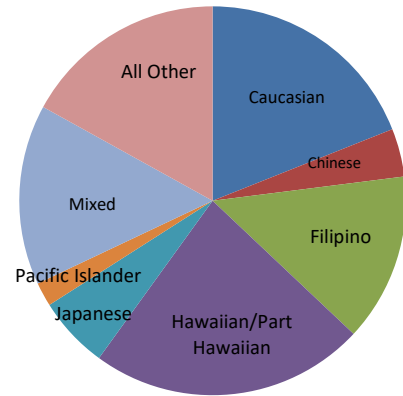
Certificates: Community Colleges	724
Certificates: University	170
Associate degrees	136
Bachelor’s degrees	127
Master’s degrees	145
Doctoral degrees	93
Professional degrees	53
	7

**Residency**

Hawai‘i	80%
Mainland	14%
U.S Affiliated	1%
Foreign	5%

**Student Diversity (full time Students)**

Caucasian	19%
Chinese	4%
Filipino	14%
Hawaiian/Part Hawaiian	23%
Japanese	6%
Pacific Islander	2%
Mixed	15%
All Other	17%



<b>Total Revenues (\$ in thousands)</b>	<b>Fiscal Year 2022</b>	<b>% of Total</b>	<b>Fiscal Year 2021</b>
Net tuition and fees	\$ 268,126	14%	\$ 267,422
Contracts and grants (including Pell grants)	641,320	34%	496,798
State appropriations	497,862	26%	539,623
Transfer from State for fringe benefits	232,603	12%	250,594
Sales and services	91,894	5%	61,439
Capital State appropriations	150,650	8%	99,412
Others	(3,177)	1%	61,743
<b>Total</b>	<b>\$ 1,879,278</b>	<b>100%</b>	<b>\$ 1,777,031</b>

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**Using the Financial Statements**

The University’s financial statements are prepared in accordance with Governmental Accounting Standards Board (“GASB”) principles, which establish standards for external financial reporting for public colleges and universities. The University’s financial statements are comprised of the following four components:

- **Statement of Net Position** – The Statement of Net Position presents information on the University’s assets, deferred outflow of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the University’s financial condition is improving or deteriorating. Net position increases when revenues exceed expenses, or when assets and deferred outflows of resources increase without a corresponding increase in liabilities and deferred inflows of resources. This is an indication of improving financial condition. However, when expenses exceed revenues, or when liabilities increase without a corresponding increase in assets, there is an indication of deteriorating financial condition.
- **Statement of Revenues, Expenses, and Changes in Net Position** – The Statement of Revenues, Expenses, and Changes in Net Position presents the University’s revenues and expenses and illustrate how current year activities improve or weaken the University’s financial condition. Changes in net position are reported when the underlying event occurs (accrual basis of accounting), which may be different from actual cash flows. In accordance with GASB requirements, certain significant revenues budgeted for fundamental operational support of the core instructional mission of the University must be recorded as nonoperating revenue, including state educational appropriations, private gifts, and investment income. Consequently, the Statement of Revenues, Expenses, and Changes in Net Position distinguishes operating from nonoperating revenues and expenses. It is anticipated that the University will consistently report an operating loss since certain significant revenue sources relied upon for core operational needs are considered nonoperating revenue.
- **Statement of Cash Flows** – The Statement of Cash Flows distinguishes between cash inflows and outflows from operating activities, non-capital financing activities, capital, and related financing activities, and investing activities.
- **Notes to Financial Statements** – The notes provide additional information that is essential to a full understanding of the information presented in the financial statements.

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**Related Entities**

The University maintains close relationships with the University of Hawai‘i Foundation (the “Foundation”) and the Research Corporation of the University of Hawai‘i (the “Research Corporation”). The Foundation is a not-for-profit organization established to solicit and manage funds for the benefit of the University and the Research Corporation provides administrative support services for research and training programs of the University. Both entities are considered to be component units of the University under GASB standards, however, only the Foundation’s financial information is discretely presented in the University’s accompanying financial statements. The Research Corporation was excluded from the University’s financial statements due to materiality.

Management’s interpretation of the presentation of the University’s component units under GASB Statement No. 61 was updated in fiscal year 2020. Prior to fiscal year 2020, both the Foundation and the Research Corporation were blended into the University’s financial statements. Presenting the Foundation as a discretely presented component unit is a common method among similar public colleges and universities with a legally separate foundation.

The Foundation prepares stand-alone financial statements in accordance with the Financial Accounting Standards Board (“FASB”) standards. Under FASB standards, certain revenue recognition and financial statement presentation requirements differ from GASB, however, no modifications have been made to the Foundation’s financial information included in the University’s financial report to account for these differences.

**Financial Position**

The Statement of Net Position presents information on all of the University’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the components (assets and deferred outflows of resources, less liabilities, and deferred inflows of resources) presented as net position. Net position is reported as one of three categories: net investment in capital assets, restricted, or unrestricted. Restricted net position is further classified as either expendable or nonexpendable. The University’s assets, deferred outflows of resources, liabilities, deferred inflows

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of resources, and net position at June 30, 2022 and 2021 are summarized as follows (in thousands of dollars):

	<b>2022</b>	<b>2021</b>	<b>2022 vs 2021 Change</b>
<b>Current assets</b>			
Cash and operating investments	\$ 678,513	\$ 540,584	\$ 137,929
Receivables, net	133,270	120,243	13,027
Other current assets	19,645	15,640	4,005
Total current assets	<u>831,428</u>	<u>676,467</u>	<u>154,961</u>
<b>Noncurrent assets</b>			
Endowment and other investments	105,330	131,992	(26,662)
Capital assets, net	2,147,010	2,180,966	(33,956)
Other noncurrent assets	520,583	467,541	53,042
Total assets	<u>3,604,351</u>	<u>3,456,966</u>	<u>147,385</u>
<b>Deferred outflows of resources</b>			
Deferred outflows on net pension and OPEB liability and other	280,380	405,419	(125,039)
Total deferred outflows of resources	<u>280,380</u>	<u>405,419</u>	<u>(125,039)</u>
Total assets and deferred outflows of resources	<u>\$ 3,884,731</u>	<u>\$ 3,862,385</u>	<u>\$ 22,346</u>
<b>Current liabilities</b>			
	\$ 265,992	\$ 256,301	\$ 9,691
<b>Noncurrent liabilities</b>			
Revenue bonds payable	416,765	436,965	(20,200)
Net pension liability and other postemployment benefits	3,112,229	3,589,321	(477,092)
Other noncurrent liabilities	128,600	134,726	(6,126)
Total liabilities	<u>3,923,586</u>	<u>4,417,313</u>	<u>(493,727)</u>
<b>Deferred inflows of resources</b>			
Deferred inflows on net pension and OPEB liability	462,658	148,164	314,494
Total deferred inflows of resources	<u>462,658</u>	<u>148,164</u>	<u>314,494</u>
<b>Net position</b>			
Net investment in capital assets	1,667,468	1,691,681	(24,213)
Restricted			
Nonexpendable	10,493	10,493	-
Expendable	464,010	488,720	(24,710)
Unrestricted	(2,643,484)	(2,893,986)	250,502
Total net position	<u>(501,513)</u>	<u>(703,092)</u>	<u>201,579</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,884,731</u>	<u>\$ 3,862,385</u>	<u>\$ 22,346</u>



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**Current Assets and Liabilities**

Working capital is a good measure of both the University’s efficiency and financial health. Positive working capital means that the University has current assets in excess of current liabilities and is able to pay off short-term obligations. A working capital deficit would mean that the University is unable to meet its short-term obligations with existing current assets.

The University recorded an increase in working capital the last two fiscal years, which resulted mainly from the implementation of the new financial management policy. In November 2013, the University adopted a financial reserve policy to establish systemwide operating reserves from non-general fund revenue in amounts sufficient to provide continued operations for at least two months with a minimum of 5.0% unencumbered cash from all tuition and fee funds, special funds, and revolving funds. At June 30, 2022 and 2021 working capital amounted to \$565.4 million and \$420.2 million, respectively. The University is committed to maintaining a prudent level of working capital to fund operations, including pre-funding our extramural grants which are mostly paid on a cost reimbursement basis. Based on the \$1.5 billion of operating expenses (excluding depreciation) for the year ended June 30, 2022, the working capital at year-end represents approximately 119 days of operating funds, as compared to 81 days of operating funds in 2021.

The components of the University’s current assets and liabilities and their fluctuations during the two-year period are as follows:

- Current assets consist primarily of cash and cash equivalents, operating investments, and net receivables. Total current assets were \$831.4 million and \$676.5 million at June 30, 2022 and 2021, respectively. Total current assets increased by \$155.0 million, or 22.9% at June 30, 2022, primarily due to a \$313.7 million increase in operating investments, offset by a \$175.7 million decrease in cash. As a result of rising interest rates towards the end of fiscal year 2022, the University opted to trade cash balances for higher yield government securities.
- Current liabilities consist primarily of accounts payable, accrued payroll and fringe benefits, advances from sponsors, and unearned revenue. Current liabilities also include amounts due to the State of Hawai‘i, the current portion of long-term liabilities, and other current liabilities. Total current liabilities were \$266.0 million and \$256.3 million at June 30, 2022 and 2021, respectively. Total current liabilities increased by \$9.7 million, or 3.8% for the fiscal year ended June 30, 2022, as a result of a \$5.1 million increase in accrued payroll and fringe benefits and a \$6.0 million increase in advances from sponsors offset by a \$1.7 million decrease in other current liabilities.

**Endowment and Other Investments**

The University’s endowment and other investments consist of the University’s endowment pool, the Associated Students of the University of Hawai‘i endowment, and unspent bond proceeds. The aggregate investment balance remained relatively consistent in fiscal years 2022 and 2021.

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The University’s endowment funds consist of both permanent endowments and funds functioning as endowments (quasi-endowment funds). Permanent endowment funds are funds received from donors or other outside agencies with the stipulation that the principal be inviolate and invested in perpetuity for the purpose of producing present and future income which may either be expended for the purposes specified by the donor or added to principal. Quasi-endowment funds are funds which the Board of Regents, rather than a donor or other outside agency, has allocated for long-term investment purposes. The Board of Regents, in accordance with its policies, is not required to maintain the quasi-endowment principal in perpetuity. Quasi-endowment funds are further categorized as restricted and unrestricted. Restricted quasi-endowment funds represent donor-restricted gifts, without the requirement to maintain the principal in perpetuity. Unrestricted quasi-endowment funds represent unrestricted funds designated by the Board of Regents for long-term investment purposes.

Programs supported by the University’s permanent and quasi-endowment funds include scholarships, fellowships, professorships, research efforts, and other important programs and activities. The University uses its endowment to support academic and research programs by generating a predictable stream of annual support for current needs, while preserving the purchasing power of the endowment funds for future periods.

The spending rate policy for the University’s self-managed endowment is to limit the immediate impact that significant changes in the fair value of the endowment portfolio have on annual distributions. Effective April 15, 2021, the spending rate policy provides for an annual distribution of up to 4.25% of a rolling 20-quarter average value of the funds, with the value determined at the end of each calendar quarter and the actual distribution to be determined by the University administration for the legacy endowment and by the ASUH Board for the ASUH Stadium Stock Fund. Prior to April 15, 2021, the annual distribution rate ranged between 3.0% and 5.0% of the five-year moving average of the endowment portfolio’s fair value. In fiscal years 2022 and 2021, the University instituted a 4.25% and 4.5% distribution rate, respectively, on restricted and unrestricted endowments. The total restricted and unrestricted distributions available to the University amounted to \$2.8 million and \$2.9 million in fiscal years 2022 and 2021, respectively.

Total endowment and other investments were \$105.3 million and \$132.0 million in fiscal years 2022 and 2021, respectively. Total endowment and other investments decreased by \$27.3 million, or 20.2%, at June 30, 2022, as a result of the stock market and inflation.

### **Capital and Debt Activities**

The University’s capital assets are separated into seven categories: land, buildings, infrastructure, land improvements, equipment, library materials, and construction in progress. At June 30, 2022 and 2021, total capital assets, net of accumulated depreciation, remained relatively constant at approximately \$2 billion, which represented approximately 60% of the University’s total assets. Capital asset additions totaled \$113.3 million and \$145.7 million in fiscal years 2022 and 2021, respectively.

Capital asset additions decreased by \$32.3 million in fiscal year 2022 in comparison to fiscal year 2021, due to reduced funding from the State.

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**Capital Projects**

One of the critical factors in enhancing the quality of the University’s academic and research programs and student life enrichment is the development, replacement, and renewal of capital assets. The University continues to modernize its older teaching and research facilities and develops and constructs new facilities.

Significant capital projects completed during fiscal years 2022 and 2021 or in progress as of June 30, 2022 and 2021 include:

- **Coconut Island Marine Laboratory 1 & 2** – The \$21.6 million Hawai‘i Institute of Marine Biology (HIMB) Laboratory on Coconut Island was completed on February 1, 2022. The 23,000 square foot facility has been fully renovated with new energy efficient HVAC, lighting controls, and PV panels. The renovation also helped to contribute to the energy goals for the University of Hawai‘i at Mānoa as well as enforce structural walls to meet seismic and hurricane standards.
- **University of Hawai‘i at Mānoa Life Sciences Building** – The \$65.5 million University of Hawai‘i at Mānoa Life Sciences Building was completed on July 20, 2020. The new Life Sciences Building is playing a critical role in expanding interdisciplinary educational and research opportunities for our students and faculty and is providing multi-disciplinary shared spaces that inspire learning and advancement. The building includes teaching and research laboratories, laboratory support spaces, and office spaces for the College of Natural Science’s, biology, microbiology, and botany departments along with the Pacific Biosciences Research Center, which operates the state’s only transmission electron microscope.
- **University of Hawai‘i West O‘ahu Creative Media Building** – The \$34.5 million Creative Media Building at the University of Hawai‘i at West O‘ahu was placed in-service on November 18, 2020. This new design-build project houses the existing Academy of Creative Media (“ACM”) program in a 33,000 square-foot facility. The building combines teaching facilities, production facilities, faculty offices, creative workspaces, and an incubator for emerging companies. The building expands the current UH-West O‘ahu ACM program from approximately 110 student majors to an anticipated 500 majors.
- **Leeward Community College Product Development Center Renovation** – The \$17.2 million renovation is a cooperative project between the University of Hawai‘i and the Department of Agriculture’s Agribusiness Development Corporation (“ADC”). The 16,000 square-foot facility will include a commercial grade kitchen, flexible classroom space, processing and manufacturing rooms, laboratories, and a public loft space. The product development center will take agricultural items that would normally be wasted and turn them into value-added food products that can be marketed and sold. The project is estimated to be completed by August 2023.

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- **University of Hawai‘i at Mānoa Student Success Center** – The \$41 million project will transform Sinclair Library into a Student Success Center. The Student Success Center will allow students to study individually or as a group, collaborate, and receive academic advising and tutoring. Sinclair’s central location will provide students with a safe place to interact. The project is estimated to be completed in 2024.
- **University of Hawai‘i at Mānoa Bachman Hall Renovation** – The University of Hawai‘i at Mānoa Bachman Hall is being renovated. Improvements to the 72-year-old Bachman Hall includes a new central HVAC system, a new roof, and a new life safety system. Renovations will be made to the windows, floors, ceilings, restrooms, and walls, along with mechanical, electrical, plumbing, and telecom. The \$20.9 million project is estimated to be completed by August 2023.
- **University of Hawai‘i at Mānoa Clarence T.C. Ching Complex Improvement Project** – The Clarence T.C. Ching Complex was renovated for the 2021 Football Season. The \$10.5 million project includes new field turf, additional seating, new score board, grandstands, press box, and concession stands.
- **The Maui Food Innovation Center at the University of Hawai‘i Maui College** – The \$9 million project renovated the Pilina building which houses the Maui Food Innovation Center (“MFIC”). The project includes a brand-new manufacturing and packaging facility which students and the community can utilize to market and advance Maui County foods. The MFIC offers educational and technical classes that assist students to create businesses that will create jobs, increase profitability of Maui County products, and reduce the dependence on imports. The project is expected to be completed November 2022.
- **Ho‘ola Early Phase Clinical Research Center** – The University of Hawai‘i and the National Institutes of Health are building a clinical research center in the annex portion of the University of Hawai‘i Cancer Center building. The \$13 million renovation will provide the people of Hawai‘i a place to go for specialized treatments without leaving the state. The 16,500 square foot facility is striving for WELL and LEED certifications and will include an Organoid Generation Facility. The project is estimated to be completed by Summer 2024
- **Kapi‘olani Community College Culinary Institute of the Pacific, Phase 2** – Phase two of the Culinary Institute of the Pacific at Kapi‘olani Community College includes a restaurant, an innovation center, an auditorium, and parking. The \$30 million design build project is estimated to be completed in June of 2023.

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**Financing**

The University uses a variety of sources, including federal and state support, revenue bonds, bank loans, gifts, and other expendable resources to finance capital projects.

- **General obligation bonds** – The State of Hawai‘i continues to provide strong support to the University and issued general obligation bonds to help finance certain University projects. These bonds are carried as liabilities of the State. In fiscal years 2022 and 2021, the State appropriated funds directly to the Department of Budget and Finance to pay for debt service on general obligation bonds issued for the University. As a result, the University itself received no appropriations and made no transfers for debt service on general obligation bonds for these fiscal years. In fiscal years 2022 and 2021, \$148.8 million and \$125.4 million, respectively, were appropriated.
- **Revenue bonds** – The University also issued revenue bonds to finance capital projects. These bonds are carried as liabilities of the University. Total revenue bond liabilities were \$437.0 million and \$454.0 million for fiscal years 2022 and 2021, respectively. The University has appropriated funds, by statute, from the State of Hawai‘i Tobacco Settlement Special Fund for the payment of principal and interest on revenue bonds to finance the cost of construction of the medical school facility and received funds for debt service in the amount of \$9.4 million in each of the fiscal years 2022 and 2021. The University also receives a portion of the State of Hawai‘i’s cigarette tax revenues, by statute, for the University of Hawai‘i Cancer Center to be used for research and operating expenses and capital expenditures. Cigarette tax revenues of \$6.9 million and \$6.8 million were used to cover debt service for the bonds that financed the University of Hawai‘i Cancer Center for fiscal years 2022 and 2021, respectively. Refer to Note 9 for more information regarding the University revenue bonds.
- **Equipment financing obligations** – In November 2017, the University entered into two tax-exempt financing purchase (“TELP”) agreements to fund the acquisition of energy conservation measures at the four O‘ahu community college campuses (Honolulu, Kapi‘olani, Leeward and Windward) and Maui College for \$24.2 million and \$6.3 million, respectively. Purchases were financed with a bank and the proceeds were deposited into an acquisition fund held to provide for future payments. See Note 9 for further information.

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**Net Position**

Net position represents the residual interest in the University’s assets after liabilities are deducted. Net position is reported in four major categories: net investment in capital assets, restricted nonexpendable, restricted expendable, and unrestricted. The University’s net position at June 30, 2022, and 2021 is summarized as follows (in thousands of dollars):

	<b>2022</b>	<b>2021</b>
Net investment in capital assets	\$ 1,667,468	\$ 1,691,681
Restricted – Nonexpendable	10,493	10,493
Restricted – Expendable	464,010	488,720
Unrestricted	<u>(2,643,484)</u>	<u>(2,893,986)</u>
Total net position	<u>\$ (501,513)</u>	<u>\$ (703,092)</u>

Net investment in capital assets is the University’s capital asset, net of accumulated depreciation and the related outstanding debt used to finance the acquisition, construction, or improvement of those assets.

The net investment in capital assets decreased by \$24.2 million, or 0.1%, in fiscal year 2022, primarily due to a net decrease in capital assets of \$35.4 million, offset by \$8.7 million in the net change of debt retirement related to revenue bonds, net of proceeds used in current year. The net investment in capital assets increased by \$20.2 million, or 1.2%, in fiscal year 2021, primarily due to \$43.3 million in debt retirement offset by \$22.4 million in the net change of bond premiums and deferred refunding.

Restricted nonexpendable net position primarily represents the University’s permanent endowment funds, which are required to be maintained in perpetuity.

Restricted expendable net position is subject to externally imposed restrictions governing their use.

The overall decrease in restricted expendable of \$24.7 million in fiscal year 2022 was primarily due to a \$73.4 million decrease in current restricted expendable net position related to the income/loss for the year offset by a \$49.3 million increase in plant funds.

Net position that is not subject to externally imposed restrictions governing their use is classified as unrestricted for financial reporting purposes. At June 30, 2022 and 2021 unrestricted net positions amounted to deficits of \$2.64 billion and \$2.89 billion, respectively. Although unrestricted net position is not subject to externally imposed restrictions, all of the University’s unrestricted net positions have been internally designated for various academic and research programs and initiatives, contractual commitments, and capital projects. In addition, unrestricted net positions of \$51.1 million and \$61.8 million were designated for endowment activities at June 30, 2022 and 2021, respectively.

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The reduction in unrestricted net positions for the years ended June 30, 2022, and 2021 was caused by the University’s required accounting and recognition of the University’s allocated share of the State’s actuarially determined net pension and OPEB liabilities.

Below is a table showing the unrestricted net position excluding the impact of the net pension and OPEB liabilities (in thousands of dollars):

	<b>2022</b>	<b>2021</b>
Unrestricted net position	\$ (2,643,484)	\$ (2,893,986)
Pension	1,605,467	1,618,237
OPEB	<u>1,694,583</u>	<u>1,727,355</u>
Adjusted net unrestricted position	<u>\$ 656,566</u>	<u>\$ 451,606</u>

**Results of Operations**

The Statement of Revenues, Expenses, and Changes in Net Position represents the University’s results of operations for the year. It indicates whether the financial condition of the University improved or deteriorated. For financial reporting purposes, certain significant revenues, including state appropriations, private gifts, and investment income, which are relied upon and budgeted to support the University’s core operations, are required to be reported as nonoperating revenues. The University’s results of operations for the years ended June 30, 2022 and 2021, summarized to match

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revenues supporting core activities with expenses associated with core activities, are as follows (in thousands of dollars):

	2022	2021	2022 vs 2021 Change
<b>Revenues</b>			
Operating			
Tuition and fees	\$ 400,605	\$ 386,774	\$ 13,831
Less: Scholarship allowances	(132,479)	(119,352)	(13,127)
Grants and contracts	423,744	399,006	24,738
Sales and services	91,894	61,439	30,455
Other revenue	3	188	(185)
Total operating revenues	<u>783,767</u>	<u>728,055</u>	<u>55,712</u>
Nonoperating			
State appropriations and transfers for fringe benefits	730,465	790,217	(59,752)
Federal Pell grant and federal non-operating revenues	217,576	97,792	119,784
Net investment (loss) gain	(31,407)	22,947	(54,354)
Private gifts	3,186	2,678	508
Total nonoperating revenues	<u>919,820</u>	<u>913,634</u>	<u>6,186</u>
Total revenues supporting core activities	<u>1,703,587</u>	<u>1,641,689</u>	<u>61,898</u>
<b>Expenses</b>			
Operating			
Compensation and benefits	1,091,105	1,349,618	(258,513)
Supplies, services and cost of goods sold	181,567	157,120	24,447
Telecom and utilities	69,095	56,561	12,534
Scholarships and fellowships	86,571	51,444	35,127
Other expense	84,065	68,127	15,938
Total operating expenses	<u>1,512,403</u>	<u>1,682,870</u>	<u>(170,467)</u>
Nonoperating revenues (expenses)			
Transfers from State, net	22,236	23,743	(1,507)
Interest expense	(14,464)	(18,085)	3,621
Total nonoperating revenues, net	<u>7,772</u>	<u>5,658</u>	<u>2,114</u>
Expenses associated with core activities before depreciation	<u>1,504,631</u>	<u>1,677,212</u>	<u>(172,581)</u>
Gain (loss) from core activities before depreciation and amortiz:	<u>198,956</u>	<u>(35,523)</u>	<u>234,479</u>
Depreciation and amortization	<u>143,957</u>	<u>138,965</u>	<u>4,992</u>
Expenses associated with core activities including depreciation	<u>1,648,588</u>	<u>1,816,177</u>	<u>(167,589)</u>
Gain (loss) from core activities	<u>54,999</u>	<u>(174,488)</u>	<u>229,487</u>
Other nonoperating activity			
Capital appropriations and grants	152,131	111,598	40,533
Other expenses, net	(5,551)	(7,969)	2,418
Other nonoperating income, net	<u>146,580</u>	<u>103,629</u>	<u>42,951</u>
Increase (decrease) in net position	<u>201,579</u>	<u>(70,859)</u>	<u>\$ 272,438</u>
<b>Net position</b>			
Beginning of year	<u>(703,092)</u>	<u>(632,233)</u>	
End of year	<u>\$ (501,513)</u>	<u>\$ (703,092)</u>	



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**Revenues Supporting Core Activities**

The University has a diversified stream of revenues to support its operations. No single source generated more than 25% of the total 2022 revenue. State appropriations and tuition and fees are the core components that support the University’s instructional and academic programs. Government and nongovernmental grants and contracts provide opportunities for under-graduate and graduate students to participate in basic research with renowned researchers. Private gifts contribute toward the support of the University’s instructional and academic initiatives. Sales and services revenues include revenues from educational departments and auxiliary enterprises, including bookstores, student and faculty housing, food services, parking, and athletics.

Tuition and fees revenue, net of scholarship allowances, remained relatively consistent in fiscal years 2022 and 2021. Scholarship allowances amounted to \$132.5 million and \$119.4 million in fiscal years 2022 and 2021, respectively.

One of the largest sources of revenue continues to be grants and contracts. Total grants and contracts revenue increased by \$24.7 million, or 6.2%, in fiscal year 2022. There has been an increasing trend in extramural awards in recent years, however, the year-over-year changes in reported revenues are attributed to the timing of work performed as revenue is recognized when the related expenses are incurred. In fiscal year 2022, Federal Pell grant and Federal coronavirus program revenues increased \$119.8 million. The fiscal year 2022 increase was due to the University recognizing nonoperating revenue of \$171.6 million and \$48.9 million associated with the American Rescue Plan Act (“ARPA”), the Coronavirus Response and Relief Supplemental Appropriations Act (“CRRSAA”), and the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) in fiscal years 2022 and 2021, respectively, an overall increase of \$122.7 million from fiscal year 2021.

Sales and services revenues are mainly comprised of bookstores, student and faculty housing, food services, parking, and athletics. In fiscal year 2022, sales and services revenues increased by \$30.5 million, or 49.6%, which was largely due to significant increase in other auxiliary enterprises revenue from tickets sales, due to the lifting over various COVID-19 related restrictions.

The State continues to provide strong financial support to the University as the sole public higher education system within the State. In fiscal year 2022, general state appropriations and transfers from the State for fringe benefits decreased by \$41.8 million, or 8.0% and \$17.9 million, or 7.2%, respectively from fiscal year 2021. The decrease in fiscal year 2022 was primarily attributable to the COVID-19 pandemic and its related economic downturn, which caused a significant decline in state revenues. In response, the Legislature reduced the overall state budget by \$602.0 million or 7.5% in fiscal year 2022.

Net transfers from State amounted to \$22.2 million and \$23.7 million in fiscal years 2022 and 2021, respectively. Transfers from State were primarily for the tobacco settlement funds paying for John A. Burns School of Medicine revenue bond debt service and the University of Hawai‘i Cancer Center cigarette stamp tax collections.

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The University’s net investment loss of \$31.4 million in fiscal year 2022 represents a decrease of \$54.4 million, or 237%, from fiscal year 2021. The fiscal year 2022 decrease was primarily due to \$36.7 million of the unrealized losses on endowment and operating investments, as a result of rising interest rates and a sharp downturn in the stock market.

**Expenses Associated with Core Activities**

The University is committed to recruiting and retaining outstanding faculty and staff and providing compensation equivalent to peer institutions and nonacademic employers. Of the University’s operating expenses, approximately 72.1% and 80.2% were related to compensation and benefits during fiscal years 2022 and 2021, respectively.

Compensation and benefits decreased by \$258.5 million, or 19.2%, in fiscal year 2022, attributable to a \$38.9 million decrease in payroll expenses due to a higher number of retirements, a \$97.9 million decrease in OPEB adjustments, and a \$121.7 million decrease in pension adjustments due to the GASB 75 requirement to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive liabilities.

Supplies, services, and cost of goods sold expense includes service fees, printing and binding, advertising, dues and subscriptions, controlled property acquisitions, cost of goods sold for resale items, and other miscellaneous operating costs. Such expenses increased by \$24.5 million, or 15.6%, in fiscal year 2022. The fiscal year 2022 increase was primarily attributable to an increase in other service expenses, due to an increase in student activity relative to previous years, as a result of many on-campus and state restrictions being lifted.

The University is committed to providing quality education that is affordable to its students. To accomplish this goal, student aid is provided in the form of scholarships and fellowships, including tuition and fee waivers applied to student accounts and reflected as reductions and allowances to student tuition and student housing revenues, and scholarship and fellowship payments (mostly academic and athletic) made directly to students.

Total aid to students amounted to \$219,050 and \$170,796 in fiscal years 2022 and 2021, respectively. The increase of \$48.3 million, or 28.3%, from fiscal year 2022 is due to direct student aid provided for under the ARPA and the CARES Act.

Other operating expenses increased by \$18.1 million, or 26.7%, in fiscal year 2022. The increase in fiscal year 2022 is primarily due to a \$7.1 million increase in other operating expense and an \$8.8 million increase in travel expenses due to COVID-19 restrictions being lifted with new safety precautions implemented.

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The University depreciates its capital assets over their estimated useful lives using the straight-line method. The University also records amortization expense in relation to the deferred outflows of resources for asset retirement obligations. Depreciation and amortization expense increased by \$4.9 million, or 3.6%, during fiscal year 2022. The increase in fiscal year 2022 was primarily attributable to increases in depreciable assets relating to buildings and infrastructure.

**Other Nonoperating Activities**

Revenues from other nonoperating activities are generally not used to support the University’s current operations and are comprised primarily of capital gifts and grants and additions to permanent endowments. Capital gifts and grants and state capital appropriations and transfers may only be used for the purchase or construction of specified capital assets. While additions to permanent endowments must be retained in perpetuity, investment earnings thereon may be available in future years to support specified programs.

In fiscal year 2022, capital appropriations increased by \$40.5 million, or 37.4%. The increase in fiscal year 2022 was attributable to an increase in capital appropriations allotted to the University. In fiscal year 2022, \$160.5 million was allotted, while in fiscal year 2021, \$105 million was allotted.

**Cash Flows**

The Statements of Cash Flows present the University’s significant sources and uses of cash and cash equivalents, including restricted cash balances. The University’s cash is comprised primarily of demand deposits and time certificates of deposit with an original maturity of three months or less. A summary of the University’s cash flows for the years ended June 30, 2022 and 2021 is as follows (in thousands of dollars):

	<b>2022</b>	<b>2021</b>	<b>2022 vs 2021 Change</b>
Cash received from operations	\$ 769,059	\$ 720,754	\$ 48,305
Cash payments for operations	<u>(1,321,338)</u>	<u>(1,252,886)</u>	<u>(68,452)</u>
Net cash used in operating activities	<u>(552,279)</u>	<u>(532,132)</u>	<u>(20,147)</u>
Net cash provided by noncapital financing activities	724,522	644,656	79,866
Net cash used in capital and related financing activities	(29,136)	(23,390)	(5,746)
Net cash provided by (used in) investing activities	<u>(318,854)</u>	<u>120,600</u>	<u>(439,454)</u>
Net increase (decrease) in cash	<u>(175,747)</u>	209,734	(385,481)
<b>Cash</b>			
Beginning of year	<u>296,267</u>	<u>86,533</u>	<u>209,734</u>
End of year	<u>\$ 120,520</u>	<u>\$ 296,267</u>	<u>\$ (175,747)</u>
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The net cash received from operating activities increased by \$48.3 million, or 6.7%, in fiscal year 2022. The increase in fiscal year 2022 was primarily attributable to a \$4.4 million increase in student tuition and fees, a \$6.5 million increase in grants and contracts, and a \$37.4 million increase in other revenues due to increase in auxiliary revenues.

Net cash provided by noncapital financing activities remained strong as a result of the financial support from the State.

The net cash used in capital and related financing activities increased by \$5.7 million, or 24.6%, in fiscal year 2022. The increase in fiscal year 2022 was primarily attributable to a \$30.8 million decrease in purchases of capital assets, offset by a \$10 million decrease from proceeds from issuance of capital debt, a \$20.2 million decrease in capital appropriation and, an \$8.7 million decrease in capital gifts and grants.

The net cash used in investing activities decreased by \$439.5 million in fiscal year 2022 primarily due to decrease in proceeds from sales and maturities and investments of \$306.4 million, and a decrease in the purchase of investments of \$131.4 million.

### **Looking Forward**

The University of Hawai‘i is the sole provider of public higher education in Hawai‘i, known for generating streams of talent, knowledge, and social benefits, and has always been at the center of the Hawai‘i economic engine. The University’s programs attract students and faculty from Hawai‘i, the mainland, and many international countries and leveraged hundreds of millions of dollars in state, federal and private funding to promote discovery of new knowledge that fuels economic growth.

A steering committee has been established to lead the work for the development of the UH Strategic Plan 2023-2029. The previously completed UH Strategic Directions (2015-2021) notes significant progress made in increasing graduation rates and degree production, increasing research funding, improving facilities, and increasing online capacity, among other areas. These UH Strategic Directions have guided UH at a high level, and the post-pandemic plans have helped UH to focus on what Hawai‘i needs most from public higher education during these challenging times. The development of the next strategic plan for the 10-campus UH System will acknowledge that Hawai‘i will never be the same after the COVID-19 pandemic. Many can now envision a more sustainable, resilient, and equitable future in which we take better care of one another and our islands through an approach that is both locally and globally aware. The initial drafts of the Strategic Plan 2023-2029 reflect those values.

The University of Hawai‘i is well recognized for its academic excellence and value in higher education both nationally and internationally.

- U.S. News and World Report released its 2023 Best Graduate Schools list that includes:
  - The University at Mānoa School of Nursing in the top tier, 80 out of 564 schools, for Best Online Graduate Nursing Programs in 2023.

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- The John A. Burns School of Medicine ranked 74<sup>th</sup> nationally in medical research and 24<sup>th</sup> in medical primary care among 192 medical schools in America.
- The William S. Richardson School of Law’s evening part-time program ranks 21<sup>st</sup> in the annual national rankings.
- The Myron B. Thompson School of Social Work ranked 51<sup>st</sup> of 298, placing it in the top 25 percent of programs nationally for the past eight years.
- The part-time master of business administration program (Global MBA, 36-month plan) at the Shidler College of Business ranked 114<sup>th</sup> among 278 part-time MBA programs that qualified for the ranking.
- The College of Education is ranked 67<sup>th</sup> of 456 schools.
- The Community College System was ranked 5<sup>th</sup> in the WalletHub’s 2022 list, from a sample of 677 schools. WalletHub ranked community colleges based on cost, education and career outcomes.
- The University of Hawai‘i at Mānoa ranked 380 on the 2022 Quacquarelli Symonds World University Ranking (“QSWUR”). The QSWUR ranks more than 1,500 universities around the world and is the ranking more commonly used and referenced by international students.

The University of Hawai‘i’s strength is further demonstrated through its credit ratings. The University holds an Aa3 with stable outlook by Moody’s Investors Service, last updated in October 2020 and Fitch affirmed at AA with stable outlook September 2022. Both credit agencies have cited some of the strong characteristics of the University:

- Dominant provider of higher education and important economic development driver in the State of Hawai‘i.
- Strong operating support from the State of Hawai‘i.
- Unique academic programming and research, and well-diversified revenue.
- Low debt burden which reflects strong and growing capital support from the State of Hawai‘i.
- Growing cash reserves to improved levels and building amounts of endowments and investments as further reserves.

### **Enrollment and Tuition**

The impact of the pandemic on enrollment was not entirely as expected. The University of Hawai‘i at Mānoa experienced a slight headcount enrollment decrease as compared to fall 2021 enrollment, while still be above fall 2020 enrollment. In total, the 10-campus system saw an overall decline as compared to fall 2021 and fall 2020. First-time freshman enrollment at UH Mānoa in Fall 2022 is 3,106, an increase

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of 5.7% compared to Fall 2021. The enrollments at UH West O‘ahu and the University of Hawai‘i at Hilo decreased by 8.2% and 3.2%, respectively, compared to last fall. Enrollment at UH’s seven community colleges dropped by 4.2% overall to 23,406 students as compared to fall 2021. As of August 2022, the State unemployment rate was 4.1 percent, compared to 8.4 percent in August 2021, 13.1 percent in August 2020 and 2.8 percent in August 2019. Nationally, the seasonally adjusted unemployment rate was 3.7 percent for August 2022.

Fall census headcount comparisons are as follows:

	<b>Fall 2022</b>	<b>Fall 2021</b>	<b>% Change</b>	<b>Fall 2020</b>	<b>% Change</b>
Mānoa	19,074	19,098	-0.1	18,025	6.0
Hilo	2,977	3,243	-8.2	3,165	2.5
West O‘ahu	2,913	3,008	-3.2	3,168	-5.1
Community Colleges	23,409	24,424	-4.2	25,236	-3.2
	<u>48,373</u>	<u>49,773</u>	<u>-2.8</u>	<u>49,594</u>	<u>0.4</u>

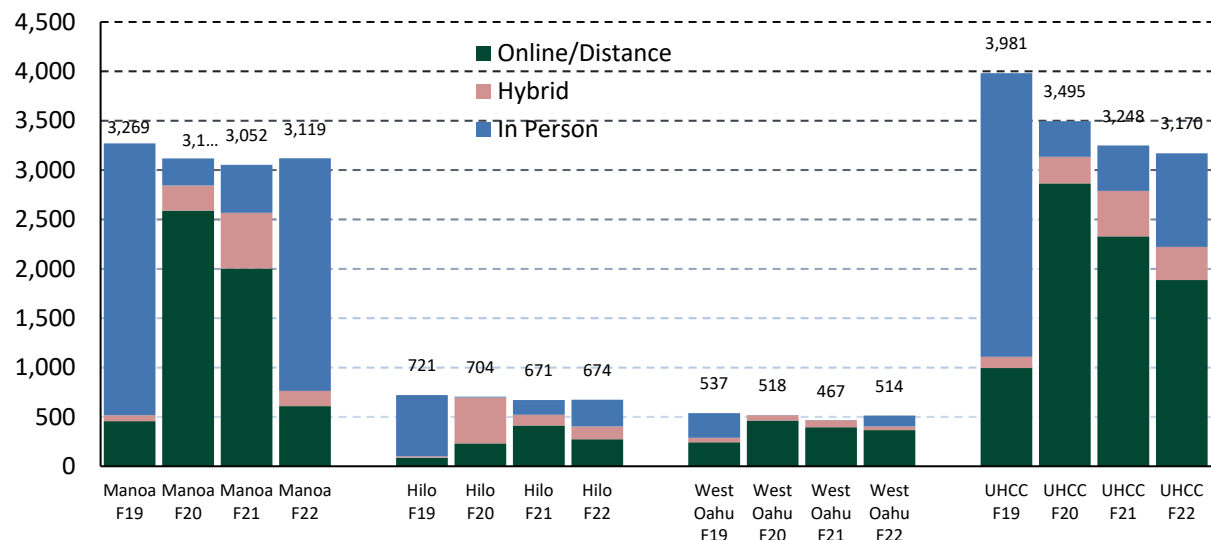
The return to in-person campus activities and classes has rebounded since March 2020, when the University suspended in person classes for the balance of the Spring 2020 semester. Summer 2020 classes were primarily conducted in a distance learning format. The University commenced fall 2020 semester classes with a mixture of on-line lectures and seminars, and in person laboratory, clinics, art studio classes and shops and practicum work in technical education where necessary. This practice continued for spring 2021, summer 2021, fall 2021 and spring 2022. University attendance and research are considered essential activities under the Emergency Orders, and in person attendance was not prohibited. The University continued to encourage students to take as many courses on-line as possible and focused on maintaining a diverse course schedule in order for students to stay on-track for on-time achievement of degrees and certificates. Even prior to COVID-19, the University had extensive experience with distance learning and offering an on-line curriculum. For years the University has permitted students on one campus to enroll in classes at other campuses and to view lectures in real time and participate in class discussions remotely.

The mode of instruction for more than 70 percent of the courses offered systemwide in the fall semester of 2020 was adjusted to help adhere to the physical distancing requirements related to COVID-19. The affected courses were either moved entirely online or to a hybrid combination of online and in-person instruction.

The University remains committed to providing the high quality education that all campuses within the UH system are known for and have provided resources to faculty to help with the transition towards greater proliferation of online learning. Vaccination requirements for students and staff were lifted for Fall 2022.

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**Fall Course Offerings by Class Type**



Undergraduate tuition rates have been fixed at all ten campuses since the beginning of the 2020-2021 academic year. The tuition schedule in place decreased general graduate student tuition rates at UH Mānoa and has also been in place since the beginning of the 2020-2021 academic year. The intent of the freeze is to ensure affordable higher education for the people of Hawai‘i while providing stability that will aid student recruitment and retention. It will also increase the competitiveness in the broader higher education landscape.

**Research and Innovation**

The University’s extramural fund awards include a mix of research and non-research programs that provide financial stability and balance to the University. About 40 to 50 percent of the projects are non-research in nature and are intended for training, workforce development, outreach and community services, clinical trials, and others. The University of Hawai‘i at Mānoa, the flagship campus, was ranked by National Science Foundation (“NSF”) as 91<sup>st</sup> among 655 public and private universities for research and development expenditures in fiscal year 2020.

Extramural awards totaled \$505 million in fiscal year 2022, marking the first time that UH exceeded the \$500 million mark, and the highest level of the past five years. Despite the significant challenges posed by our economy, world affairs and the recent pandemic, the University maintained a steady upward trajectory through the resiliency, hard work and dedication of our research faculty and support staff. Here are some highlights of fiscal year 2022:

- School of Ocean and Earth Science and Technology (“SOEST”), the research powerhouse of the University, received \$94.1 million in extramural awards.

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- John A. Burns School of Medicine (“JABSOM”) received \$57.9 million in extramural awards.
- More than \$366.1 million in grant awards during FY22 to programs affiliated to the UH Mānoa campus; more than \$43.6 million awarded to the campuses of the Community College system (including Maui College); more than \$18.0 million awarded to UH Hilo campus; and more than \$6.7 million awarded to the UH West O‘ahu campus.

The first quarter of FY23 is off to a strong start, with first quarter awards exceeding Q1 FY 22 by 9.7%.

### **Facilities and Infrastructure**

Improvement and modernization of the University’s physical assets is key to delivering the University’s strategic directions that strives for 21<sup>st</sup> century facilities for learning, teaching, and research. The University has continued updating its rolling six-year plan for fiscal years 2022-2027 (the “6-Year CIP Plan”) that sets forth a vision of a physical environment that supports and enables the high-quality education and research that takes place at our University. It also presents a coordinated, long-term strategy that (1) prioritizes classrooms, laboratories, and student spaces with a focus on modernization and improving the learning and research environment, (2) uses data and analytics on how we use our spaces and the condition of our facilities to prioritize those facilities with the highest programmatic utility and poorest conditions through upgrades to the interior/exterior structures, building roofs, mechanical and electrical systems, pedestrian pathways, roadways, and (3) focuses more on upgrading existing space, rather than expanding, to elevate the overall quality of spaces across the University in a financially responsible way.

The State of Hawai‘i Legislature continued its financial support of the University’s capital improvement program in 2022 and provided an additional \$57,760,000 in general obligation bond funds in fiscal year 2023 to supplement the \$102,640,000 million appropriated in 2021, for a total appropriation of \$160,400,000 in general obligation bonds for fiscal year 2023. The University also continues to strive to meet the demand for modern, university housing at a reasonable cost through P3 (Public, Private Partnership) Housing Projects. The Atherton Project, which is being completed in partnership with UH Foundation and Hunt Development Group, is expected to house over 350 students in a world-class mixed-use space that will include an innovation and entrepreneurship center. The total construction costs of the project are estimated at \$75 million, and completion is expected in 2023. The NOAA project includes mixed-use family-oriented rental housing for graduate students, UH faculty and staff, at below market rate. This project is being completed in partnership with Greystar Real Estate Partners and will have approximately 300 individual units. The total construction costs of the project are estimated at \$148 million, and completion is expected in 2025.

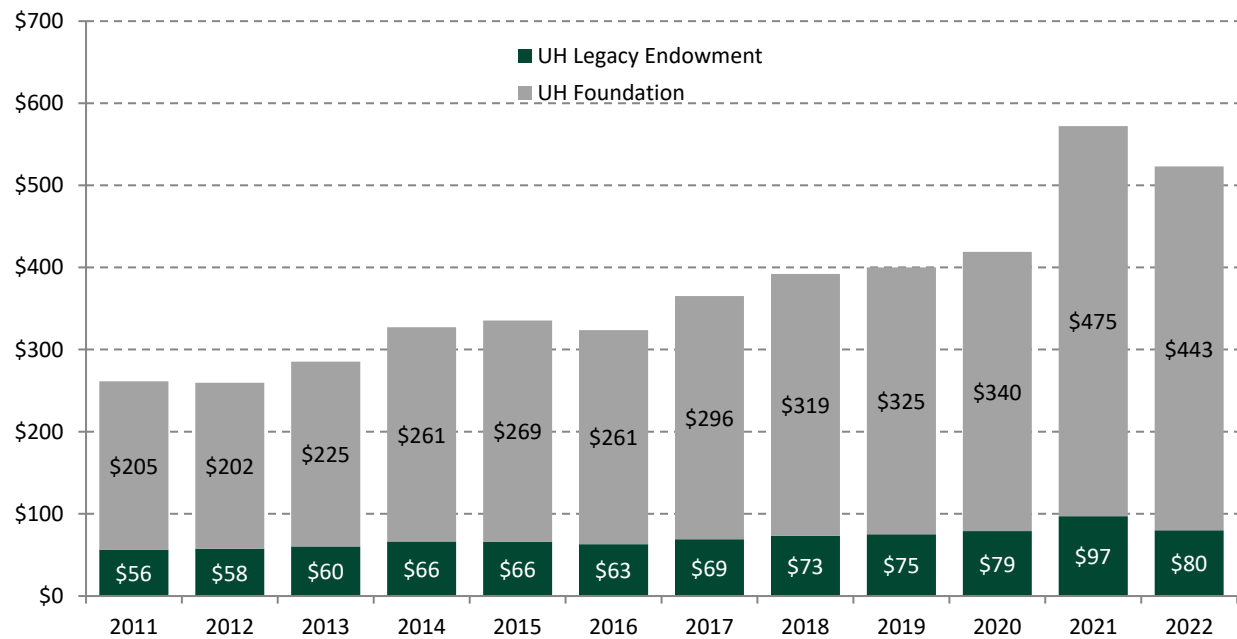


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**Fundraising**

The UH Foundation raised almost \$140.0 million during FY2022, despite the lingering impacts of COVID-19. The Legacy Endowment decreased in value due to the volatility of the financial markets. The UH Foundation decreased value was driven by investment losses of about \$47.1 million, offset by the increase in contributions.



**State General Fund Appropriations**

A return to pre-pandemic activity is still ongoing, although Hawai‘i’s economy has rebounded well. This optimism is tempered by concerns regarding inflation, international conflicts, interest rates, and a looming recession. A report by the University of Hawaii Economic Research Organization (“UHERO”), dated September 23, 2022, predicts a mild recession for the US in the first half of 2023 with anticipated effects on Hawai‘i’s economy to be minimal although there is significant downside risk.

For the fiscal year ending June 30, 2019, State General Fund revenues were \$7.14 billion. For the year ending June 30, 2022, State General Fund revenues were \$9.36 billion, significantly outpacing pre-pandemic levels. The Council on Revenues is currently forecasting a 6.5% growth rate for FY23, although those projections decline to 4.0% for FY24 and 3.5% annually for FY25 and beyond.

During the most recent legislative session, the Legislature increased the General Fund operating appropriation to the University by \$63.4 million for FY23, resulting in a General Fund appropriation of \$562.2 million.

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Of the \$244.6 million in Higher Education Emergency Relief Fund (“HEERF”) moneys provided by the federal government to the University in response to the COVID-19 pandemic, roughly \$191.6 million has already been spent or distributed to students. The remaining balance is anticipated to be expended or distributed prior to the June 30, 2023 federal deadline.

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**Statement of Net Position – University of Hawai‘i**  
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<b>Assets and Deferred Outflows of Resources</b>	
Current assets	
Cash and cash equivalents	\$ 120,520
Operating investments	557,993
Due from State of Hawai‘i	2,847
Accounts receivable, net	108,048
Due from the Research Corporation of the University of Hawai‘i, net	21,941
Current portion of notes receivable, net	434
Other current assets	19,645
Total current assets	<u>831,428</u>
Noncurrent assets	
Due from State of Hawai‘i	510,709
Endowment and other investments	105,330
Notes receivable, net	3,267
Capital assets, net	2,147,010
Other noncurrent assets	6,607
Total noncurrent assets	<u>2,772,923</u>
Total assets	<u>3,604,351</u>
Deferred outflows of resources	
Deferred outflows on net pension liability, OPEB liability and other	<u>280,380</u>
Total deferred outflows of resources	<u>280,380</u>
Total assets and deferred outflows of resources	<u>\$ 3,884,731</u>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>	
Current liabilities	
Accounts payable	\$ 54,486
Accrued payroll and fringe benefits	62,829
Advances from sponsors	38,882
Unearned revenue	33,980
Due to State of Hawai‘i	6,117
Current portion of long-term liabilities	64,288
Other current liabilities	5,410
Total current liabilities	<u>265,992</u>
Noncurrent liabilities	
Accrued vacation	47,268
Accrued workers’ compensation	10,255
Revenue bonds payable	416,765
Premium on bonds payable	35,110
Equipment financing obligations	24,472
Net pension liability	1,476,618
Other postemployment benefits	1,635,611
Other noncurrent liabilities	11,495
Total noncurrent liabilities	<u>3,657,594</u>
Total liabilities	<u>3,923,586</u>
Deferred inflows of resources	
Deferred inflows on net pension, OPEB liability and other	<u>462,658</u>
Total deferred inflows of resources	<u>462,658</u>
Commitments and contingencies	
Net position	
Net investment in capital assets	1,667,468
Restricted	
Nonexpendable	10,493
Expendable	464,010
Unrestricted	<u>(2,643,484)</u>
Total net position	<u>(501,513)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,884,731</u>

The accompanying notes are an integral part of the financial statements.

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**Statement of Financial Position – University of Hawai‘i Foundation**  
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<b>Assets</b>	
Cash and cash equivalents	\$ 32,438
Assets whose use is limited or restricted	20,069
Contributions receivable, net	77,288
Prepaid expenses and other receivables	10,374
Property and equipment, at cost, net of accumulated depreciation and amortization of \$109	30,279
Other assets, at cost	1,742
Investments	627,395
Beneficial interest in trusts held by others	29,412
Total assets	<u>\$ 828,997</u>
<b>Liabilities and Net Assets</b>	
Accounts payable	\$ 8,046
Liabilities under split-interest agreements	11,770
Amounts held for others	4,933
Long-term debt	92,876
Other liabilities	1,551
Total liabilities	<u>119,176</u>
Commitments and contingencies	
Net assets	
Without donor restrictions	2,945
With donor restrictions	706,876
Total net assets	<u>709,821</u>
Total liabilities and net assets	<u>\$ 828,997</u>

The accompanying notes are an integral part of the financial statements.

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**Statement of Revenues, Expenses, and Changes in Net Position – University of Hawai‘i**  
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<b>Operating revenues</b>	
Student tuition and fees	\$ 400,605
Less: Scholarship allowances	<u>132,479</u>
Net student tuition and fees	268,126
Federal appropriations, grants and contracts	338,288
State and local grants and contracts	41,407
Nongovernmental sponsored programs	44,049
Sales and services of educational departments, other	30,367
Auxiliary enterprises	
Bookstores	10,224
Student housing, net of scholarship allowances of \$26,829	26,829
Other auxiliary enterprises revenues	24,474
Other operating revenues	<u>3</u>
Total operating revenues	<u>783,767</u>
<b>Operating expenses</b>	
Compensation and benefits	1,091,105
Supplies, services, and cost of goods sold	181,567
Depreciation and amortization	143,957
Telephone and utilities	69,095
Scholarships and fellowships	86,571
Travel expenses	13,676
Repairs and maintenance	35,119
Rental expenses	6,468
Other operating expenses	<u>28,802</u>
Total operating expenses	<u>1,656,360</u>
Operating loss	<u>(872,593)</u>
<b>Nonoperating revenues (expenses)</b>	
State appropriations	497,862
Federal Pell grants	45,956
Federal CARES Act program	171,620
Private gifts	3,186
Net investment loss	(31,407)
Interest expense	(14,464)
Net transfers from State of Hawai‘i	238,526
Loss on disposal of capital assets	(5,758)
Other, net	<u>66</u>
Net nonoperating revenues before capital and endowment additions	<u>905,587</u>
Capital – state appropriations	150,650
Capital – federal grants/subsidies	806
Capital – gifts and grants	1,866
Net transfers to State of Hawai‘i for capital assets	(1,191)
Transfers from State of Hawai‘i, Tobacco settlement	9,395
Transfers from State of Hawai‘i, University of Hawai‘i Cancer Center	6,918
Net transfers from other State agencies	<u>141</u>
Total other revenues	<u>168,585</u>
Net nonoperating revenues	<u>1,074,172</u>
Change in net position	201,579
<b>Net position</b>	
Beginning of year	<u>(703,092)</u>
End of year	<u>\$ (501,513)</u>

The accompanying notes are an integral part of the financial statements.

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**Statement of Activities – University of Hawai‘i Foundation**  
**Year Ended June 30, 2022**  
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	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue</b>			
Contributions	\$ 424	\$ 139,293	\$ 139,717
Fees, honoraria, royalties and other	4,505	1,386	5,891
Investment loss, net	(9,020)	(45,307)	(54,327)
Administrative fees	9,790	(9,790)	-
Fundraising events and projects	-	711	711
Net assets released from restrictions	48,645	(48,645)	-
Total revenue	<u>54,344</u>	<u>37,648</u>	<u>91,992</u>
<b>Expenses</b>			
Program services			
Extension and public services	994	-	994
Academic support	5,648	-	5,648
Research	6,803	-	6,803
Student aid and services	14,430	-	14,430
Faculty and staff support	3,243	-	3,243
Capital projects	2,422	-	2,422
Athletics	3,171	-	3,171
Special programs	10,004	-	10,004
Other	1,930	-	1,930
Total program services	<u>48,645</u>	<u>-</u>	<u>48,645</u>
Supporting services			
Administrative, management, and fiscal services	6,715	-	6,715
Development	8,417	-	8,417
Total supporting services	<u>15,132</u>	<u>-</u>	<u>15,132</u>
Total expenses	<u>63,777</u>	<u>-</u>	<u>63,777</u>
Change in net assets	(9,433)	37,648	28,215
Net assets at beginning of year	<u>12,378</u>	<u>669,228</u>	<u>681,606</u>
Net assets at end of year	<u>\$ 2,945</u>	<u>\$ 706,876</u>	<u>\$ 709,821</u>

The accompanying notes are an integral part of the financial statements.

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**Statement of Cash Flows – University of Hawai‘i**  
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<b>Cash flows from operating activities</b>	
Student tuition and fees	\$ 268,906
Grants and contracts	414,344
Other revenues	85,809
Payments to employees	(890,643)
Payments to suppliers and other	(344,180)
Payments for scholarships and fellowships	(86,515)
Net cash used in operating activities	<u>(552,279)</u>
<b>Cash flows from noncapital financing activities</b>	
State appropriations	499,192
Gifts and grants for other than capital purposes	219,395
Net transfers from State of Hawai‘i	5,934
Other disbursements	1
Net cash provided by noncapital financing activities	<u>724,522</u>
<b>Cash flows from capital and related financing activities</b>	
Capital appropriations	101,242
Capital gifts and grants	2,135
Purchases of capital assets	(112,012)
Proceeds from sale of capital assets	309
Principal paid on capital debt and equipment financing arrangements	(16,213)
Interest paid on capital debt and equipment financing arrangements	(20,910)
Transfer from State of Hawai‘i for	
Tobacco Settlement	9,395
University of Hawai‘i Cancer Center	6,918
Net cash used in capital and related financing activities	<u>(29,136)</u>
<b>Cash flows from investing activities</b>	
Interest and dividends on investments, net	4,329
Proceeds from sales and maturities of investments	209,770
Purchase of investments	(532,953)
Net cash used in investing activities	<u>(318,854)</u>
Net decrease in cash and cash equivalents	(175,747)
<b>Cash and cash equivalents</b>	
Beginning of year	<u>296,267</u>
End of year	<u>\$ 120,520</u>

The accompanying notes are an integral part of the financial statements.

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<b>Reconciliation of operating loss to net cash used in operating activities</b>	
Operating loss	\$ (872,593)
Adjustments to reconcile operating loss to net cash used in operating activities	
On behalf payments by State for fringe benefits	232,603
Depreciation and amortization expense	143,957
Pension and other postretirement healthcare benefit expense	(45,573)
Bad debt expense, net	(2,479)
Changes in operating assets and liabilities	
Accounts receivable	(10,163)
Due from the Research Corporation of the University of Hawai‘i, net	4,244
Notes receivable	390
Prepaid expenses and other assets	(61)
Accounts payable	(9,018)
Accrued payroll and fringe benefits	3,794
Accrued workers’ compensation liability	(3,297)
Advances from sponsors	6,009
Other, net	(92)
Net cash used in operating activities	<u>\$ (552,279)</u>
<b>Supplemental information of noncash transactions</b>	
Net transfers to State of Hawai‘i for capital assets	\$ (1,191)
Net transfers from other State agencies	131
Accounts payable for capital assets	19,350
Bond proceeds deposited immediately into escrow	231,950
Defeasance of outstanding revenue bond principal	230,955
Escrow funds used to fund capital asset additions	422

The accompanying notes are an integral part of the financial statements.



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**1. Organization and Summary of Significant Accounting Policies**

**Financial Reporting Entity**

The accompanying financial statements of the University of Hawai‘i (the “University”) include the activities of the University of Hawai‘i at Mānoa, University of Hawai‘i at Hilo (“UH-Hilo”), University of Hawai‘i at West O‘ahu (“UH-West O‘ahu”), University of Hawai‘i at Maui College, University of Hawai‘i Community Colleges, and its component units. The University has defined its reporting entity in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, as amended by GASB Statement No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Other criteria, including fiscal dependency and the nature and significance of the relationship, are such that exclusion would cause the financial statements of the University to be misleading.

The Research Corporation of the University of Hawai‘i (the “Research Corporation”) is a legally separate, tax-exempt entity that provides administrative support services for research and training programs of the University. At June 30, 2022, the net position of the Research Corporation was \$9,572. The University has determined that the Research Corporation meets the criteria to be considered a component unit of the University, however, has excluded the Research Corporation from the accompanying financial statements due to materiality.

The University of Hawai‘i Foundation (the “Foundation”) is a legally separate, not-for-profit organization established to solicit and manage funds for the benefit of the University. Although the University does not control the timing, purpose, or amount of its receipts from the Foundation, the resources that the Foundation holds and invests can only be used by, or for the benefit of, the University. Because of the nature and significance of the Foundation’s relationship with the University, the Foundation is considered a component unit of the University and is discretely presented in the accompanying financial statements. In addition, the Foundation’s significant notes are summarized in Note 16.

The Foundation’s accounting policies conform to accounting principles generally accepted in the United States (“GAAP”) applicable to not-for-profit organizations as promulgated by the Financial Accounting Standards Board (“FASB”). No modifications have been made to the Foundation’s financial information included in the University’s financial report to account for these differences.

The Foundation’s federal Form 990 is available for inspection as required by Internal Revenue Code (“IRC”) Section 6104 at the University of Hawai‘i Foundation, 1314 South King Street, Suite B, Honolulu, HI 96814.

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The discrete presentation of the Foundation is a common method of presentation among similar public colleges and universities with a legally separate foundation. It also better reflects the net position of the University as the University does not control the timing, purpose, or amount of its receipts from the Foundation.

Similarly, the University is fiscally dependent upon the State of Hawai‘i (the “State”) and therefore, the State is financially accountable for the University as defined by GASB Statement No. 61. Accordingly, the University’s financial information is discretely presented as a component unit within the State’s annual comprehensive financial report (“ACFR”).

The University is classified as a state instrumentality under IRC Section 115 and is therefore exempt from federal income taxes. Certain activities of the University may be subject to taxation as unrelated business income under IRC Sections 511 and 514.

**Basis of Presentation**

The University follows the reporting model prescribed for special-purpose governments engaged only in business-type activities, as defined in GASB Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities*, as amended. The financial statements of the University are presented using the economic resources measurement focus and the accrual basis of accounting.

**Cash, Cash Equivalents, and Investments**

The University considers all cash and investments with original maturities of three months or less to be cash equivalents. The carrying amounts reported in the Statement of Net Position for cash equivalents approximate fair value due to the short maturity of these investments.

The University classifies unspent cash, cash equivalents, and investments from the issuance of revenue bonds held with an escrow agent and invested until used for the cost of construction, and unspent cash, cash equivalents, and investments that were deposited into an acquisition fund held in trust by the acquisition fund custodian for equipment lease obligations, as noncurrent assets.

**Investments**

Investments in money market instruments that have remaining maturity at the time of purchase of one year or less are reported at amortized cost. Investments in time certificates of deposits are carried at cost. Investments in money market funds, fixed income securities, and equity securities with readily determinable fair values are reported at fair value based on quoted market prices. Unrealized gains and losses on investments are included in the Statement of Revenues, Expenses, and Changes in Net Position. Realized gains and losses are computed as the difference between the proceeds of the sale and the cost basis of the investment sold. The calculation of realized gains and losses is independent of the calculation of net changes in the fair value of investments.

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The title to investment securities is vested in the name of Securities and Exchange Commission (“SEC”) registered brokerage firms representing the various investment managers of the University. The title to short-term investments, made from pooled cash, is vested in the name of the University.

**Fair Value Measurements**

For financial assets reported at fair value, the University defines fair value as the price that would be received to sell an asset in the principal or most advantageous market in an orderly transaction between market participants. The University measures fair value using assumptions developed based on market data obtained from independent external sources and the reporting entity’s own assumptions. The hierarchy is broken down into levels based on the reliability of the inputs as follows:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** – Inputs (other than quoted prices) included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3** – Unobservable inputs for an asset or liability reflecting management’s assumption. Level 3 inputs are used to measure fair value to the extent that observable Level 1 or Level 2 inputs are not available.

**Due from and Due to State**

The State Director of Budget and Finance is responsible for the safekeeping of all cash in the State Treasury in accordance with State laws. Currently, separate accounts are not maintained in the State Treasury for the University’s general operating and capital appropriations. Although these appropriations are available to the University to expend, custody and ownership of the funds remain with the State. Unspent general and capital appropriations that continue to be available to the University for expenditure at the end of the fiscal year are reported as “Due from State of Hawai‘i” in the accompanying Statement of Net Position.

Amounts due to the State are primarily due to operating or capital advances.

**Accounts Receivable**

Accounts receivable are initially recorded at the amount invoiced or otherwise due and normally do not bear interest. The University maintains an allowance for doubtful accounts to reduce receivables to their estimated collectible amount. Management estimates the allowance for uncollectible receivables based on a specific review of customer balances, the overall aging of outstanding balances, historical collection experience, and current business and economic conditions. Delinquent accounts in excess of two years are written off upon approval of University general counsel and when, in the judgment of management, they are deemed uncollectible based on an evaluation of the specific circumstances.

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**Due from the Research Corporation of the University of Hawaii, Net**

The Research Corporation provides administrative support services such as human resources, payroll processing, procurement, and disbursement services for research and training programs of the University, and receives a management fee for such services. The University is responsible for all programmatic decisions and for authorizing and approving all project expenditures and commitments, however, the contractual commitments of the projects are in the name of the Research Corporation and are included as a liability for such commitments on their balance sheet, with a corresponding receivable for reimbursement from the University. “Due from the Research Corporation, net” represents funds advanced to the Research Corporation for project expenditures, net of management fees due.

**Leases**

The University has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in its financial statements. The University recognizes lease liabilities with an initial, individual value of \$25,000 or more with a lease term greater than one year. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease liability.

At the commencement of a lease, the University initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the University has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

Key estimates and judgments related to leases include how the University determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The University uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the University generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the University is reasonably certain to exercise.

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The University monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right to use along with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

The University is a lessor for leases of special purpose facilities, office and commercial space, and land. The University recognizes leases receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance of the lessee or usage of the underlying asset should not be included in the measurement of the lease receivable.

At the commencement of a lease, the University initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the University determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The University uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The University monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**Capital Assets**

Capital assets are recorded at cost, or if donated, at an appraised value at the date of the gift. Depreciation of capital assets is provided for on a straight-line basis over the estimated useful lives (3 to 100 years) of the respective assets. The University’s policy is to capitalize tangible, nonexpendable personal property having an estimated useful life of more than one year. The University does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered. Accordingly, such collections are not recognized or capitalized for financial statement purposes. Maintenance and repairs, as well as minor renewals, replacements and betterments, are charged to operations. Major renewals, replacements and betterments are capitalized in the year incurred. Capital assets retired or otherwise

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disposed of are removed from the appropriate asset and related accumulated depreciation accounts. Gains and losses on disposals and the net book value of transfers of capital assets are reflected in operations.

The University evaluates the future service utility of capital assets when events or changes in circumstances have occurred. A diminished service utility of the University’s capital assets is reported as an impairment loss and netted against any insurance or appropriated recoveries.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

Deferred outflows (inflows) of resources represent a consumption of (benefit to) net assets that applies to a future period. The University defers recognition of the loss on debt refunding related to issuance of its revenue bonds and amortizes these costs over the life of the bonds using the effective interest rate method.

The deferred outflow of resources and deferred inflow of resources related to pensions resulted from differences between expected and actual experiences on pension plan investments, changes in assumptions and changes in proportion on pension plan investments which will be amortized over the estimated average remaining service life of the plan members. The deferred outflow of resources and deferred inflow of resources related to OPEB resulted from differences between expected and actual experiences and changes in assumptions which will be amortized over the estimated remaining service life of the plan members. The net difference between projected and actual earnings on plan investments for both pension and OPEB resulted in a deferred outflow of resources which is amortized over five years. The State’s contributions to the pension and OPEB plans subsequent to the measurement date of the actuarial valuations for the pension and OPEB plans which will be recognized as a reduction of the net pension liability and net OPEB liability in the subsequent fiscal year. The deferred outflow of resources related to asset retirement obligations (“AROs”) represents the difference between the AROs and the cash received to assume the related AROs, and are amortized over the remaining useful life of the related capital assets.

**Advances from Sponsors**

Advances from sponsors represent amounts received from grant and contract sponsors which have not been earned under the terms of the agreement.

**Unearned Revenue**

Unearned revenue includes amounts received in advance of an event such as student tuition and advance sports ticket sales related to a future period.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employee’s Retirement System (“ERS”), and additions to/deductions from the ERS’s fiduciary net position have been determined on the same basis as they are reported

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by the ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at their fair value.

**Postemployment Benefits Other Than Pensions**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Hawai‘i Employer-Union Health Benefits Trust Fund (“EUTF”), and additions to/ deductions from the EUTF’s fiduciary net position have been determined on the same basis as they are reported by the EUTF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at their fair value.

**Revenue Bonds Payable**

Revenue bonds payable include outstanding amounts due from the issuance of revenue bonds by the University financing.

**Equipment Financing Obligations**

Obligations for equipment acquired under financing arrangements to fund the installation and acquisition of energy conservation measurements are recorded based on the present value of the future minimum lease payments using the appropriate interest rate. Refer to Note 9 for more information regarding the University’s equipment financing obligations.

**Asset Retirement Obligations**

AROs represent the liabilities where both an external obligating event and internal obligating event have occurred, and the liability is reasonably estimable and recorded based on the University’s best estimates of the current value of outlays expected to be incurred. The AROs are reevaluated annually for the effects of general inflation or deflation and any events that would cause a significant change in the estimated outlays. AROs are included in other noncurrent liabilities. Refer to Note 13 for more information.

**Net Position**

The University’s net position is classified into the following four net position categories:

- **Net investment in capital assets** – This component of net position represents the University’s total investment in capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those capital assets.
- **Restricted**
  - Nonexpendable – Net position subject to externally imposed stipulations that it be maintained permanently by the University, which includes the University’s permanent endowment funds.

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- Expendable – Net position that is restricted for specific purposes by sponsors, donors or law. Restrictions in these assets are released when the University complies with the stipulations required by the sponsor, donor or legislative act.
- **Unrestricted** – Net position not classified as restricted or net investment in capital assets and not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Regents (“Board”) or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic and research programs and initiatives and capital asset programs.

When an expense is incurred for purposes for which both restricted and unrestricted resources are available to pay the expenses, resources are generally applied proportionate to the benefit realized. For instances in which such a determination is not feasible or if there are cost compliance issues, unrestricted resources are applied first.

**Net Position Restricted by Enabling Legislation**

GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34*, requires that limitations on the use of net position imposed by enabling legislation to be reported as restricted net position. GASB Statement No. 46 also specifies the accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation or if legal enforceability is reevaluated. Restricted net position at June 30, 2022 amounted to \$474,503, of which \$492,460 were restricted by enabling legislation for capital activity.

**Operating and Nonoperating Activities**

The University’s policies for defining operating activities, as reported on the Statement of Revenues, Expenses, and Changes in Net Position, are those that generally result from exchange transactions such as payments received for providing services and goods and payments made for services and goods received. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Statement No. 35, including state appropriations, federal Pell grants, gifts, and investment income.

Student tuition and fees revenues are recognized in the period earned. Revenues for programs that cross fiscal years are prorated between the two fiscal years.

The University recognizes revenue associated with the direct costs of research and training grants and contracts as the related expenses are incurred.

Bookstore revenues are recognized at the point of sale. Sales returns (which are not significant) are recognized at the time returns are made.



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Room and other rental revenues are recognized over the period the room is occupied. Room and other rental revenues for the summer term are recognized in the fiscal year in which the term primarily falls. If the room and other rental revenues for the summer term been prorated between fiscal years, the difference would not be material.

Federal economic relief received as a result of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) represent nonexchange transactions that are reported as nonoperating revenues. During fiscal year 2022, the University received payments from the Higher Education Emergency Relief Fund (“HEERF”) and the Coronavirus Relief Fund (“CRF”).

**Scholarships and Fellowships**

Scholarships and fellowships, including tuition and fee waivers applied to student accounts, are shown as a reduction to student tuition and student housing revenues. Stipend and other payments made directly to students are reflected as scholarships and fellowships expense.

**State Appropriations**

The University recognizes general operating and capital appropriations as nonoperating revenue when allotments are made available to the University for expenditure. If restrictions are placed on such appropriations, the restrictions are given separate and discrete accounting recognition.

**Management’s Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. These estimates, among others, include workers’ compensation liabilities, net pension liabilities, postemployment benefit liabilities, asset retirement obligations, allowances for uncollectible receivables, the useful lives of capital assets, the valuation of investments, and the current versus noncurrent classification of assets and liabilities.

With respect to workers’ compensation insurance, the University is self-insured for the first \$650 per occurrence and annual aggregate and obtains excess insurance of \$50,000 from a commercial insurance company. The University records a liability for risk financing and insurance related losses if it is determined that a loss has been incurred and the amount can be reasonably estimated. The University uses a third-party actuary to estimate its workers’ compensation liability. Changes in the liability are the result of claims payments made during the fiscal year, new claims filed, and changes in the estimates of existing claims. Anticipated payments by the third party for the next fiscal year are considered current and payments thereafter are considered noncurrent. The liability represents the University’s best estimate of workers’ compensation liabilities based on available information. The University’s estimated liability for workers’ compensation claims is included in “Other Liabilities” in the accompanying Statements of Net Position (see Note 9).

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The University records its proportional share of the State’s share of the EUTF net OPEB liability through the State’s allocation schedules to its component units and proprietary funds. The actuarial assumptions used to determine the liabilities are described in Notes 11 and 12.

The University records its estimated liability for certain costs associated with the future retirement of their telescopes. The assumptions used to determine the liabilities are described in Note 13.

The allowance for uncollectible receivables is a valuation account used to estimate the portion of accounts, notes, and contributions receivable that are considered uncollectible.

The University depreciates its capital assets using useful lives internally or externally determined to represent the expected service period of the asset.

In general, the fair value of investments has been determined using values supplied by independent pricing services.

**Implementation of New Accounting Pronouncements**

**GASB Statement No. 87**

In June 2017, GASB issued Statement No. 87, *Leases* (GASB Statement No. 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

The adoption of GASB Statement No. 87 resulted in the recording of lease assets, lease liabilities, lease receivables, and deferred inflows of resources related to leases at July 1, 2021, in accordance with the provisions of this Statement. Lease assets and lease liabilities of approximately \$2,469 were reported as of July 1, 2021. Lease receivables and deferred inflows of resources related to leases of approximately \$7,252 were reported at July 1, 2021. The adoption of Statement No. 87 did not result in a restatement of beginning net position.

**GASB Statement No. 92**

During fiscal year 2022, the State implemented GASB Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement did not have a material effect on University’s financial statements.

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**GASB Statement No. 97**

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The main objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. This Statement did not have a material effect on University’s financial statements, upon implementation in fiscal year 2022.

**Recently Issued Accounting Pronouncements**

**GASB Statement No. 94**

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The University has not determined the effect this Statement will have on its financial statements.

**GASB Statement No. 96**

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The University has not determined the effect this Statement will have on its financial statements.

**GASB Statement No. 99**

The GASB issued Statement No. 99, *Omnibus*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately while other requirements are effective for fiscal years beginning after June 15, 2022 and June 15, 2023, respectively. The University has not determined the effect this Statement will have on its financial statements.

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**GASB Statement No. 100**

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023. The University has not determined the effect this Statement will have on its financial statements.

**GASB Statement No. 101**

The GASB issued Statement No. 101, *Compensated Absences*. The primary objective of the Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. The University has not determined the effect this Statement will have on its financial statements.

**2. Cash and Investments**

The carrying amount of cash and cash equivalents and time certificates of deposit held outside of the State Treasury as of June 30, 2022, classified as cash and cash equivalents and operating investments, was \$120,520, with corresponding bank balances of \$127,504. The portion of bank balances covered by the Federal Deposit Insurance Corporation or by collateral held by the State Director of Budget & Finance in the name of the University totaled \$127,504 at June 30, 2022.

Endowment funds are combined in investment pools with each individual account subscribing to or disposing of shares on the basis of the market value per share.

Cost of securities sold is determined using the first-in first-out method.

As a result of market fluctuations, the fair market value of certain donor-restricted endowments may fall below the historical cost of such funds and are recorded as reductions in unrestricted net position. Future market gains will be used to restore this deficiency in unrestricted net position before any net appreciation above the historical cost value of such funds increases restricted expendable net position. There were no deficiencies of this nature as of June 30, 2022.

- **Endowment funds** are received from benefactors who, by the terms of their conveying instruments, have stipulated that the principal of their gifts may never be expended, and use of the income is generally restricted.
- **Quasi-endowment funds** are funds that have been transferred to the endowment funds by the Board. Use of the income is either restricted by the donor or unrestricted and designated by the Board.

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The Hawai‘i Uniform Prudent Management of Institutional Funds Act (“HUPMIFA”), established under Hawai‘i Revised Statutes (“HRS”) Section 517E, was enacted by the State on July 1, 2009. HUPMIFA requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the University classifies as restricted nonexpendable net position (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in restricted nonexpendable net position is classified as restricted expendable net position until those amounts are expended and distributed by the University in accordance with its Board-approved spending rate policy and in a manner consistent with the standard of prudence prescribed by HUPMIFA. In fiscal year 2022, the University’s spending rate policy provided for annual distributions at 4.05% of the trailing five-year moving average of the endowment fair value.

At June 30, 2022, the University’s investments were comprised of the following:

	<b>Fair Value</b>	<b>Cost</b>
Cash and money market funds	\$ 4,781	\$ 4,781
Fixed income securities	595,437	614,186
Equity securities	61,808	53,384
Other investments	1,297	1,297
Total investments	<u>663,323</u>	<u>673,648</u>
Less: Current portion	<u>557,993</u>	<u>575,157</u>
Total noncurrent investments	<u>\$ 105,330</u>	<u>\$ 98,491</u>

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Changes in the University’s investments for the year ended June 30, 2022 were as follows:

	Fair Value	Cost Basis	Net Unrealized Gain (Loss)	Net Realized Gain (Loss)
<b>University Endowment Pool</b>				
End of year	\$ 80,244	\$ 74,017	\$ 6,227	
Beginning of year	96,721	72,235	24,486	
Net change	<u>(16,477)</u>	<u>1,782</u>	<u>(18,259)</u>	\$ 2,271
<b>Associated Students of the University of Hawai‘i</b>				
End of year	9,443	8,819	624	
Beginning of year	11,297	8,908	2,389	
Net change	<u>(1,854)</u>	<u>(89)</u>	<u>(1,765)</u>	(15)
<b>School of Medicine</b>				
End of year	2,446	2,446	-	
Beginning of year	2,447	2,447	-	
Net change	<u>(1)</u>	<u>(1)</u>	<u>-</u>	-
<b>University Bond System</b>				
End of year	11,900	11,912	(12)	
Beginning of year	20,230	20,232	(2)	
Net change	<u>(8,330)</u>	<u>(8,320)</u>	<u>(10)</u>	-
<b>Operating investments</b>				
End of year	557,993	575,157	(17,164)	
Beginning of year	244,317	243,061	1,256	
Net change	<u>313,676</u>	<u>332,096</u>	<u>(18,420)</u>	71
<b>Other</b>				
End of year	1,297	1,297	-	
Beginning of year	1,297	1,297	-	
Net change	<u>-</u>	<u>-</u>	<u>-</u>	-
<b>Total investments</b>				
End of year	663,323	673,648	(10,325)	
Beginning of year	376,309	348,180	28,129	
Net change	<u>\$ 287,014</u>	<u>\$ 325,468</u>	<u>\$ (38,454)</u>	<u>\$ 2,327</u>

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Net investment income for the year ended June 30, 2022 was as follows:

<b>Summary of net investment loss</b>	
Change in unrealized net loss	\$ (38,454)
Net realized gain	2,327
	<u>(36,127)</u>
Interest and dividend income	5,423
Investment income before management fees	<u>(30,704)</u>
Less: Management fees	703
Net investment loss	<u>\$ (31,407)</u>

The University’s investments reported at fair value on a recurring basis have been categorized based on the fair value hierarchy in Note 1 at June 30, 2022 as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Investments Not Categorized Within the Fair Value Hierarchy
Cash and money market funds	\$ 4,781	\$ 4,781	\$ -	\$ -
Fixed income securities	595,437	425,942	169,495	-
Equity securities	61,808	61,808	-	-
Other investments	1,297	-	-	1,297
Total investments	<u>\$ 663,323</u>	<u>\$ 492,531</u>	<u>\$ 169,495</u>	<u>\$ 1,297</u>

The Board is responsible for the establishment of policies over and monitoring of operating investments and endowments held by the University. Investments authorized by the Board include equity investments, bond investments, certificates of deposit, money market funds, U.S. Government, its Agencies, or its Instrumentalities securities, securities guaranteed or collateralized by the U.S. Government, its Agencies or its Instrumentalities, and other types of investments.

The University’s investment strategy incorporates certain financial instruments, which involve, to varying degrees, elements of market risk and credit risk. Market risk is the potential for changes in the value of financial instruments due to market changes, including interest and foreign exchange rate movements and fluctuations embodied in forward and futures, commodity or security prices. Market risk is directly impacted by the volatility and liquidity of the markets in which the related underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. The University’s risk of loss in the event of counterparty default is typically limited to the amounts recognized in the Statement of Net Position and is not represented by the contract or notional amounts of the instruments.

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**Investment Risk Factors**

There are many factors that affect the value of investments. Some, such as custodial credit risk, concentration risk, and foreign currency risk may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates.

**Concentration Risk**

Concentration risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic or credit development. The University limits its risk of concentration of assets by limiting individual bond positions other than obligations of the U.S. government to not more than 5.0% of the total fixed income portion of the portfolio. Individual equities are limited to not more than 4.0% of the total market value of the stock portfolio. In addition, investment in any one stock is not to exceed 1.0% of a corporation’s outstanding common stock.

**Credit Risk**

Credit risk for fixed income securities is the risk that the issuer will not fulfill its obligations. Nationally recognized statistical rating organizations, such as Moody’s and Standard and Poor’s (“S&P”), assign credit ratings to security issuers and issues that indicate a measure of potential credit risk to investors. Certain fixed-income securities, primarily obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are considered to have minimal credit risk. To manage credit risk, the University specifies that no more than 15% of the fixed income investments may be lower than investment grade.

The composition of fixed income securities at June 30, 2022, along with credit quality ratings, is summarized below:

	Credit Quality Rating						
	U.S. Govt- Exempt	AAA	AA	A	BBB	BB or Lower	Unrated
Money market funds	\$ 1,165	\$ -	\$ 1,165	\$ -	\$ -	\$ -	\$ -
U.S. Treasury	425,942	425,942	-	-	-	-	-
U.S. government agencies	158,153	2,489	-	155,664	-	-	-
Corporate bonds	11,342	-	227	1,199	4,385	5,317	214
Total fixed income securities	<u>\$ 596,602</u>	<u>\$ 428,431</u>	<u>\$ 1,392</u>	<u>\$ 156,863</u>	<u>\$ 4,385</u>	<u>\$ 5,317</u>	<u>\$ 214</u>

**Interest Rate Risk**

Interest rate risk is the risk that the value of fixed income securities will decline because of changing interest rates. The prices of fixed income securities with a longer time to maturity tend to be more sensitive to changes in interest rates and, therefore, are more volatile than those with shorter maturities.



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At June 30, 2022, the composition of the University’s fixed income investments and maturities is summarized below:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 to 5	6 to 10	More than 10
Money market funds	\$ 1,165	\$ 1,165	\$ -	\$ -	\$ -
U.S. Treasury	425,942	218,319	204,685	813	2,125
U.S. government agencies	158,153	6,118	148,896	217	2,922
Corporate bonds	11,342	975	5,433	2,961	1,973
Total fixed income securities	<u>\$ 596,602</u>	<u>\$ 226,577</u>	<u>\$ 359,014</u>	<u>\$ 3,991</u>	<u>\$ 7,020</u>

**Foreign Currency Risk**

Foreign currency risk is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuations in the value of the U.S. dollar relative to foreign currencies. The University’s investment policy permits investments in publicly-traded foreign securities.

At June 30, 2022, the University’s exposure to foreign currency risk expressed in U.S. dollars was not significant.

**3. Accounts Receivable**

The composition of accounts receivable, net of allowance for uncollectible receivables, of \$35,508 at June 30, 2022 is summarized as follows:

U.S. government	\$ 75,353
State and local government	8,753
Private agencies	11,451
Student tuition and fees	4,621
Other	7,870
	<u>\$ 108,048</u>

At June 30, 2022, private agency receivables from the Foundation were \$5,567. Private grant revenue from the Foundation approximated \$16,010 during fiscal year 2022.

The University has an agreement with the Foundation to receive fundraising and alumni services through June 30, 2022. The annual compensation under this agreement amounted to \$3,000 for fiscal year 2022. The service expense was paid in full as of the year ended June 30, 2022, and is reported in supplies, services, and cost of goods sold in the accompanying financial statements.

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**4. U.S. Government Funding**

The federal government reimburses the University for certain overhead costs (e.g., facilities and administrative costs) incurred in support of federally-sponsored programs based on cost reimbursement rates negotiated with the University’s cognizant agency, the U.S. Department of Health and Human Services. The reimbursement amounted to approximately \$58,816 in 2022 and is reported in federal appropriations, grants and contracts revenue.

The University’s federal grants and contracts are subject to periodic audit by federal examiners. In the opinion of the University, any adjustments which may be required as a result of these audits would not be material to the overall financial position of the University.

**5. Direct Loan Programs**

During the year ended June 30, 2022, the University distributed \$114,512 in Direct Loan programs. These distributions and related funding sources are not included as expenses or revenues in the accompanying financial statements. There were no distributions of any student loans through the U.S. Department of Education Federal Perkins Loan Program.

**6. Other Current Assets**

Other current assets at June 30, 2022 were comprised of:

Accrued interest receivable	\$ 1,279
Inventories	5,515
Investment trade settlements receivable	4
Short term lease receivable	1,010
Prepaid expenses	11,837
	<u>\$ 19,645</u>

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The inventories and the methods of valuation at June 30, 2022 are summarized below:

University of Hawai‘i Bookstore merchandise inventory	Lower of cost or market using the first-in, first-out retail inventory method.	\$ 2,594
University of Hawai‘i Chemistry Stockroom	Cost applied on the first-in, first-out basis.	1,269
University of Hawai‘i Facilities Management Warehouse	Cost applied on the first-in, first-out basis.	896
University of Hawai‘i Press merchandise inventory	Job order or specific identification method. Books remaining in the inventory after the first year of publication are written off on the straight-line basis over a five-year period.	642
University of Hawai‘i other inventory	Lower of cost or market using the weighted average cost method.	114
		<u>\$ 5,515</u>

**7. Capital Assets**

A summary of capital assets, including lease assets at June 30, 2022 is as follows:

	Beginning Balance As Restated	Additions	Deductions	Transfers	Ending Balance
Nondepreciable capital assets					
Land	\$ 73,279	\$ -	\$ -	\$ 1,505	\$ 74,784
Construction in progress	211,300	80,573	896	(156,563)	134,414
Total capital assets not being depreciated	<u>284,579</u>	<u>80,573</u>	<u>896</u>	<u>(155,058)</u>	<u>209,198</u>
Depreciable capital assets					
Land improvements	165,448	1,480	-	12,467	179,395
Infrastructure	282,371	1,709	-	17,872	301,952
Buildings	2,819,243	11,919	19,735	123,211	2,934,638
Equipment	403,994	16,427	12,179	1,508	409,750
Library materials	180,455	1,211	-	-	181,666
Total capital assets being depreciated	3,851,511	32,746	31,914	155,058	4,007,401
Less: Accumulated depreciation	<u>1,955,124</u>	<u>142,688</u>	<u>26,743</u>	<u>-</u>	<u>2,071,069</u>
Leased assets					
Buildings	2,469				
Total leased assets	2,469	-	-	-	2,469
Less: Accumulated amortization					
Buildings	-	989	-	-	989
Capital assets, net	<u>\$ 2,183,435</u>	<u>\$ (30,358)</u>	<u>\$ 6,067</u>	<u>\$ -</u>	<u>\$ 2,147,010</u>

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Capital assets consist of land, land improvements, infrastructure, buildings, equipment, library materials, and construction in progress. Construction in progress (“CIP”) additions represent costs for new projects, net of the amount of capital assets placed in service. CIP is not depreciated until the asset is placed in service. Assets acquired are recorded at cost, or if donated, at appraised value at the date of the gift.

Depreciation expense amounted to \$143,677 during fiscal year 2022.

**8. Due From and Due To the State of Hawai‘i**

Amounts due from and due to the State of Hawai‘i at June 30, 2022 were as follows:

	<b>Due from</b>	<b>Due to</b>
State appropriations for current operations	\$ 2,847	
State capital appropriations – noncurrent	<u>510,709</u>	
Total due from State of Hawai‘i	<u>\$ 513,556</u>	
Imprest/petty cash advances		\$ 65
Advance		6,000
Employee fringe adjustments		<u>52</u>
Total due to State of Hawai‘i		<u>\$ 6,117</u>

**9. Long-Term Liabilities**

Long-term liability activities for the years ended June 30, 2022 is summarized as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Bonds payable					
Revenue bonds payable	\$ 454,005	\$ -	\$ 17,040	\$ 436,965	\$ 20,200
Other liabilities					
Workers’ compensation	15,457	3,199	4,471	14,185	3,930
Accrued vacation	90,751	28,494	33,666	85,579	38,311
Net pension liability (Note 11)	1,889,437	128,182	541,001	1,476,618	-
Postemployment health care/life insurance benefits (Note 12)	1,699,884	23,217	87,490	1,635,611	-
Equipment financing obligations	25,492	2,432	1,605	26,319	1,847
Total other liabilities	<u>3,721,021</u>	<u>185,524</u>	<u>668,233</u>	<u>3,238,312</u>	<u>44,088</u>
Total long-term liabilities	<u>\$ 4,175,026</u>	<u>\$ 185,524</u>	<u>\$ 685,273</u>	<u>\$ 3,675,277</u>	<u>\$ 64,288</u>

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**Revenue Bonds Payable**

The University’s revenue bonds payable at June 30, 2022 is as follows:

	Series	Date Issued	Authorized	2022
Hilo College of Pharmacy and Law School Expansion and Modernization (interest rate, 1.0% to 4.7%)	2015A	September 24, 2015	\$ 8,575	\$ 7,470
Frear Hall Construction, Student Housing System at Mānoa, Food Service System and Student Housing System at Hilo (interest rate, 3.0% to 5.0%)	2015B(R)	September 24, 2015	47,010	47,010
Frear Hall Construction, Student Housing System at Mānoa, Food Service System and Student Housing System at Hilo (interest rate, 0.8% to 3.0%)	2015C(R)	September 24, 2015	17,585	1,020
University Health & Wellness Center (interest rate, 0.8% to 2.8%)	2015D(R)	September 24, 2015	25,715	-
University Health & Wellness Center (interest rate, 5.0%)	2015E(R)	April 20, 2016	67,400	66,000
Sinclair Library Basement Renovation (interest rate, 2.0% to 5.0%)	2017A	December 28, 2017	3,990	3,155
University Health & Wellness Center (interest rate, 3.0%)	2017B	December 28, 2017	12,040	12,040
University Health & Wellness Center (interest rate, 3.28% to 3.38%)	2017C	December 28, 2017	4,110	4,110
Frear Hall Construction, Student Housing System at Mānoa, Student Housing System at Hilo (interest rate, 3.0%)	2017D	December 28, 2017	13,185	13,185
Frear Hall Construction, Student Housing System at Mānoa, Food Service System and Student Housing System at Hilo (interest rate, 3.28% to 3.65%)	2017E	December 28, 2017	4,450	4,450
Various acquisition and construction projects (interest rate, 5.0%)	2017F	December 28, 2017	52,275	47,800
Various acquisition and construction projects (interest rate, 2.10% to 3.85%)	2017G	December 28, 2017	20,745	18,355
Parking facilities at Mānoa (interest rate, 0.539% to 3.203%)	2020A	October 28, 2020	10,045	9,620
University of Hawai‘i Cancer Center (interest rate, 3.0% to 5.0%)	2020B	October 28, 2020	44,555	42,200
University of Hawai‘i Cancer Center (interest rate, 2.272% to 3.203%)	2020C	October 28, 2020	54,300	54,300
Various acquisition and construction projects (interest rate, 3.0% to 5.0%)	2020D	October 28, 2020	77,135	75,120
Various acquisition and construction projects (interest rate, 3.203%)	2020E	October 28, 2020	31,130	31,130
			<u>\$ 494,245</u>	<u>\$ 436,965</u>

In October 2020, the University issued \$217,165 in Series 2020A (\$10,045, taxable new money), 2020B (\$44,555, tax-exempt refunding), 2020C (\$54,300, taxable refunding), 2020D (\$77,135, tax-exempt refunding), 2020E (\$31,130, taxable refunding) for the purpose of financing the costs of a University project and refunding previously issued bonds. All series 2020 bonds were delivered on October 28, 2020. Total premium for the Series 2020 Bonds approximated \$25,710. The proceeds of the Series 2020A Bonds will be used to renovate and repair parking facilities at the University’s Mānoa campus.

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The proceeds of the Series 2020B, 2020C, 2020D and 2020E bonds were used to prepay and redeem the Series 2010A-1 and 2010B-1 University Revenue Bonds. During the year ended June 30, 2021, \$230,955 of bonds outstanding from the Series 2010A-1 and 2010B-1 University Revenue Bonds were considered defeased. The defeasance resulted in an accounting gain of \$44,017 and an economic gain (difference between the present values of the debt service payment on the old and new debt) of \$35,207. Deferred loss on refunding for Series 2020 Bonds amounted to \$612 at June 30, 2022. The coupon interest rates of the Series 2020 Bonds range from 0.539% to 5.0% (the first interest payment was paid on April 1, 2021) with the last maturity on October 1, 2040.

In December 2017, the University issued \$110,795 in Series 2017A (\$3,990, tax-exempt new money), 2017B (\$12,040, tax-exempt refunding), 2017C (\$4,110, taxable refunding), 2017D (\$13,185, tax-exempt refunding), 2017E (\$4,450, taxable refunding), 2017F (\$52,275, tax-exempt refunding), and 2017G (\$20,745, taxable refunding) Bonds (collectively, the “Series 2017 Bonds”) for the purpose of financing the costs of a University project, the renovation of the Gregg M. Sinclair Library basement, and refunding previously issued bonds. All Series 2017 Bonds were delivered on December 28, 2017. Total premium for the Series 2017 Bonds approximated \$10,607.

The proceeds of the Series 2017B, 2017C, 2017D, 2017E, 2017F and 2017G Bonds were deposited into an irrevocable trust with an escrow agent to provide for the redemption of the outstanding principal of the Series 2006A University Revenue Bonds and Refunding Series 2006A University Bonds, and to provide for the defeasance and redemption of a portion of the Series 2009A University Revenue Bonds. Accordingly, the trust account assets and liabilities relating to the defeased bonds are not recorded in the financial statements of the University. During the year ended June 30, 2018, \$33,535 of bonds outstanding from the Series 2006A University Revenue Bonds and Refunding Series 2006A University Bonds were refunded on a current basis, and \$76,400 of bonds outstanding from the Series 2009A University Revenue Bonds were considered defeased. The refunding and defeasance resulted in an accounting gain of \$17,502 and an economic gain (difference between the present values of the debt service payment on the old and new debt) of \$15,550. Deferred loss on refunding for Series 2017 Bonds amounted to \$4,310 at June 30, 2022. The coupon interest rates for the Series 2017 Bonds range from 2.0% to 5.0% (the first interest payment was paid on April 1, 2018) with the last maturity on October 1, 2038.

In September 2015, the University issued \$166,285 in Series 2015A (\$8,575, taxable new money), 2015B(R) (\$47,010, tax-exempt refunding), 2015C(R) (\$17,585, taxable refunding), 2015D(R) (\$25,715, taxable refunding), and 2015E(R) (\$67,400, tax-exempt forward delivery refunding) Bonds (collectively, the “Series 2015 Bonds”) for the purpose of financing the costs of University projects and refunding previously issued bonds. All Series 2015 Bonds were delivered on September 24, 2015 with the exception of the forward delivery Series 2015E(R) Bonds which were delivered on April 20, 2016. Total premium for the Series 2015 Bonds approximated \$13,698. Deferred loss on refunding for Series 2015 Bonds amounted to \$4,690 at June 30,

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2022. The University projects include the UH Mānoa Law School Expansion and Modernization Project and the UH-Hilo College of Pharmacy Project.

The proceeds of the Series 2015B(R), 2015C(R), 2015D(R) and 2015E(R) Bonds were deposited into an irrevocable trust with an escrow agent to provide for a portion of the future debt service payments on the Series 2006A University Revenue Bonds and the Refunding Series 2006A University Bonds. Accordingly, the trust account assets and liabilities relating to the defeased bonds are not recorded in the financial statements of the University. During the year ended June 30, 2016, \$163,245 of bonds outstanding from the Series 2006A University Revenue Bonds and the Refunding Series 2006A University Bonds were considered defeased. The defeasance resulted in an accounting gain of \$15,080 and an economic gain (difference between the present values of the debt service payment on the old and new debt) of \$9,573. The coupon interest rates for the Series 2015 Bonds range from 0.811% to 5.0% (first interest payment due on April 1, 2016) with the last maturity on October 1, 2044.

The University receives funds from the State of Hawai‘i Tobacco Settlement Special Fund for the payment of principal and interest on the Series 2015D(R), 2015E(R), 2017B and 2017C Bonds to finance the cost of construction of the medical school facility. The funds received from the State of Hawai‘i Tobacco Settlement Special Fund for debt service amounted to \$9,395 in 2022.

The revenue bonds are paid from certain unrestricted revenues in annual installments, including semi-annual interest payments ranging from \$12 to \$9,106 with the final payment due in October 2044. Interest on the Series 2015, 2017 and 2020 Bonds is payable semi-annually on April 1 and October 1, and the principal is payable on October 1 of each year. The Bond Resolution adopted on November 16, 2001 and supplemented (“Bond Resolution”) stipulates that revenues of the University Bond System, including legislative appropriations and moneys in any special or revolving fund of the University, are pledged to the payment of the Series 2015, 2017 and 2020 Bonds, interest and premiums (if any).

The University entered into continuing disclosure certificates for the benefit of revenue bondholders, where it agreed to provide certain financial information and operating data relating to the University with respect to its revenue bonds to the Municipal Securities Rulemaking Board. The University, based on consultation with its bond counsel and bond underwriter, has complied in all material respects with the continuing disclosure requirements.

The Bond Resolution permits the holders of not less than 25.0% of the aggregate principal amount of outstanding revenue bonds to declare the principal of all revenue bonds then outstanding, together with all accrued and unpaid interest thereon, to be due and payable immediately upon the occurrence and during the continuation of an Event of Default by the University under the Bond Resolution. Events of Default include, but are not limited to, the failure to pay principal when due or interest within 30 days of the date due, a breach of the terms of the Bond Resolution by the University which goes uncured for the applicable cure period, if any, or the dissolution, bankruptcy or receivership of the University.

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At June 30, 2022, future maturities of revenue bonds are as follows:

	<b>Principal</b>	<b>Interest</b>
<b>Years ending June 30,</b>		
2023	\$ 20,200	\$ 17,741
2024	21,155	16,778
2025	22,150	15,772
2026	23,210	14,701
2027	23,320	13,584
2028–2032	135,315	51,361
2033–2037	120,865	23,497
2038–2042	69,285	4,801
2043–2045	1,465	105
	<u>\$ 436,965</u>	<u>\$ 158,340</u>

**Bond Premiums**

Activity related to the premiums on revenue bonds for the year ended June 30, 2022 is as follows:

	<b>Series</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Student Housing	2015B(R)	\$ 3,956	\$ -	\$ 336	\$ 3,620
John A. Burns School of Medicine	2015E(R)	4,919	-	680	4,239
Sinclair Library basement renovation	2017A	358	-	47	311
John A. Burns School of Medicine	2017B	192	-	26	166
Student Housing	2017D	82	-	10	72
Student Housing	2017F	7,175	-	689	6,486
University of Hawai‘i Cancer Center	2020B	8,621	-	1,470	7,151
Various construction projects	2020D	14,860	-	1,795	13,065
Total bond premiums		<u>\$ 40,163</u>	<u>\$ -</u>	<u>\$ 5,053</u>	<u>\$ 35,110</u>

**Equipment Financing Obligations**

In November 2017, the University entered into two tax-exempt purchase (“TELP”) agreements with a Company to purchase energy conservation equipment for Honolulu, Kapi‘olani, Leeward and Windward Community Colleges (collectively “Oahu Campuses”) and Maui College for \$24,183 and \$6,302, respectively. For the Oahu Campuses, payments commenced on August 1, 2018 and will continue through August 1, 2031 at a tax-exempt interest rate of 2.55%. For Maui College, payments commenced on December 1, 2018 and will continue through December 1, 2031 at a tax-exempt interest rate of 2.55%. Upon failure to pay any rental payment within the 15 days following the due date, the vendor may demand full payment and/or retake possession of the equipment.



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At June 30, 2022, future minimum finance payments required under the equipment financing agreements are as follows:

	<b>Principal</b>	<b>Interest</b>
<b>Years ending June 30,</b>		
2023	\$ 1,847	\$ 609
2024	1,838	566
2025	1,999	519
2026	2,170	468
2027	2,350	412
2028–2032	16,115	1,079
	<u>\$ 26,319</u>	<u>\$ 3,653</u>

**10. Leases**

The University leases certain properties to other users. Such property includes special purpose facilities, office space, and commercial space. The lease receivable consists of agreements with others for the right-to-use of the underlying assets at various locations owned by the University. The terms of the arrangements range from 2 to 20 years. The calculated interest rates used vary depending on the length of the lease. For the fiscal year ended June 30, 2022, the University recognized \$1,191 in lease revenue and \$227 in interest revenue.

A summary of changes in lease receivable for the fiscal year ended June 30, 2022 as follows:

<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletion</b>	<b>Ending Balance</b>	<b>Due within One Year</b>	<b>Due in More Than One Year</b>
\$ 7,235	\$ -	\$ -	\$ 7,235	\$ 1,010	\$ 6,225

Lease receivable is due in the upcoming years as follows:

	<b>Principal</b>
<b>Years ending June 30,</b>	
2023	\$ 1,010
2024	960
2025	614
2026	537
2027	516
2028–2032	2,704
2033–2034	894
	<u>\$ 7,235</u>

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**11. Employee Benefits**

**Employees’ Retirement System  
Pension Plan**

***Plan Description***

Generally, all full-time employees of the University are required to be members of the Employees’ Retirement System of the State of Hawai‘i (“ERS”), a cost-sharing multiple-employer defined benefit pension plan that administers the University’s pension benefits program.

Benefits, eligibility and contribution requirements are governed by HRS Chapter 88 and can be amended through legislation. The ERS issues publicly available annual financial reports that can be obtained at ERS’s website: <http://www.ers.ehawaii.gov/resources/financials>.

***Benefits Provided***

The ERS Pension Trust is comprised of three pension classes for membership purposes and considered to be a single plan for accounting purposes since all assets of the ERS may legally be used to pay the benefits of any of the ERS members or beneficiaries. The ERS provides retirement, disability and death benefits with three membership classes known as the noncontributory, contributory and hybrid retirement plans. The three classes provide a monthly retirement allowance equal to the benefit multiplier (generally 1.25% to 2.25%) multiplied by the average final compensation multiplied by years of credited service. Average final compensation for members hired prior to July 1, 2012 is an average of the highest salaries during any three years of credited service, excluding any salary paid in lieu of vacation for members hired January 1, 1971 or later and the average of the highest salaries during any five years of credited service including any salary paid in lieu of vacation for members hired prior to January 1, 1971. For members hired after June 30, 2012, average final compensation is an average of the highest salaries during any five years of credited service excluding any salary paid in lieu of vacation.

Each retiree’s original retirement allowance is increased on each July 1 beginning the calendar year after retirement. Retirees first hired as members prior to July 1, 2012 receive a 2.5% increase each year of their original retirement allowance without a ceiling. Retirees first hired as members after June 30, 2012 receive a 1.5% increase each year of their original retirement allowance without a ceiling. The annual increase is not compounded.

**Noncontributory Class**

- **Retirement Benefits** – General employees’ retirement benefits are determined as 1.25% of average final compensation multiplied by the years of credited service. Employees with ten years of credited service are eligible to retire at age 62. Employees with 30 years of credited service are eligible to retire at age 55.

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- Disability Benefits – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35.0% of their average final compensation. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 12.5% of average final compensation.
- Death Benefits – For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a monthly benefit of 30.0% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. Additional benefits are payable to surviving dependent children up to age 18. If there is no spouse/reciprocal beneficiary or surviving dependent children, no benefit is payable.

Ordinary death benefits are available to employees who were active at time of death with at least ten years of credited service. The surviving spouse/reciprocal beneficiary (until remarriage/re-entry into a new reciprocal beneficiary relationship) and surviving dependent children (up to age 18) receive a benefit equal to a percentage of the member's accrued maximum allowance unreduced for age or, if the member was eligible for retirement at the time of death, the surviving spouse/reciprocal beneficiary receives 100.0% joint and survivor lifetime pension and the surviving dependent children receive a percentage of the member's accrued maximum allowance unreduced for age.

Contributory Class for Members Hired Prior to July 1, 2012

- Retirement Benefits – General employees' retirement benefits are determined as 2.0% of average final compensation multiplied by the years of credited service. General employees with five years of credited service are eligible to retire at age 55.
- Disability Benefits – Members are eligible for service-related disability benefits regardless of length of service and receive a one-time payment of the member's contributions and accrued interest plus a lifetime pension of 50.0% of their average final compensation. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined as 1.75% of average final compensation multiplied by the years of credited service but are payable immediately, without an actuarial reduction, and at a minimum of 30.0% of average final compensation.
- Death Benefits – For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50.0% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving dependent children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or surviving dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

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Ordinary death benefits are available to employees who were active at time of death with at least one year of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage of the salary earned in the 12 months preceding death, or 50.0% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100.0% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Contributory Class for Members Hired After June 30, 2012

- Retirement Benefits – General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with ten years of credited service are eligible to retire at age 60.
- Disability and Death Benefits – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 50.0% of their average final compensation plus refund of contributions and accrued interest. Ten years of credited service is required for ordinary disability.

Death benefits for contributory members hired after June 30, 2012 are generally the same as those for contributory members hired June 30, 2012 and prior.

Hybrid Class for Members Hired Prior to July 1, 2012

- Retirement Benefits – General employees' retirement benefits are determined as 2.0% of average final compensation multiplied by the years of credited service. General employees with five years of credited service are eligible to retire at age 62. General employees with 30 years of credited service are eligible to retire at age 55.
- Disability Benefits – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35.0% of their average final compensation plus refund of their contributions and accrued interest. Ten years of credited service is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 25.0% of average final compensation.

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- **Death Benefits** – For service-connected deaths, the designated surviving spouse/reciprocal beneficiary receives a lump sum payment of the member's contributions and accrued interest plus a monthly benefit of 50.0% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving dependent children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or surviving dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least five years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest plus a percentage multiplied by 150.0%, or 50.0% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100.0% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Hybrid Class for Members Hired After June 30, 2012

- **Retirement Benefits** – General employees' retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with ten years of credited service are eligible to retire at age 65. Employees with 30 years of credited service are eligible to retire at age 60.
- **Disability and Death Benefits** – Provisions for disability and death benefits generally remain the same except for ordinary death benefits. Ordinary death benefits are available to employees who were active at time of death with at least ten years of service. Ordinary death benefits consist of a lump sum payment of the member's contributions and accrued interest, or 50.0% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100.0% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

**Contributions**

Contributions are governed by HRS Chapter 88 and may be amended through legislation. The employer rate is set by statute based on the recommendations of the ERS actuary resulting from an experience study conducted every five years. Since July 1, 2005, the employer contribution rate is a fixed percentage of compensation, including the normal cost plus amounts required to pay for the unfunded actuarial accrued liabilities. The contribution rate was 24.1% for fiscal year 2022. Contributions to the pension plan for the University for the year ended June 30, 2022 were \$150,000.

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Pursuant to Act 17 (SLH 2017), employer contributions from the State and counties are expected to increase over four years beginning July 1, 2017. The rate for general employees increased to 24.0% on July 1, 2020, and remained unchanged on July 1, 2022.

The University is required to make all contributions for noncontributory members. Contributory members hired prior to July 1, 2012 are required to contribute 7.8% of their salary. Contributory members hired after June 30, 2012 are required to contribute 9.8% of their salary. Hybrid members hired prior to July 1, 2012 are required to contribute 6.0% of their salary. Hybrid members hired after June 30, 2012 are required to contribute 8.0% of their salary.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2022, the University reported a liability of \$1,476,618 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University’s proportion of the net pension liability was based on a projection of the University’s long-term share of contributions to the pension plan relative to projected contributions of all participants, actuarially determined. At June 30, 2021, the University’s proportion was 12.10%, which was a decrease of 0.24% from its proportion at June 30, 2020.

There was no change in actuarial assumptions as of June 30, 2021.

There were no changes between the measurement date, June 30, 2021, and the reporting date, June 30, 2022, that are expected to have a significant effect on the proportionate share of the net pension liability.

For the year ended June 30, 2022, the University recognized pension expense of \$128,182.

At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 41,274	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	250,771
Change in assumptions	4,071	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	220	73,643
Contributions subsequent to the measurement date	150,000	-
Total deferred inflows and outflows of resources	<u>\$ 195,565</u>	<u>\$ 324,414</u>

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At June 30, 2022, the \$150,000 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Years ending June 30,</b>	
2023	\$ (61,867)
2024	(60,632)
2025	(69,559)
2026	(85,882)
2027	(909)
	<u>\$ (278,849)</u>

**Actuarial Assumptions**

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions adopted by the ERS’s Board of Trustees on August 12, 2019, based on the 2018 experience study covering the five-year period from July 1, 2013 through June 30, 2018:

Inflation	2.50%
Payroll growth rate	3.50%
Investment rate of return	7.00% per year, compounded annual including inflation

There were no changes to ad hoc postemployment benefits including cost of living allowances.

Post-retirement mortality rates are based on the 2019 Public Retirees of Hawaii mortality table with adjustments based on generational projections of the BB projection table for 2019 and full generational projections in future years. Pre-retirement mortality rates are based on multiples of the Pub-2010 mortality table based on the occupation of the member.

The long-term expected rate of return on pension plan investments was determined using a “top down approach” of the Client-constrained Simulation-based Optimization Model (a statistical technique known as “re-sampling with a replacement” that directly keys in on specific plan-level risk factors as stipulated by the ERS Board of Trustees) in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future nominal rates of return (real returns and inflation) by the target asset allocation percentage.

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The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Strategic Allocation (risk-based classes)</b>		
Broad growth	63.0 %	7.10 %
Principal protection	37.0 %	3.70 %
	<u>100.0 %</u>	

***Discount Rate***

The discount rate used to measure the net pension liability was 7.0%, consistent with the rate used at the prior measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the University will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the University’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the University’s proportionate share of the net pension liability, calculated using the discount rate of 7.00%, for the measurement date, June 30, 2021, as well as what the University’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
The University’s proportionate share of the net pension liability	<u>\$ 2,014,046</u>	<u>\$ 1,476,618</u>	<u>\$ 1,033,540</u>

***Pension Plan Fiduciary Net Position***

The pension plan’s fiduciary net position is determined on the same basis used by the pension plan. The ERS’s financial statements are prepared using the accrual basis of accounting under which expenses are recorded when the liability is incurred, and revenues are recorded in the accounting period in which they are earned and become measurable. Employer and member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.



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Investment purchases and sales are recorded as of their trade date. Administrative expenses are financed exclusively with investment income.

There were no significant changes after the report measurement date. Detailed information about the pension plan’s fiduciary net position is available in the separately issued ERS financial report. ERS’s complete financial statements are available at <http://ers.ehawaii.gov/resources/financials>.

***Payable to the Pension Plan***

The University’s employer contributions payable to the ERS for fiscal year 2022 were paid by June 30, 2022. Excess payments of \$36,920 are being applied to amounts due in fiscal year 2022.

**Other Benefits**

The State absorbs the fringe benefit cost for the University’s general funded employees. Fringe benefit costs included in total revenue and total expenditures amounted to \$232,603 for fiscal year 2022.

All regular employees, with certain exceptions, earn vacation leave at the rate of 14 hours for each month of service. Employees who are entitled to annual vacation may accumulate for the succeeding year or years up to 15 working days annual vacation allowance, provided that the total accumulation shall not exceed 90 working days at the end of the calendar year.

Accumulated vacation leave earned, but not taken, is reflected as an accrual in the accompanying financial statements. When termination of services takes place, the employees are paid for their vacation allowance in a lump sum.

Sick leave accumulates at the rate of 14 hours for each full month of service without limit, but can be taken only in the event of an illness and is not convertible to pay upon termination of employment. Accordingly, accumulated sick leave, earned but not taken, is not reflected as an accrual in the accompanying financial statements. Employees who retire with 60 days of unused sick leave are entitled to three months of service credit in the ERS. For each additional 20 days, or major fraction thereof, of unused sick leave they have in excess of 60 days, their service period is increased by one month. As of June 30, 2022, accumulated sick leave approximated \$481,205.

The University’s regular employees may enter into deferred compensation arrangements directly with authorized insurance companies or agencies through a payroll deduction plan. Accordingly, the University has no deferred compensation or withholding payable.

The University manages its workers’ compensation program. Medical-related payments amounted to \$3,233 for fiscal year 2022.

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**12. Postemployment Healthcare and Life Insurance Benefits**

***Plan Description***

The State provides certain healthcare and life insurance benefits to all qualified employees. Pursuant to Act 88, SLH 2001, the State contributes to the Hawai‘i Employer-Union Health Benefits Trust Fund (“EUTF”), an agent, multiple-employer defined benefit plan that replaced the Hawai‘i Public Employees Health Fund effective July 1, 2003. The EUTF was established to provide a single delivery system of health benefits for state and county workers, retirees and their dependents. The EUTF issues an annual financial report that is available to the public at <https://eutf.hawaii.gov/reports>. The report may also be obtained by writing to:

Hawaii Employer-Union Health Benefits Trust Fund  
P.O. Box 2121  
Honolulu, Hawaii 96805-2121

For employees hired before July 1, 1996, the State pays the entire base monthly contribution for employees retiring with ten years or more of credited service, and 50.0% of the base monthly contribution for employees retiring with fewer than ten years of credited service. A retiree can elect a family plan to cover dependents.

For employees hired after June 30, 1996, but before July 1, 2001, and who retire with less than 10 years of service, the State makes no contributions. For those retiring with at least 10 years, but fewer than 15 years of service, the State pays 50.0% of the base monthly contribution. For employees retiring with at least 15 years, but fewer than 25 years of service, the State pays 75.0% of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100.0% of the base monthly contribution. Retirees in this category can elect a family plan to cover dependents.

For employees hired on or after July 1, 2001 and who retire with less than 10 years of service, the State makes no contributions. For those retiring with at least 10 years, but fewer than 15 years of service, the State pays 50.0% of the base monthly contribution. For those retiring with at least 15 years, but fewer than 25 years of service, the State pays 75.0% of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100.0% of the base monthly contribution. Only single plan coverage is provided for retirees in this category. Retirees can elect family coverage, but must pay the difference.

***Employees Covered by Benefit Terms***

At July 1, 2021, the following number of plan members was covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	38,534
Inactive plan members entitled to but not yet receiving benefits	7,539
Active plan members	49,700
Total plan members	95,773

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**Contributions**

Contributions are governed by HRS Chapter 87A and may be amended through legislation. Contributions to the OPEB plan for the University was \$66,555 the year ended June 30, 2022. The employer is required to make all contributions for members.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2022, the University reported a net OPEB liability of \$1,635,611 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

There were no changes between the measurement date, July 1, 2021, and the reporting date, June 30, 2022, that are expected to have a significant effect on the net OPEB liability.

For the year ended June 30, 2022, the University recognized OPEB expense of approximately \$30,389. At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumptions	\$ 8,924	\$ 128,707
Net difference between projected and actual earnings on OPEB plan investments		2,381
Contributions subsequent to the measurement date	<u>63,192</u>	<u>-</u>
Total deferred inflows and outflows of resources	<u>\$ 72,116</u>	<u>\$ 131,088</u>

At June 30, 2022, the approximate \$63,192 reported as deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Years ending June 30,</b>	
2023	\$ (28,546)
2024	(28,426)
2025	(27,705)
2026	(31,077)
2027	(6,391)
Thereafter	<u>(19)</u>
	<u>\$ (122,164)</u>

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*Actuarial Assumptions*

The total OPEB liabilities were determined by the EUTF Board of Trustees’ adoption of the following actuarial assumptions based on the five-year experience study conducted for the ERS:

Actuarial valuation date	July 1, 2021
Date of adoption	January 13, 2020
Five-year experience study end date	June 30, 2018
Inflation	2.50%
Payroll growth rate (including inflation)	3.50% to 7.00%
Investment rate of return	7.00%
<b>PPO*</b>	
Initial rates	7.25%
Rate to which the cost trend rate is	
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	4.70%
Number of years that the rate reaches the ultimate trend rate	12
<b>HMO*</b>	
Initial rates	7.25%
Ultimate trend rate	4.70%
Number of years that the rate reaches the ultimate trend rate	12
<b>Medicare Part B Contribution</b>	
Initial rates	5.00%
Ultimate trend rate	4.70%
Number of years that the rate reaches the ultimate trend rate	9
<b>Dental</b>	
Ultimate trend rate	4.00%
<b>Vision</b>	
Ultimate trend rate	2.50%
<b>Life Insurance</b>	
Rate	0.00%

\* Blended rates for medical and prescription drugs.

Mortality rates are based on system-specific mortality tables utilizing scale BB to project generational mortality improvement.

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The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each asset class are summarized in the following table:

	<b>Long-Term Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<b>Strategic Allocation (risk-based classes)</b>		
Private equity	12.50 %	10.19 %
U.S. microcap	6.00 %	7.62 %
U.S. equity	16.00 %	6.09 %
Non-U.S. equity	11.50 %	7.12 %
Global options	5.00 %	4.33 %
Real assets	10.00 %	6.16 %
Private credit	8.00 %	5.83 %
TIPS	6.00 %	(.07)%
Long treasuries	5.00 %	1.06 %
Alternative risk premia	5.00 %	1.46 %
Trend following	10.00 %	2.01 %
Reinsurance	5.00 %	4.44 %
	<u>100.00 %</u>	

***Single Discount Rate***

The discount rate used to measure the net OPEB liability was 7.00%, based on the expected rate of return on OPEB plan investments of 7.00%. Beginning with the fiscal year 2019 contribution, the State’s funding policy is to pay the recommended actuarially determined contribution, which is based on layered, closed amortization periods. In July 2020, the Governor’s office issued the Tenth Proclamation related to the COVID-19 Emergency, allowing employers of the EUTF to suspend ACT 268 contributions for the fiscal year ending June 30, 2021 and instead limit their contribution amounts to the OPEB benefits due. This relief provision related to OPEB funding was extended to fiscal years 2022 and 2023 by ACT 229, SLH 2021. The OPEB plan’s fiduciary net position is expected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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***OPEB Plan Fiduciary Net Position***

The OPEB plan’s fiduciary net position has been determined on the same basis used by the OPEB plan. The EUTF’s financial statements are prepared using the accrual basis of accounting under which revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the cash flows. Employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment purchases and sales are recorded on a trade-date basis. Administrative expenses are financed exclusively with investment income.

There were no significant changes after the report measurement date. Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued EUTF financial report. The EUTF’s complete financial statements are available at <https://eutf.hawaii.gov/reports>.

***Changes in Net OPEB Liability***

The following table represents a schedule of changes in the net OPEB liability. The ending balances are as of the measurement date, July 1, 2021.

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Beginning balance	\$ 2,123,973	\$ 424,089	\$ 1,699,884
Service cost	12,767	-	12,767
Interest on the total OPEB liability	42,381	-	42,381
Employer contributions	-	66,555	(66,555)
Net investment income	-	34,889	(34,889)
Benefit payments	(19,368)	(19,368)	-
Change in assumptions	-	-	-
Difference between expected and actual experience in the measurement of total OPEB liability	(17,988)	-	(17,988)
Administrative expense	-	(18)	18
Other	-	7	(7)
Net changes	<u>17,792</u>	<u>82,065</u>	<u>(64,273)</u>
Ending balance	<u>\$ 2,141,765</u>	<u>\$ 506,154</u>	<u>\$ 1,635,611</u>

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***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates***

The following table presents the University’s net OPEB liability calculated using the discount rate of 7.00%, for the measurement date, July 1, 2021, as well as what the University’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current discount rate:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
The University’s proportionate share of the net OPEB liability	<u>\$ 2,023,164</u>	<u>\$ 1,635,611</u>	<u>\$ 1,329,827</u>

The following table presents the University’s net OPEB liability calculated using the assumed healthcare cost trend rate, as well as what the University’s net OPEB liability would be if it were calculated using the trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
The University’s proportionate share of the net OPEB liability	<u>\$ 1,313,320</u>	<u>\$ 1,635,611</u>	<u>\$ 2,051,915</u>

***Payables to the OPEB Plan***

The University’s employer contributions payable to the EUTF by fiscal year-end was paid by June 30, 2022.

**13. Asset Retirement Obligations**

The University accounts for certain costs associated with the future and on-going dismantling and removal of four telescopes on the summit of Mauna Kea in accordance with GASB Statement No. 83. Under Statement No. 83, the execution of the General Lease No. 4191 dated January 1, 1968, between the Board of Land and Natural Resources of the State of Hawai‘i and the University and the University’s acts of acquiring and placing the telescopes into service, serve as external and internal obligating events, respectively, that require the University to recognize a liability and corresponding deferred outflow of resources equal to the estimated current cost of activities to perform upon future retirement of the telescopes. The AROs are associated with three telescopes that currently have estimated remaining useful lives ranging from five to fifteen years and one telescope that is not currently operational but has not yet been decommissioned.

The AROs were determined based on the most likely amount of what it would cost to perform all the dismantling and removal tasks, as determined by an outside company in 2014 and adjusted for inflation. The estimated ARO associated with the nonoperational telescope was

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updated in fiscal year 2020 based on an updated project budget prepared by management. Actual costs may be higher due to inflation or changes in construction costs or technology.

The ARO liability at June 30, 2022 was \$10,734 and is included in other noncurrent liabilities in the University’s Statement of Financial Position. Deferred outflows of resources related to AROs amounted to \$3,087 at June 30, 2022.

**14. State Appropriations**

By statutory provision, the University prepares a biennium budget for its programs. Budgeted expenditures are derived primarily from the General Appropriations Act and from other specific appropriations acts in various Sessions Laws of Hawai‘i (“SLH”).

An allotment system and encumbrance accounting are utilized by the University for statutory budgetary control purposes. Obligations in the form of purchase orders or contracts are recorded as encumbrances at the time purchase orders or contracts are awarded and executed. To the extent they are not expended or encumbered, general fund appropriations generally lapse at the end of the fiscal year. The State Legislature specifies the lapse date and any other particular conditions relating to terminating the authorizations for other appropriations.

Net general and capital appropriations for the year ended June 30, 2022 were as follows:

<b>General appropriations</b>	
Act 88, SLH 2021, Appropriation Warrant No. 10	\$ 498,155
	<u>498,155</u>
Total funds lapsed	(418)
Total general appropriations	<u>\$ 497,737</u>
<b>Capital appropriations</b>	
Section 26, Act 88, SLH 2021	\$ 160,350
Sections 26 & 39, Act 88, SLH 2021	125
Total funds lapsed	<u>(9,825)</u>
Total capital appropriations	<u>\$ 150,650</u>

Net transfers from the State for the year ended June 30, 2022 were as follows:

Fringe benefits	\$ 232,603
Hawai‘i Barrel Tax	2,054
School of Nursing	79
University of Hawai‘i Cancer Center	<u>3,790</u>
	<u>\$ 238,526</u>



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**15. Litigation, Other Contingent Liabilities, and Commitments**

HRS Section 304A-108 stipulates that any liability arising from a claim, action or suit brought against the University shall be payable solely from the moneys and property of the University and shall not constitute a general obligation of the State. The Board is not precluded from requesting and securing legislative appropriations to fund the settlement of any such claim or judgment against the University.

The University is contingently liable in connection with certain other claims and contracts, including those currently in litigation, arising in the normal course of its activities. Although there are inherent uncertainties in any litigation, the University’s management and general counsel are of the opinion that the outcome of such matters will not have a material effect on the University’s financial position.

Substantial amounts are received and expended by the University under federal and state programs which are subject to audit by cognizant governmental agencies and independent auditors under Uniform Guidance. This funding relates to research, student aid, and other programs. University management believes that any liabilities arising from such audits will not have a material effect on the University’s financial position.

The State and the Office of Hawaiian Affairs (“OHA”) are involved in an ongoing dispute relating to certain lands transferred by the former Republic of Hawai‘i to the United States which were re-conveyed to the State upon Hawai‘i’s admission to the Union in 1959. These lands (collectively, the “ceded lands”) are the subject of a number of claims, litigation and legislation, which are being addressed by the State on behalf of all State agencies, including the University. These matters are more fully described in the State’s ACFR that includes financial statements and required supplementary information which may be obtained from the following address:

State of Hawaii Department of Accounting and General Services  
1151 Punchbowl Street  
Honolulu, Hawaii 96813

Although the ultimate outcome and financial impact to the University of these OHA matters are not presently known, the University has had an understanding with the State with respect to the University’s estimated pro rata portion of its obligation due to OHA related to revenues generated from ceded lands activity in connection with this understanding. The University’s financial statements reflect the liabilities and disbursements in connection with this agreement.

**Risk Management**

In general, the University obtains third-party insurance coverage directly from third-party insurers or is covered under the umbrella of the State’s insurance program. However, the University is partially or entirely self-insured for certain risks, such as unemployment and workers’ compensation claims.

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**Construction and Other Contracts**

The University is committed under contracts awarded for construction and other services. These commitments amounted to approximately \$370,696 as of June 30, 2022.

**COVID-19 Pandemic**

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic which remains a rapidly evolving situation. The extent of the impact of COVID-19 on the University’s financial position and results of operations will depend on future developments. While the University continues to design and execute plans to mitigate these risks, the duration of the disruption and its overall financial impact is expected to be substantial but cannot be reasonably estimated. The University has taken steps to mitigate the impact, including reducing operating expenses, and continues to explore all options.

**Collective Bargaining Agreements**

The Hawai‘i State Constitution, under Article XIII, Section 2, grants certain public employees in the State the right to organize for the purpose of collective bargaining as provided by law. HRS Chapter 89 provides the recognized bargaining units for public employees throughout the State. Each bargaining unit is represented by an employee organization, otherwise known as the exclusive representative or “union” of all employees in the unit, which negotiates wages, hours, and terms and conditions of employment with the public employers.

As the University is part of the State, most employees working at the University are included in a bargaining unit as provided by HRS Section 89-6(a), depending on the nature of their positions. The University is responsible for administering eight collective bargaining agreements (“CBAs”) associated with the aforementioned bargaining units. The number of University employees in each bargaining unit (“Unit”) as of November 2, 2022 are as follows:

- Unit 1 (nonsupervisory employees in blue collar positions) – 468
- Unit 2 (supervisory employees in blue collar positions) – 12
- Unit 3 (nonsupervisory employees in white collar positions) – 446
- Unit 4 (supervisory employees in white collar positions) – 35
- Unit 7 (faculty of the University and community colleges) – 3,308
- Unit 8 (personnel of the University and community colleges other than faculty) – 2,282
- Unit 9 (registered professional nurses) – 7
- Unit 10 (institutional, health, and correctional workers) – 1

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The civil service employees working at the University are included in Units 1, 2, 3, 4, 9 and 10. The University’s employees who are exempt from civil service are considered Board of Regents appointees, and include faculty members, who are included in Unit 7, and administrative, professional and technical (“APT”) employees, who are included in Unit 8.

Employees in executive or managerial positions (“E/M”), as well as certain other personnel designated as excluded from collective bargaining pursuant to HRS Section 89-6(f), and whose responsibilities concern confidential matters affecting employee-employer relations, are not represented by any union. Wages, hours, and other terms and conditions of employment for these employees are as provided by law or action of the Board of Regents, as applicable. Some employees (for example, 89-day contractual hires or those working less than half-time) are not parties to any bargaining unit under HRS Chapter 89.

All Units at the University have four-year CBAs that are effective from July 1, 2021 through June 30, 2025. All CBAs have a reopener for the final two years of the contract solely on the issue of the employer’s contribution to health insurance premiums (EUTF); the deadline to reopen EUTF negotiations for all Units is January 31, 2023. A summary of salary and other adjustments, and their effective dates, over the course of the CBAs for each unit is below:

<b>BU</b>	<b>7/1/2021</b>	<b>7/1/2022</b>	<b>9/1/2022</b>	<b>10/1/2022</b>	<b>7/1/2023</b>	<b>7/1/2024</b>
<b>1</b>	\$1,000 (lump sum)			3.72%	5%	5%
<b>2</b>	1% (lump sum)	3.72%			5%	5%
<b>3</b>	\$1,000 (lump sum)			3.72%	5%	5%
<b>4</b>	1% (lump sum)	3.72%			4.96%	5%
<b>7</b>	1% (lump sum for Faculty Members)	3.72%			5%	5%
<b>8</b>	1% (lump sum)	3.72%			5%	5%
<b>9</b>	1% (lump sum)	3%			4.1%	3.4%
<b>10</b>	\$1,000 (lump sum)		2.94%		5%	5%

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**16. Foundation Disclosures**

**Investments**

The Foundation invests in various types of investment securities that are reported at fair value. It applies the provisions of FASB Accounting Standard Codification (“ASC”) Topic 820 in applying valuation techniques. The fair value hierarchy of inputs to valuation techniques in ASC Topic 820 are consistent with GASB Statement No. 72.

The Foundation’s estimated fair values of investments measured on a recurring basis as of June 30, 2022 were as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Not Categorized Within the Fair Value Hierarchy
Domestic equities	\$ 38,959	\$ 35,092	\$ -	\$ -	\$ 3,867
Fixed income securities	166,366	113,057	53,309	-	-
Foreign equities	87,384	40,763	-	-	46,621
Money market funds	60,340	60,340	-	-	-
Natural resources/real estate	31,280	-	-	9,978	21,302
Hedge funds	175,909	2,917	-	-	172,992
Private equity securities	67,157	-	-	105	67,052
Total investments	<u>\$ 627,395</u>	<u>\$ 252,169</u>	<u>\$ 53,309</u>	<u>\$ 10,083</u>	<u>\$ 311,834</u>

Investments in limited partnerships, absolute return, real estate, and other investments include limited partnership investments in private equity, venture capital, real estate, and hedge funds including absolute return and long/short hedge funds. Fair value is generally based on information provided by the respective external investment manager at the most recent valuation date and from the valuation date to fiscal year-end, if applicable. The private equity, venture capital, and real estate investments are not readily marketable and involve assumptions and methods that are reviewed by the Foundation. Because these investments are not readily marketable, their estimated value is subject to uncertainty and therefore, may differ from the value that would have been used had a ready market for such investment existed. A portion of the investments made by certain hedge funds is also not readily marketable; additionally, hedge fund managers may not provide the detail of their underlying marketable securities. The hedge fund valuation process is carefully reviewed by the Foundation with the assistance of an outside consultant. The Foundation utilized the net asset value per share for the investments in limited partnerships, absolute return, real estate, and other investments.

The following is a general description of the terms and conditions upon which the Foundation may redeem investments that are carried at net asset value:

- **Domestic equities** – These investments can be redeemed on a monthly or quarterly basis, with notification provided between 15 and 30 days prior to redemption.

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- **Foreign equities** – These investments can be redeemed on a monthly basis with notification provided between 5 and 30 days prior to redemption.
- **Natural resources/real estate and private equity securities** – These investments can be redeemed at the discretion of the investment managers. The Foundation has commitments to contribute additional amounts to this class of investments of approximately \$38,910 at June 30, 2022.
- **Hedge funds** – Redemption frequency for these investments range from monthly to annually, with notification provided between 2 and 90 days prior to redemption. Additionally, certain investments can be redeemed at the discretion of the investment managers.

The Board of Directors of the Foundation is responsible for the establishment of policies over and monitoring of investments and endowments held by the Foundation.

**Long-term Debt**

On April 20, 2017, the Foundation entered into a 10-year \$13.2 million acquisition and construction credit facility (the Loan) for the purchase and renovation of the Charles Atherton House and the Mary Atherton Richards House (the Atherton property). The Loan was secured by the fee simple interest and improvements on the Atherton property, along with an assignment of a long-term lease and rents due thereunder from the University. Under terms of the credit facility, interest-only payments were required for the first 36 months at a fixed rate of 3.00% and, thereafter, monthly installments of principal and interest, based on a 25-year amortization schedule, at a fixed rate of 4.00% through the remaining term of the Loan. On May 1, 2020, the terms of the credit facility were modified to interest-only payments for 36 months at a fixed rate of 3.65%.

On July 21, 2021, the Foundation repaid the Loan.

In November 2021, the Public Finance Authority issued revenue bonds totaling \$91,915,000 comprising Series 2021A-1 (\$62,205,000 tax-exempt), Series 2021A-2 (\$14,210,000 taxable) and Series 2021B (\$15,500,000 tax-exempt). The Authority then loaned the proceeds of the bonds to the Foundation for the construction of a new student housing facility. Total premium for the Series 2021 bonds was \$3,389,942.

The revenue bonds are paid from project revenues and restricted cash in annual installments, including semiannual interest payments ranging from \$373,293 to \$1,244,100 with the final payment due in July 2061.

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The Foundation entered a continuing disclosure agreement for the benefit of revenue bondholders, it agreed to provide certain financial information and operating data relating to the Foundation with respect to its revenue bonds to the Municipal Securities Rulemaking Board. The Foundation, based on consultation with its bond counsel and bond underwriter, has complied in all material respects with the continuing disclosure requirements. As of June 30, 2022, the Foundation is in compliance with the covenants in its debt agreements, including financial ratios and other restrictions.

The Foundation’s revenue bonds payable on June 30, 2022 is as follows:

<b>Series</b>	<b>Interest Rate</b>	<b>Date Issued</b>	<b>Amount</b>
2021A-1	4.00 %	11/1/2021	\$ 62,205
2021A-2	4.85 %	11/1/2021	2,730
2021A-2	5.35 %	11/1/2021	11,480
2021B	5.25 %	11/1/2021	15,500
			<u>91,915</u>
Unamortized premium on bonds			3,328
Less: Unamortized debt issuance costs			<u>(2,367)</u>
Long-term debt, net unamortized debt issuance costs			<u>\$ 92,876</u>

At June 30, 2022, future maturities of revenue bonds are as follows:

<b>Years ending June 30,</b>	
2023	\$ -
2024	-
2025	-
2026	-
2027	155
Thereafter	<u>91,760</u>
	<u>\$ 91,915</u>

For the year ended June 30, 2022, the Foundation paid and capitalized interest cost of \$2,373,000 to construction in progress recorded in property and equipment, net.

**Required Supplementary Information  
Other Than Management's  
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**Schedule of the Proportionate Share of the Net Pension Liability (Unaudited)**  
**Last Ten Fiscal Years\***  
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	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Proportionate share of the net pension liability	12.10 %	12.34 %	12.64 %	12.73 %	12.73 %	12.75 %	13.11 %	13.60 %	13.75 %
Proportion of the net pension liability	\$ 1,476,618	\$ 1,889,437	\$ 1,791,098	\$ 1,695,800	\$ 1,648,600	\$ 1,704,470	\$ 1,144,564	\$ 1,089,882	\$ 1,227,787
Covered payroll	\$ 575,216	\$ 606,426	\$ 603,076	\$ 591,759	\$ 587,203	\$ 569,235	\$ 564,736	\$ 550,758	\$ 520,981
Proportionate share of the net pension liability as a percentage of its covered payroll	256.71 %	311.57 %	296.99 %	286.57 %	280.75 %	299.43 %	202.67 %	197.89 %	235.67 %
Plan fiduciary net position as a percentage of total net pension liability	64.25 %	53.18 %	54.87 %	55.48 %	54.80 %	51.28 %	63.42 %	63.92 %	57.96 %

\* Information for 2013 is unavailable.



**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Schedule of Pension Contributions (Unaudited)**  
**Last Ten Fiscal Years\***  
*(All dollars reported in thousands)*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contribution	\$ 138,619	\$ 147,213	\$ 133,759	\$ 115,001	\$ 111,436	\$ 98,865	\$ 97,394	\$ 93,949	\$ 88,381
Contributions in relation to the contractually required contribution	<u>138,619</u>	<u>147,213</u>	<u>133,759</u>	<u>115,001</u>	<u>111,436</u>	<u>\$ 98,865</u>	<u>97,394</u>	<u>93,949</u>	<u>88,381</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 575,216	\$ 609,194	\$ 606,426	\$ 603,076	\$ 591,759	\$ 587,203	\$ 569,235	\$ 564,736	\$ 550,758
Contributions as a percentage of covered payroll	24.10 %	24.17 %	22.06 %	19.07 %	18.83 %	16.84 %	17.11 %	16.64 %	16.05 %

\* Information for 2013 is unavailable.

**1. Changes of Benefit Terms**

There were no changes of benefit terms in 2022 through 2014.

**2. Changes of Assumptions**

There were no significant changes in actuarial assumptions in 2022, 2021, 2020, 2019 or 2018.

In fiscal year 2017, the discount rate for the June 30, 2016 actuarial valuation decreased by 0.65% from 7.65% to 7.00% and the mortality assumption decreased to reflect longer life expectancies and an explicit assumption for continued future mortality improvement (generational approach).

In fiscal year 2016, the discount rate for the June 30, 2015 actuarial valuation decreased by 0.10% from 7.75% to 7.65%.

There were no significant changes in actuarial assumptions in 2015 and 2014.

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Schedule of Changes in the Net OPEB Liability and Related Ratios (Unaudited)**  
**Last Ten Fiscal Years\***  
*(All dollars reported in thousands)*

	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>					
Service cost	\$ 12,767	\$ 41,952	\$ 42,039	\$ 40,189	\$ 31,124
Interest	42,381	134,717	132,510	124,435	94,505
Difference between expected and actual experience	(17,988)	(123,339)	(1,103)	(36,795)	-
Changes of assumptions	-	(10,099)	10,650	22,269	-
Benefit payments	(19,368)	(61,958)	(63,458)	(60,589)	(46,725)
Net change in total OPEB liability	17,792	(18,727)	120,638	89,509	78,904
Total OPEB liability – beginning	2,123,973	2,142,700	2,022,062	1,932,553	1,853,649
Total OPEB liability – ending	\$ 2,141,765	\$ 2,123,973	\$ 2,142,700	\$ 2,022,062	\$ 1,932,553
<b>Plan fiduciary net position</b>					
Employer contributions	\$ 66,555	\$ 138,452	\$ 139,980	\$ 119,714	\$ 92,918
Net investment income	34,889	7,393	12,727	13,793	9,303
Benefit payments	(19,368)	(61,958)	(63,458)	(60,589)	(46,725)
OPEB plan administrative expense	(18)	(52)	(87)	(45)	(23)
Other	7	46	29,480	-	747
Net change in plan fiduciary net position	82,065	83,881	118,642	72,873	56,220
Plan fiduciary net position – beginning	424,089	340,208	221,566	148,693	92,473
Plan fiduciary net position – ending	506,154	424,089	340,208	221,566	148,693
Net OPEB liability – ending	\$ 1,635,611	\$ 1,699,884	\$ 1,802,492	\$ 1,800,496	\$ 1,783,860
Plan fiduciary net position as a percentage of OPEB liability	23.63 %	19.97 %	15.88 %	10.96 %	7.69 %
Covered-employee payroll	\$ 575,216	\$ 609,194	\$ 606,426	\$ 603,076	\$ 591,759
Net OPEB liability as a percentage of covered-employee payroll	284.35 %	279.04 %	297.23 %	298.55 %	301.45 %

\* Information for 2013–2017 is unavailable.

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Schedule of OPEB Contributions (Unaudited)**  
**Last Ten Fiscal Years\***  
*(All dollars reported in thousands)*

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	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Actuarially determined contribution	\$ 103,889	\$ 45,460	\$ 144,567	\$ 134,898	\$ 135,072
Contributions in relation to the actuarially required contribution	<u>63,192</u>	<u>66,555</u>	<u>138,452</u>	<u>139,980</u>	<u>119,714</u>
Contributions excess	<u>\$ 40,697</u>	<u>\$ (21,095)</u>	<u>\$ 6,115</u>	<u>\$ (5,082)</u>	<u>\$ 15,358</u>
University’s covered-employee payroll	\$ 575,216	\$ 609,194	\$ 606,426	\$ 603,076	\$ 591,759
Contributions as a percentage of covered employee payroll	10.99 %	10.93 %	22.83 %	23.21 %	20.23 %

\* Information for 2013–2017 is unavailable.

**1. Changes of Benefit Terms**

There were no changes of benefit terms in 2022 through 2018.

**2. Changes of Assumptions**

Actuarial assumption changes during the University’s fiscal year 2022 included updating the healthcare trend assumptions to better anticipate short-term premium experience. The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 12 of the financial statements.

## **SECTION 5**

### **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

Finding numbers relate to the sequence reported in the respective years.

### **CORRECTIVE ACTION PLAN (UNAUDITED)**



UNIVERSITY of HAWAII®  
SYSTEM

**University of Hawai'i**  
**State of Hawai'i**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2022**

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<b>Finding No.</b>	<b>Description</b>	<b>Classification</b>	<b>Status</b>		<b>Current Year Finding No.</b>
			<b>Resolved</b>	<b>Unresolved</b>	
2021-01	Financial Aid Administration	Control Deficiency ("CD")	X		
2021-02	Return of Title IV Funds	CD	X		
2021-03	Financial Aid Administration	CD	X		
2021-04	Return of Title IV Funds	CD		X	2022-03
2021-05	Return of Title IV Funds	CD	X		
2021-06	Inaccurate Stipend Expenditure	CD		X	2022-07



UNIVERSITY *of* HAWAI'I®

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SYSTEM

**INSTITUTIONAL CORRECTIVE ACTION RESPONSES FOR  
THE SINGLE AUDIT REPORT FINDINGS AND QUESTIONED COSTS**

**FISCAL YEAR ENDED JUNE 30, 2022**

**Finding No. 2022-001:**                    **Financial Aid Administration – Control Deficiency**

**Federal Agency:**                            U.S. Department of Education

**CFDA Number and Title:**                84.063 – Federal Pell Grant

**Questioned Costs:**                        \$ -

**Responsible Individual:**                Jodie Kuba, Director of Financial Aid  
Nikki Chun, Div. of Enrollment Management, Vice Provost for  
Enrollment Management

**Date Action Taken:**                        August 1, 2022

Due to staff following the 45-day timeframe for the Return to Title IV Calculation, staff did not take into account the 30-day requirement to return funds when it could not be confirmed if a student academically attended the course(s).

To ensure compliance with federal aid regulations, the Financial Aid Services office will work with the Office of the Registrar to confirm academic attendance as needed and complete the return to Title IV calculation within 30 days.

**Finding No. 2022-002:**                      **Financial Aid Administration - Control Deficiency**

**Federal Agency:**                              U.S. Department of Education

**CFDA Number and Title:**                      84.063 – Federal Pell Grant  
84.268 – Federal Direct Student Loans

**Questioned Costs:**                              \$812

**Responsible Individual:**                      Heather Florindo, Financial Aid Manager, Honolulu Community College

**Date Action Taken:**                              Immediately

**Return of Title IV Funds**

Currently we have one staff member assigned to process all Return of Title IV calculations. The office is in the process of hiring additional staff to assist with the workload created by the Return of Title IV calculation process. Furthermore, all staff will receive additional training regarding the regulations of Return of Title IV. Lastly, a processing schedule will be created to ensure that calculations are done in a timely manner and in accordance with the requirements of Return of Title IV.

**Direct Student Loans**

Currently, one staff person is responsible for the monthly reconciliation of the Federal Direct Student Loans that have been processed. A schedule will be created so that all staff are aware of when the loan reconciliation should be done. Furthermore, all staff will be trained in the loan reconciliation process so that all staff are able to complete the monthly loan reconciliation if needed.



**Finding No. 2022-003:**                    **Return of Title IV Funds - Control Deficiency**

**Federal Agency:**                    U.S. Department of Education

**CFDA Number and Title:**            84.063 – Federal Pell Grant Program

**Questioned Costs:**                    \$670

**Responsible Individual:**            Gregg Yoshimura, Financial Aid Director, Leeward Community College

**Date Action Taken:**                    September 2022

To ensure that Title IV Funds are returned no later than 45 days after the date of the institution's determination that the student withdrew, the institution has updated its Return to Title IV procedure to add a step to confirm that all institution required returns have been processed and returned. Financial Aid Office staff will be assigned to review completed Return to Title IV calculations on a weekly basis to ensure that all institution required returns have been remitted to Federal Student Aid within the required time period.

**Finding No. 2022-004:**                    **Financial Aid Administration – Control Deficiency**

**Federal Agency:**                        U.S. Department of Education

**CFDA Number and Title:**            84.268 – Federal Direct Student Loans

**Questioned Costs:**                    \$ -

**Responsible Individual:**            Jennifer Bradley, Financial Aid Manager, Kapi’olani Community College

**Date Action Taken:**                    March 2022

In early March 2022 the campus servers, held by the Center for Excellence in Learning, Teaching and Technology or CELTT, where all data was stored, went down and data was not recoverable. Documentation used as evidence is copy of real-time reports/transactions. All reconciliation documentation was stored on that server. Though reconciliation was done monthly, we were not able to provide evidence of 2 of the 3 sample months.

After we were apprised of the campus servers, the Financial Aid Office created drives/folders in UH Enterprise Dropbox where we started to save our daily work, including reconciliation documentation. This commenced about March 10, 2022. We started using UH Enterprise Dropbox for Centralization processes in December 2020, thus expanded its use to include our office work/processes.

On approximately March 14, 2022 CELTT was able to restore/recreate the servers and install the proper software to resume operations and store data. The campus servers have since been manually backed-up every-other-week. Additionally, CELTT is working on an automated process to back-up the campus servers on a weekly basis. They are awaiting hardware to complete this process. It is expected that the automated back-up will start in early 2023.

Starting November 2022 and on at least a quarterly basis reconciliation documentation is transferred/saved to the campus server. This will assure that we have proper documentation of our reconciliation.

**Finding No. 2022-005:**                    **Financial Aid Administration - Control Deficiency**

**Federal Agency:**                    U.S. Department of Education

**CFDA Number and Title:**            84.268 – Federal Direct Student Loans

**Questioned Costs:**                    \$ -

**Responsible Individual:**            Anna Chamberlain, Financial Aid Manager, Windward Community College

**Date Action Taken:**                    October 10, 2022

Reconciliation will now be done using SAS files that will automatically be sent from COD at the beginning of each month. This new process will be completed every 30 days and will produce a monthly report that will be saved in the office shared drive. A Standard Operating Procedure will be created for the new Loan Reconciliation process, and the Financial Aid Manager will be primarily responsible for this process with the Financial Aid Specialist trained as secondary in case of an absence.

4

**Finding No. 2022-006:**                    **Return of Title IV Funds – Control Deficiency**

**Federal Agency:**                        U.S. Department of Education

**CFDA Number and Title:**            84.063 – Federal Pell Grant  
84.268 – Federal Direct Student Loans

**Questioned Costs:**                     \$140

**Responsible Individual:**             Davileigh Nae’ole, Financial Aid Director, UHMC

**Date Action Taken:**                    November 1, 2022

Based on the auditor’s recommendation we will ensure determination of the withdrawal date for students who unofficially withdraw within 30-days after the end of the period of enrollment. Another staff member is being trained to assist with the calculation of R2T4. In addition, the R2T4s are now a process that is reviewed weekly.

Based on the auditor’s recommendation we will remit the institutional portion of unearned aid to the appropriate Title IV program within the required 45-day time period. Another staff member is being trained to assist with the R2T4 calculations and R2T4’s are being reviewed weekly. These changes should ensure the timely return of unearned aid to the Title IV programs.



**Finding No. 2022-008:**                    **Inaccurate Stipend Expenditure- Control Deficiency**

**Federal Agency:**                            U.S. Department of Education

**CFDA Number and Title:**                84.047 – TRIO Cluster

**Questioned Costs:**                        \$25

**Responsible Individuals:**                Shayna Fuerte, Interim Director, Upward Bound Programs  
Paula Gealon, Fiscal/Post Award Administrator, RAPID

**Date Action Taken:**                        January 1, 2022

The University of Hawaii Upward Bound Program streamlined their record keeping function used to track student participation in program activities by only using the Blumen database to record data. This method of tracking student participation went into effect for all five of the Upward Bound Programs on January 1, 2022. The use of the Blumen database will greatly minimize human error in our record keeping process and eliminate the need for various spreadsheets that were previously being used [Student Assignment Log, College Preparatory Saturday Academy (CPSA) Attendance Log, Participant and Parent Cumulative Service (PPCS) Log, Report Card Log, and Tutoring Log].

Information from the Blumen database will be summarized in our Stipend Statement by our Program Coordinators. Points are allocated to the students based off of our Participation and Points Rubric. Prior to payment being issued to student participant, there will be a second level of review of Stipend Statements by either our Director, Associate Director, or Assistant Director to ensure accuracy of point distribution. Once stipend amounts are verified to be accurate with a second level review, stipend payments will be distributed to participants by the Fiscal Specialist.



# University of Hawai'i State of Hawai'i

(A Component Unit of the State of Hawai'i)

University of Hawai'i Mānoa  
Supplemental Information

June 30, 2022





## Report of Independent Auditors on Supplemental Information

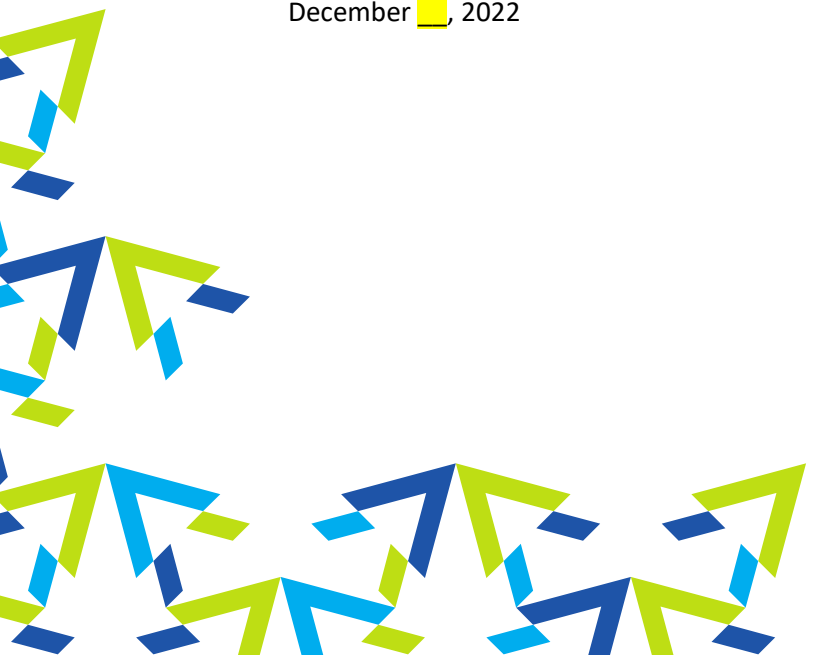
To the Board of Regents of the  
University of Hawai'i

We have audited the financial statements of the University of Hawai'i ("University") as of and for the year ended June 30, 2022 and our report thereon dated December   , 2022, which expressed an unmodified opinion on those financial statements, which can be made readily available by the University upon request. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Supplemental schedules I through III ("supplemental schedules") are presented for purposes of additional analysis of the financial statements, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Honolulu, Hawai'i  
December   , 2022

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**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**University of Hawai‘i Mānoa**  
**Statement of Net Position**  
**June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule I**

	<b>2022</b>
<b>Assets and Deferred Outflows of Resources</b>	
Current assets	
Cash and cash equivalents	\$ 38,320
Operating investments	168,821
Accounts receivable, net	73,126
Due from Research Corporation of the University of Hawai‘i	27,730
Current portion of notes receivable, net	341
Inventories	5,448
Prepaid expenses and other current assets	8,567
Total current assets	<u>322,353</u>
Noncurrent assets	
Due from State of Hawai‘i	97,608
Endowment and other investments	56,733
Notes receivable, net	2,425
Capital assets, net	626,578
Other noncurrent assets	549
Total noncurrent assets	<u>783,893</u>
Total assets	1,106,246
Deferred outflows of resources	
Deferred outflows on asset retirement obligations	3,087
Deferred loss on refunding	7,214
Total deferred outflows of resources	<u>10,301</u>
Total assets and deferred outflows of resources	<u>\$ 1,116,547</u>
<b>Liabilities and Net Position</b>	
Current liabilities	
Accounts payable	\$ 30,486
Accrued payroll and fringe benefits	41,423
Advances from sponsors	25,594
Unearned revenue	26,861
Due to State of Hawai‘i	53
Current portion of long-term liabilities	23,317
Other current liabilities	3,940
Total current liabilities	<u>151,674</u>
Noncurrent liabilities	
Due to campuses and funds	12,542
Revenue bonds payable	293,128
Asset retirement obligations	9,372
Other noncurrent liabilities	27,145
Total noncurrent liabilities	<u>342,187</u>
Total liabilities	<u>493,861</u>
Deferred inflows of resources	
Deferred inflows of resources	858
Total deferred inflows of resources and Liabilities	<u>494,719</u>
Net position	
Net investment in capital assets	321,508
Restricted	
Nonexpendable	10,293
Expendable	133,415
Unrestricted	156,612
Total net position	<u>621,828</u>
Total liabilities and net position	<u>\$ 1,116,547</u>

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**University of Hawai‘i Mānoa**  
**Statement of Revenue, Expense, and Change in Net Position**  
**Year Ended June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule II**

	<b>2022</b>
<b>Operating revenues</b>	
Student tuition and fees	\$ 287,408
Less: Scholarship allowances	94,120
Net student tuition and fees	<u>193,288</u>
Federal appropriations, grants and contracts	219,258
State and local grants and contracts	33,600
Nongovernmental sponsored programs	36,040
Sales and services of educational departments, other	22,215
Auxiliary enterprises	
Bookstores	10,745
Student housing (net of scholarship allowances of \$554)	23,992
Other auxiliary enterprises revenues	21,673
Other operating revenues	65
Total operating revenues	<u>560,876</u>
<b>Operating expenses</b>	
Compensation and benefits	658,095
Supplies, services and cost of goods sold	101,484
Depreciation and amortization	51,199
Telephone and utilities	51,331
Scholarships and fellowships	39,804
Travel expenses	11,089
Repairs and maintenance	12,443
Rental expenses	(903)
Other operating expenses	28,507
Total operating expenses	<u>953,049</u>
Operating loss	<u>(392,173)</u>
<b>Nonoperating revenues (expenses)</b>	
State appropriations	243,818
Federal Pell grants	17,863
Federal CARES Act program	100,080
Private gifts	3,186
Net investment loss	(12,337)
Interest expense	(10,688)
Transfers from State of Hawai‘i for	
Fringe benefits	122,137
Restrictions	5,933
Loss on disposal of capital assets	(2,799)
Other, net	(19,650)
Net nonoperating revenues (expenses) before capital and endowment additions	<u>447,543</u>
Capital – state appropriations	32,518
Capital – federal grants/subsidies	768
Capital – gifts and grants	514
Net transfers to State of Hawai‘i for capital assets	(163)
Transfers from State of Hawai‘i, Tobacco settlement	9,395
Transfers from State of Hawai‘i, Hawai‘i Cancer Center	6,918
Total other revenues (expenses)	<u>49,950</u>
Net nonoperating revenues	<u>497,493</u>
Change in net position	105,320
<b>Net position</b>	
Beginning of year	<u>516,508</u>
End of year	<u>\$ 621,828</u>

**University of Hawai‘i**  
**State of Hawai‘i**  
 (A Component Unit of the State of Hawai‘i)  
**University of Hawai‘i Mānoa**  
**Summarized Statement of Cash Flows**  
**Year Ended June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule III**

	<b>2022</b>
Cash received from operations	\$ 548,225
Cash payments for operations	<u>(819,416)</u>
Net cash used in operating activities	(271,191)
Net cash provided by noncapital financing activities	354,136
Net cash used in capital and related financing activities	(28,436)
Net cash used in investing activities	<u>(93,962)</u>
Net decrease in cash and cash equivalents	(39,453)
<b>Cash and cash equivalents</b>	
Beginning of year	<u>77,773</u>
End of year	<u>\$ 38,320</u>

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**University of Hawai‘i Mānoa**  
**Notes to Schedules I through III**  
**June 30, 2022**  
*(All dollars reported in thousands)*

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**1. Basis of Presentation**

The accompanying statement of net position and related statements of revenues, expenses, and changes in net position, and cash flows present the financial position and results of operations of the University of Hawai‘i Mānoa, and are presented on the accrual basis of accounting. The financial information of the University of Hawai‘i Foundation are not reflected in these schedules.

For additional information that is essential to a full understanding of the information presented in these schedules, refer to the University’s financial statements.

**2. Employee Benefits**

In accordance with University policy, the University’s liability for other postemployment benefits (“OPEB”), deferred outflows of resources, and deferred inflows of resources related to OPEB (“OPEB benefits”) are not allocated internally to individual departments, funds and campuses. Accordingly, OPEB benefits are not reflected in these schedules.

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



# University of Hawai'i State of Hawai'i

(A Component Unit of the State of Hawai'i)

University of Hawai'i Hilo  
Supplemental Information

June 30, 2022





## Report of Independent Auditors on Supplemental Information

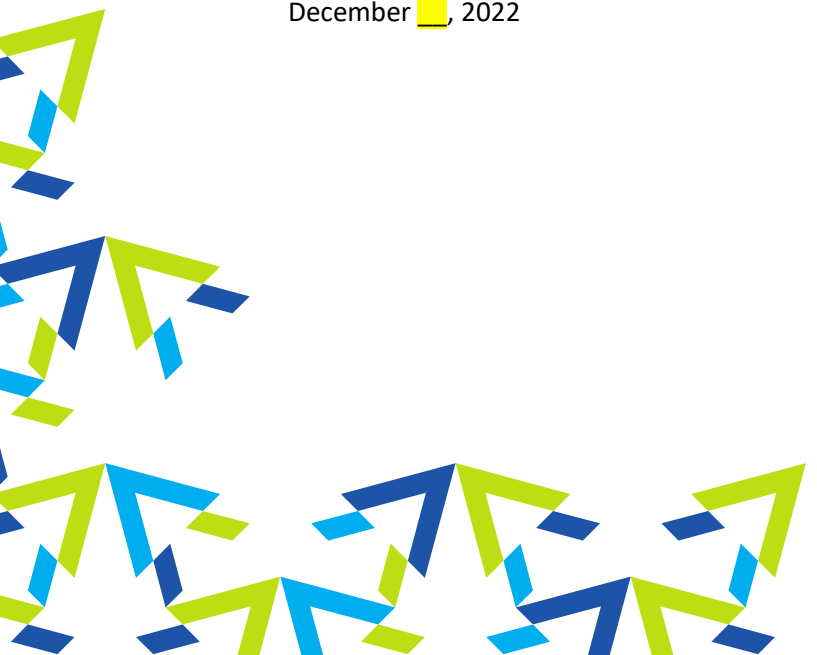
To the Board of Regents of the  
University of Hawai'i

We have audited the financial statements of the University of Hawai'i ("University") as of and for the year ended June 30, 2022 and our report thereon dated December   , 2022, which expressed an unmodified opinion on those financial statements, which can be made readily available by the University upon request. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Supplemental schedules I through III ("supplemental schedules") are presented for purposes of additional analysis of the financial statements, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Honolulu, Hawai'i  
December   , 2022

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**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**University of Hawai‘i Hilo**  
**Statement of Net Position**  
**June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule I**

	<b>2022</b>
<b>Assets and Deferred Outflows of Resources</b>	
Current assets	
Cash and cash equivalents	\$ 2,923
Operating investments	15,275
Accounts receivable, net	3,505
Current portion of notes receivable, net	59
Due from Research Corporation of the University of Hawai‘i	494
Prepaid expenses and other current assets	678
Total current assets	<u>22,934</u>
Noncurrent assets	
Due from State of Hawai‘i	14,053
Endowment and other investments	1,689
Notes receivable, net	808
Capital assets, net	191,822
Total noncurrent assets	<u>208,372</u>
Total assets	<u>231,306</u>
Deferred outflows of resources	
Deferred loss on refunding	961
Total deferred outflows of resources	<u>961</u>
Total assets and deferred outflows of resources	<u>\$ 232,267</u>
<b>Liabilities and Net Position</b>	
Current liabilities	
Accounts payable	\$ 1,761
Accrued payroll and fringe benefits	3,970
Advances from sponsors	997
Unearned revenue	618
Due to State of Hawai‘i	5
Current portion of long-term liabilities	1,133
Other current liabilities	257
Total current liabilities	<u>8,741</u>
Noncurrent liabilities	
Due to campuses and funds	1,556
Revenue bonds payable	21,777
Other noncurrent liabilities	3,861
Total noncurrent liabilities	<u>27,194</u>
Total liabilities	<u>35,935</u>
Deferred inflows of resources	
Deferred inflows of resources	5,857
Total deferred inflows of resources	<u>5,857</u>
Net position	
Net investment in capital assets	164,312
Restricted	
Nonexpendable	62
Expendable	14,774
Unrestricted	11,327
Total net position	<u>190,475</u>
Total liabilities and net position	<u>\$ 232,267</u>

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**University of Hawai‘i Hilo**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Year Ended June 30**  
*(All dollars reported in thousands)*

**Schedule II**

	<b>2022</b>
<b>Operating revenues</b>	
Student tuition and fees	\$ 31,278
Less: Scholarship allowances	<u>11,575</u>
Net student tuition and fees	19,703
Federal appropriations, grants and contracts	14,584
State and local grants and contracts	429
Nongovernmental sponsored programs	1,815
Sales and services of educational departments, other	1,271
Auxiliary enterprises	
Student housing (net of scholarship allowances of \$320)	2,865
Other auxiliary enterprises revenues	2,635
Other operating revenues	<u>39</u>
Total operating revenues	<u>43,341</u>
<b>Operating expenses</b>	
Compensation and benefits	74,561
Supplies, services and cost of goods sold	11,979
Depreciation and amortization	10,888
Telephone and utilities	4,638
Scholarships and fellowships	7,968
Travel expenses	1,196
Repairs and maintenance	859
Rental expenses	101
Other operating expenses	<u>2,375</u>
Total operating expenses	<u>114,565</u>
Operating loss	<u>(71,224)</u>
<b>Nonoperating revenues (expenses)</b>	
State appropriations	37,969
Federal Pell grants	5,253
Federal CARES Act Program	14,208
Net investment loss	(296)
Interest expense	(782)
Transfers from State of Hawai‘i for fringe benefits	18,887
Loss on disposal of capital assets	(204)
Other, net	<u>(8,757)</u>
Net nonoperating revenues (expenses) before capital and endowment additions	<u>66,278</u>
Capital – state appropriations	1,349
Transfers to State of Hawaii for capital assets	(15)
Capital private grants and gifts	<u>47</u>
Total other revenues (expenses)	<u>1,381</u>
Net nonoperating revenues	<u>67,659</u>
Change in net position	<u>(3,565)</u>
<b>Net position</b>	
Beginning of year	<u>194,040</u>
End of year	<u>\$ 190,475</u>



**University of Hawai‘i**  
**State of Hawai‘i**  
 (A Component Unit of the State of Hawai‘i)  
**University of Hawai‘i Hilo**  
**Summarized Statement of Cash Flows**  
**Year Ended June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule III**

	<b>2022</b>
Cash received from operations	\$ 45,582
Cash payments for operations	<u>(89,229)</u>
Net cash used in operating activities	(43,647)
Net cash provided by noncapital financing activities	49,927
Net cash used in capital and related financing activities	(4,222)
Net cash used in investing activities	<u>(7,607)</u>
Net decrease in cash and cash equivalents	(5,549)
<b>Cash and cash equivalents</b>	
Beginning of year	<u>8,472</u>
End of year	<u>\$ 2,923</u>

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**University of Hawai‘i Hilo**  
**Notes to Schedules I through III**  
**June 30, 2022**  
*(All dollars reported in thousands)*

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**1. Basis of Presentation**

The accompanying statement of net position and related statements of revenues, expenses, and changes in net position, and cash flows present the financial position and results of operations of the University of Hawai‘i Hilo, and are presented on the accrual basis of accounting. The financial information of the University of Hawai‘i Foundation are not reflected in these schedules.

For additional information that is essential to a full understanding of the information presented in these schedules, refer to the University’s financial statements.

**2. Employee Benefits**

In accordance with University policy, the University’s liability for other postemployment benefits (“OPEB”), deferred outflows of resources, and deferred inflows of resources related to OPEB (“OPEB benefits”) are not allocated internally to individual departments, funds and campuses. Accordingly, OPEB benefits are not reflected in these schedules.

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



# University of Hawai'i State of Hawai'i

(A Component Unit of the State of Hawai'i)

University of Hawai'i West O'ahu  
Supplemental Information

June 30, 2022





## Report of Independent Auditors on Supplemental Information

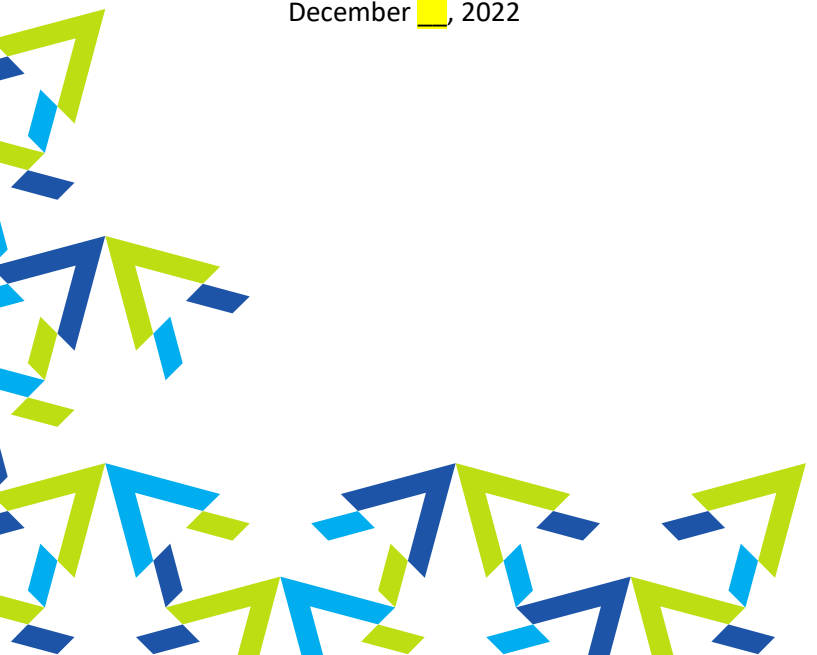
To the Board of Regents of the  
University of Hawai'i

We have audited the financial statements of the University of Hawai'i ("University") as of and for the year ended June 30, 2022 and our report thereon dated December     , 2022, which expressed an unmodified opinion on those financial statements, which can be made readily available by the University upon request. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Supplemental schedules I through III ("supplemental schedules") are presented for purposes of additional analysis of the financial statements, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Honolulu, Hawai'i  
December     , 2022

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**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**University of Hawai‘i West O‘ahu**  
**Statement of Net Position**  
**June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule I**

	<b>2022</b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 1,415
Operating investments	7,994
Accounts receivable, net	1,060
Prepaid expenses and other current assets	107
Total current assets	<u>10,576</u>
Noncurrent assets	
Due from State of Hawai‘i	3,599
Endowment and other investments	244
Capital assets, net	109,401
Total noncurrent assets	<u>113,244</u>
Total assets	<u>123,820</u>
Deferred outflows of resources	
Deferred loss on refunding	911
Total deferred outflows of resources	<u>911</u>
Total assets and deferred outflows of resources	<u>\$ 124,731</u>
<b>Liabilities and Net Position</b>	
Current liabilities	
Accounts payable	\$ 606
Accrued payroll and fringe benefits	2,108
Advances from sponsors	650
Unearned revenue	239
Due to State of Hawai‘i	2
Due to Research Corporation of the University of Hawai‘i	80
Current portion of long-term liabilities	1,896
Other current liabilities	517
Total current liabilities	<u>6,098</u>
Noncurrent liabilities	
Due to campuses and funds	722
Revenue bonds payable	47,039
Other noncurrent liabilities	6,078
Total noncurrent liabilities	<u>53,839</u>
Total liabilities	<u>59,937</u>
Deferred inflows of resources	
Deferred inflows of resources	104
Total deferred inflows of resources	<u>104</u>
Net position	
Net investment in capital assets	55,515
Restricted	
Nonexpendable	101
Expendable	3,993
Unrestricted	5,081
Total net position	<u>64,690</u>
Total liabilities and net position	<u>\$ 124,731</u>

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**University of Hawai‘i West O‘ahu**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Year Ended June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule II**

	<b>2022</b>
<b>Operating revenues</b>	
Student tuition and fees	\$ 18,192
Less: Scholarship allowances	6,495
Net student tuition and fees	<u>11,697</u>
Federal appropriations, grants and contracts	3,059
State and local grants and contracts	35
Nongovernmental sponsored programs	537
Sales and services of educational departments, other	113
Other auxiliary enterprises revenues	28
Total operating revenues	<u>15,469</u>
<b>Operating expenses</b>	
Compensation and benefits	35,378
Supplies, services and cost of goods sold	2,204
Depreciation	7,653
Telephone and utilities	1,548
Scholarships and fellowships	3,972
Travel expenses	117
Repairs and maintenance	524
Other operating expenses	745
Total operating expenses	<u>52,141</u>
Operating loss	<u>(36,672)</u>
<b>Nonoperating revenues (expenses)</b>	
State appropriations	18,897
Federal Pell grants	4,276
Federal CARES Act Program	7,292
Net investment loss	(261)
Interest expense	(1,454)
Transfers from State of Hawai‘i for fringe benefits	10,272
Other, net	(4,334)
Net nonoperating revenues (expenses) before capital and endowment additions	<u>34,688</u>
Capital – lapses of state appropriations	3,625
Transfers to State for capital assets/works of art	(26)
Total other revenues (expenses)	<u>3,599</u>
Net nonoperating revenues	<u>38,287</u>
Change in net position	1,615
<b>Net position</b>	
Beginning of year	<u>63,075</u>
End of year	<u>\$ 64,690</u>

**University of Hawai‘i**  
**State of Hawai‘i**  
 (A Component Unit of the State of Hawai‘i)  
**University of Hawai‘i West O‘ahu**  
**Summarized Statement of Cash Flows**  
**Year Ended June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule III**

	<b>2022</b>
Cash received from operations	\$ 15,624
Cash payments for operations	<u>(43,271)</u>
Net cash used by operating activities	(27,647)
Net cash provided by noncapital financing activities	26,067
Net cash provided by capital and related financing activities	2,882
Net cash used in investing activities	<u>(4,609)</u>
Net decrease in cash and cash equivalents	(3,307)
<b>Cash and cash equivalents</b>	
Beginning of year	<u>4,722</u>
End of year	<u>\$ 1,415</u>

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**University of Hawai‘i West O‘ahu**  
**Notes to Schedules I through III**  
**June 30, 2022**  
*(All dollars reported in thousands)*

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**1. Basis of Presentation**

The accompanying statement of net position and related statements of revenues, expenses, and changes in net position and cash flows present the financial position and results of operations of the University of Hawai‘i West O‘ahu, and are presented on the accrual basis of accounting. The financial information of the University of Hawai‘i Foundation are not reflected in these schedules.

For additional information that is essential to a full understanding of the information presented in these schedules, refer to the University’s financial statements.

**2. Employee Benefits**

In accordance with University policy, the University’s liability for other postemployment benefits (“OPEB”), deferred outflows of resources, and deferred inflows of resources related to OPEB (“OPEB benefits”) are not allocated internally to individual departments, funds and campuses. Accordingly, OPEB benefits are not reflected in these schedules.

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





# **University of Hawai'i State of Hawai'i**

**(A Component Unit of the State of Hawai'i)**

**Community College System  
Supplemental Information**

**June 30, 2022**





## Report of Independent Auditors on Supplemental Information

To the Board of Regents of the  
University of Hawai'i

We have audited the financial statements of the University of Hawai'i ("University") as of and for the year ended June 30, 2022 and our report thereon dated December \_\_, 2022, which expressed an unmodified opinion on those financial statements, which can be made readily available by the University upon request. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Supplemental schedules I through III ("supplemental schedules") are presented for purposes of additional analysis of the financial statements, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the financial statements as a whole.

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December \_\_, 2022

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**University of Hawai'i**  
**State of Hawai'i**  
(A Component Unit of the State of Hawai'i)  
**Community College System**  
**Statement of Net Position**  
**June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule I**

	<b>2022</b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 7,458
Operating investments	41,119
Due from State of Hawai'i	3
Accounts receivable, net	10,124
Current portion of notes receivable, net	33
Prepaid expenses and other current assets	373
Total current assets	<u>59,110</u>
Noncurrent assets	
Due from State of Hawai'i	144,804
Endowment and other investments	105
Notes receivable, net	35
Capital assets, net	364,445
Due from campuses and funds	-
Other noncurrent assets	-
Total noncurrent assets	<u>509,389</u>
Total assets	<u>568,499</u>
Deferred outflows of resources	
Deferred loss on refunding	448
Total deferred outflows of resources	<u>448</u>
Total assets and deferred outflows of resources	<u>\$ 568,947</u>
<b>Liabilities and Net Position</b>	
Current liabilities	
Accounts payable	\$ 8,267
Accrued payroll and fringe benefits	9,809
Advances from sponsors	1,510
Unearned revenue	2,409
Due to State of Hawai'i	29
Due to Research Corporation of the University of Hawai'i	907
Current portion of long-term liabilities	3,344
Other current liabilities	404
Total current liabilities	<u>26,679</u>
Noncurrent liabilities	
Revenue bonds payable	33,903
Equipment lease obligation	17,507
Due to campuses and funds	2,358
Other noncurrent liabilities	6,216
Total noncurrent liabilities	<u>59,984</u>
Total liabilities	<u>86,663</u>
Net position	
Net investment in capital assets	306,912
Restricted – expendable	138,641
Unrestricted	36,731
Total net position	<u>482,284</u>
Total liabilities and net position	<u>\$ 568,947</u>

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Community College System**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Years Ended June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule II**

	<b>2022</b>
<b>Operating revenues</b>	
Student tuition and fees	\$ 56,790
Less: Scholarship allowances	17,319
Net student tuition and fees	<u>39,471</u>
Federal appropriations, grants and contracts	16,002
State and local grants and contracts	1,346
Nongovernmental sponsored programs	1,662
Sales and services of educational departments, other	4,263
Auxiliary enterprises	317
Other operating revenues	8
Total operating revenues	<u>63,069</u>
<b>Operating expenses</b>	
Compensation and benefits	185,855
Supplies, services and cost of goods sold	21,012
Depreciation	19,787
Telephone and utilities	7,881
Scholarships and fellowships	29,056
Travel expenses	300
Repairs and maintenance	5,618
Other operating expenses	1,401
Total operating expenses	<u>270,910</u>
Operating loss	<u>(207,841)</u>
<b>Nonoperating revenues (expenses)</b>	
State appropriations	127,453
Federal Pell grants	16,034
Federal CARES Act Program	43,831
Net investment loss	(1,122)
Interest expense	(979)
Transfers from State of Hawai‘i for fringe benefits	56,086
Loss on disposal of capital assets	(1,218)
Other, net	(39,094)
Net nonoperating revenues (expenses) before capital and endowment additions	<u>200,991</u>
Capital – state appropriations	55,371
Capital – federal grants/subsidies	-
Capital – gifts and grants	1,279
Net transfers to State of Hawai‘i for capital assets	(484)
Total other revenues (expenses)	<u>56,166</u>
Net nonoperating revenues	<u>257,157</u>
Change in net position	49,316
<b>Net position</b>	
Beginning of year	<u>432,968</u>
End of year	<u>\$ 482,284</u>

**University of Hawai'i**  
**State of Hawai'i**  
(A Component Unit of the State of Hawai'i)  
**Community College System**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Years Ended June 30, 2022**  
*(All dollars reported in thousands)*

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**Schedule II**

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Community College System**  
**Notes to Schedules I and II**  
**June 30, 2022**  
*(All dollars reported in thousands)*

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**1. Basis of Presentation**

The accompanying statement of net position and related statement of revenues, expenses, and changes in net position of the Community College System excluding Maui College, which is presented in a separate report, present the financial position and results of operations of the Community College System, and are presented on the accrual basis of accounting. The financial information of the University of Hawai‘i Foundation are not reflected in these schedules.

For additional information that is essential to a full understanding of the information presented in these schedules, refer to the University’s financial statements.

**2. Employee Benefits**

In accordance with University policy, the University’s liability for other postemployment benefits (“OPEB”), deferred outflows of resources, and deferred inflows of resources related to OPEB (“OPEB benefits”) are not allocated internally to individual departments, funds and campuses. Accordingly, OPEB benefits are not reflected in these schedules.

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



# University of Hawai'i State of Hawai'i

(A Component Unit of the State of Hawai'i)

University of Hawai'i Maui College  
Supplemental Information

June 30, 2022





## Report of Independent Auditors on Supplemental Information

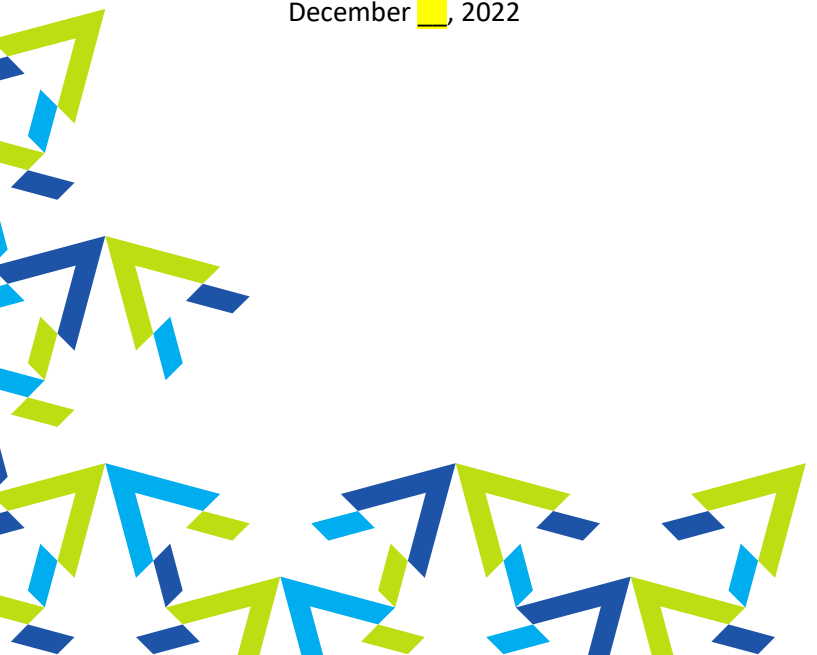
To the Board of Regents of the  
University of Hawai'i

We have audited the financial statements of the University of Hawai'i ("University") as of and for the year ended June 30, 2022 and our report thereon dated December   , 2022, which expressed an unmodified opinion on those financial statements, which can be made readily available by the University upon request. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Supplemental schedules I through III ("supplemental schedules") are presented for purposes of additional analysis of the financial statements, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the financial statements as a whole.

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December   , 2022

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**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**University of Hawai‘i Maui College**  
**Statement of Net Position**  
**June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule I**

	<b>2022</b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 1,303
Operating investments	6,196
Accounts receivable, net	2,878
Prepaid expenses and other current assets	114
Total current assets	<u>10,491</u>
Noncurrent assets	
Endowment and other investments	353
Capital assets, net	52,755
Other noncurrent assets	257
Total noncurrent assets	<u>53,365</u>
Total assets	<u>\$ 63,856</u>
<b>Liabilities and Net Position</b>	
Current liabilities	
Accounts payable	\$ 542
Accrued payroll and fringe benefits	1,519
Advances from sponsors	1,127
Unearned revenue	368
Due to the State of Hawai‘i	5
Due to Research Corporation of the University of Hawai‘i	796
Current portion of long-term liabilities	467
Total current liabilities	<u>4,824</u>
Noncurrent liabilities	
Due to campuses and funds	328
Equipment lease obligation	4,671
Other noncurrent liabilities	277
Total noncurrent liabilities	<u>5,276</u>
Total liabilities	<u>10,100</u>
Deferred inflows of resources	
Deferred inflows of resources	337
Total deferred inflows of resources and liabilities	<u>10,437</u>
Net position	
Net investment in capital assets	47,728
Restricted – expendable	548
Unrestricted	5,143
Total net position	<u>53,419</u>
Total liabilities and net position	<u>\$ 63,856</u>

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**University of Hawai‘i Maui College**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Year Ended June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule II**

	<b>2022</b>
<b>Operating revenues</b>	
Student tuition and fees	\$ 6,763
Less: Scholarship allowances	2,970
Net student tuition and fees	<u>3,793</u>
Federal appropriations, grants and contracts	10,460
State and local grants and contracts	1,744
Nongovernmental sponsored programs	451
Sales and services of educational departments, other	731
Auxiliary enterprises – Other auxiliary enterprises revenues	34
Other operating revenues	1
Total operating revenues	<u>17,214</u>
<b>Operating expenses</b>	
Compensation and benefits	29,481
Supplies, services and cost of goods sold	3,991
Depreciation	3,502
Telephone and utilities	2,294
Scholarships and fellowships	5,455
Travel expenses	465
Repairs and maintenance	554
Other operating expenses	456
Total operating expenses	<u>46,198</u>
Operating loss	<u>(28,984)</u>
<b>Nonoperating revenues (expenses)</b>	
State appropriations	17,333
Federal Pell grants	2,529
Federal CARES Act Program	6,064
Net investment loss	(270)
Transfers from State of Hawai‘i for fringe benefits	7,169
Loss on disposal of capital assets	(135)
Other, net	(1,923)
Net nonoperating revenues (expenses) before capital and endowment additions	<u>30,767</u>
Capital – private grants and gifts	<u>24</u>
Total other revenues	<u>24</u>
Net nonoperating revenues	<u>30,791</u>
Change in net position	1,807
<b>Net position</b>	
Beginning of year	51,612
End of year	<u>\$ 53,419</u>

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**University of Hawai‘i Maui College**  
**Summarized Statement of Cash Flows**  
**Year Ended June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule III**

	<b>2022</b>
Cash received from operations	\$ 16,674
Cash payments for operations	<u>(37,635)</u>
Net cash used in operating activities	(20,961)
Net cash provided by noncapital financing activities	22,639
Net cash provided by capital and related financing activities	1,291
Net cash used in investing activities	<u>(2,918)</u>
Net increase in cash and cash equivalents	51
<b>Cash and cash equivalents</b>	
Beginning of year	<u>1,252</u>
End of year	<u>\$ 1,303</u>

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**University of Hawai‘i Maui College**  
**Notes to Schedules I through III**  
**June 30, 2022**  
*(All dollars reported in thousands)*

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**1. Basis of Presentation**

The accompanying statement of net position and related statements of revenues, expenses, and changes in net position and cash flows present the financial position and results of operations of the University of Hawai‘i Maui College, and are presented on the accrual basis of accounting. The financial information the University of Hawai‘i Foundation are not reflected in these schedules.

For additional information that is essential to a full understanding of the information presented in these schedules, refer to the University’s financial statements.

**2. Employee Benefits**

In accordance with University policy, the University’s liability for other postemployment benefits (“OPEB”), deferred outflows of resources, and deferred inflows of resources related to OPEB (“OPEB benefits”) are not allocated internally to individual departments, funds and campuses. Accordingly, OPEB benefits are not reflected in these schedules.

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

## **Other Supplementary Information**



## Report of Independent Auditors on Supplemental Information

To the Board of Regents of the  
University of Hawai'i

We have audited the financial statements of the University of Hawai'i as of and for the year ended June 30, 2022, and our report thereon dated December [redacted], 2022, which expressed an unmodified opinion, appears on pages 1 to 2. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information (Schedules I, II, III, IV, V, VI, VII, VIII, IX, X and XI) included hereinafter is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Honolulu, Hawai'i  
December [redacted], 2022

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**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Condensed Statement of Net Position**  
**Condensed Statement of Revenues, Expenses, and Changes in Net Position**  
**Current Unrestricted Funds Excluding General Fund**  
**As of and for the Year Ended June 30, 2022**

*(All dollars reported in thousands)*

**Schedule I**

	<b>2022</b>
<b>Condensed statement of net position</b>	
Assets	
Current assets	\$ 607,012
Noncurrent assets	1,428
Total assets	<u>608,440</u>
Deferred outflows of resources	
Deferred outflows on asset retirement obligation	980
Total deferred outflows of resources	<u>980</u>
Total assets and deferred outflows of resources	<u>\$ 609,420</u>
Liabilities	
Current liabilities	\$ 45,132
Noncurrent liabilities	13,038
Total liabilities	<u>58,170</u>
Net position	
Unrestricted	551,250
Total net position	<u>551,250</u>
Total liabilities and net position	<u>\$ 609,420</u>
<b>Condensed statement of revenues, expenses, and changes in net position</b>	
Operating revenues	\$ 423,665
Operating expenses	300,462
Operating income	<u>123,203</u>
Nonoperating revenues and transfers	43,822
Nonoperating expenses and transfers	88
Change in net position	<u>166,937</u>
<b>Net position</b>	
Beginning of year	<u>384,313</u>
End of year	<u>\$ 551,250</u>

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Condensed Statement of Net Position**  
**Condensed Statement of Revenues, Expenses, and Changes in Net Position**  
**Current Unrestricted Funds Excluding General Fund**  
**As of and for the Year Ended June 30, 2022**

*(All dollars reported in thousands)*

**Schedule I**

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**1. Basis of Presentation**

The accompanying condensed statement of net position and related condensed statement of revenues, expenses, and changes in net position present the financial position and results of operations of certain of the University’s Special and Revolving Funds, which are pledged as collateral on the University’s Series 2015A, 2015B(R), 2015C(R), 2015D(R), 2015E(R), 2017A, 2017B, 2017C, 2017D, 2017E, 2017F, 2017G, 2020A, 2020B, 2020C, 2020D and 2020E revenue bonds, and are presented on the accrual basis of accounting. The financial information of the University of Hawai‘i Foundation is not reflected in this schedule.

**2. Employee Benefits**

In accordance with University policy, the University’s liability for other postemployment benefits (“OPEB”) and deferred outflows and deferred inflows of resources related to OPEB (“OPEB benefits”) are not allocated internally to individual departments and funds. Accordingly, OPEB benefits are not reflected in this schedule.

In accordance with University policy, the University’s liability for pension benefits and deferred outflows and deferred inflows of resources related to pensions (“pension benefits”) are not allocated internally to individual departments and funds. Accordingly, pension benefits are not reflected in this schedule.



**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Schedule of Series 2002A University Bond Proceeds Activity**  
**Year Ended June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule II**

	<b>2022</b>
<b>Beginning balance</b>	\$ 2,447
Additions	
Interest and investment income	1
Total additions	<u>1</u>
Deductions	
Payments – building, construction in progress, other	-
Management fees	2
Total deductions	<u>2</u>
<b>Ending balance</b>	<u>\$ 2,446</u>

**1. Basis of Presentation**

The accompanying schedule of Series 2002A University Bond proceeds activity presents the sources and uses of bond proceeds associated with the construction of the John A. Burns School of Medicine facility at Kaka‘ako. The financial information of the University of Hawai‘i Foundation is not reflected in this schedule.

**2. Refinancing**

In October 2006, the University refinanced a majority of the outstanding Series 2002A University Bonds through the issuance of Refunding Series 2006A University Bonds.

In September 2015, the University refinanced a portion of the outstanding Refunding Series 2006A University Bonds through the issuance of Series 2015D(R) and 2015E(R) revenue bonds. The Series 2015D(R) revenue bonds were delivered on September 24, 2015 and the forward delivery Series 2015E(R) revenue bonds were delivered on April 20, 2016.

In December 2017, the University refinanced the remainder of the outstanding Refunding Series 2006A University Bonds through the issuance of Series 2017B and 2017C revenue bonds.

Proceeds from the State’s settlement agreement with tobacco companies are expected to be utilized to service the debt.

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Schedule of Series 2006A Revenue Bond Proceeds Activity**  
**Year Ended June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule III**

	<b>2022</b>
<b>Beginning balance</b>	\$ 4,217
Additions	
Interest and investment income	(11)
Total additions	<u>(11)</u>
Deductions	
Management fees	4
Total deductions	<u>4</u>
<b>Ending balance</b>	<u>\$ 4,202</u>

**1. Basis of Presentation**

The accompanying schedule of Series 2006A revenue bond proceeds activity presents the sources and uses of bond proceeds associated with the construction of the Frear Hall dormitory at the Mānoa campus and repair and maintenance of various housing projects on the Mānoa and Hilo campuses. The financial information of the University of Hawai‘i Foundation is not reflected in this schedule.

**2. Refinancing**

In September 2015, the University refinanced a portion of the outstanding Series 2006A revenue bonds through the issuance of Series 2015B(R) and 2015C(R) revenue bonds.

In December 2017, the University refinanced the remainder of the outstanding Series 2006A revenue bonds through the issuance of Series 2017D and 2017E revenue bonds.

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Schedule of Series 2009A Revenue Bond Proceeds Activity**  
**Year Ended June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule IV**

	<b>2022</b>
<b>Beginning balance</b>	\$ 1,628
Additions	
Interest and investment income	1
Total additions	<u>1</u>
Deductions	
Management fees	1
Total deductions	<u>1</u>
<b>Ending balance</b>	<u>\$ 1,628</u>

**1. Basis of Presentation**

The accompanying schedule of Series 2009A revenue bond proceeds activity presents the sources and uses of bond proceeds associated with the financing of costs of certain University projects. The financial information of the University of Hawai‘i Foundation is not reflected in this schedule.

**2. Refinancing**

In December 2017, the University refinanced a portion of the outstanding Series 2009A revenue bonds through the issuance of Series 2017F and 2017G revenue bonds.

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Schedule of Series 2010A Revenue Bond Proceeds Activity**  
**Year Ended June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule V**

	<b>2010A-1</b>	<b>2010A-2</b>
<b>Balance at June 30, 2021</b>	\$ 117	\$ 324
Additions		
Interest and investment income	-	-
Total additions	<u>-</u>	<u>-</u>
Deductions		
Payments – building, construction in progress, other	-	-
Total deductions	<u>-</u>	<u>-</u>
<b>Balance at June 30, 2022</b>	<u>\$ 117</u>	<u>\$ 324</u>

**1. Basis of Presentation**

The accompanying schedule of Series 2010A-1 and Series 2010A-2 revenue bond proceeds activity presents the sources and uses of the bond proceeds associated with construction and maintenance of the University of Hawai‘i Cancer Center. The financial information of the University of Hawai‘i Foundation is not reflected in this schedule.

**2. Refinancing**

In October 2020, the University refinanced the outstanding Series 2010A-1 revenue bonds through the issuance of Series 2020B and 2020C revenue bonds.

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Schedule of Series 2010B Revenue Bond Proceeds Activity**  
**Year Ended June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule VI**

	<b>2010B-1</b>	<b>2010B-2</b>
<b>Balance at June 30, 2021</b>	\$ 575	\$ 886
Additions		
Interest and investment income	-	1
Total additions	<u>-</u>	<u>1</u>
Deductions		
Management fees	-	1
Total deductions	<u>-</u>	<u>1</u>
<b>Balance at June 30, 2022</b>	<u>\$ 575</u>	<u>\$ 886</u>

**1. Basis of Presentation**

The accompanying schedule of Series 2010B-1 and Series 2010B-2 revenue bond proceeds activity presents the sources and uses of the bond proceeds associated with renovations and additions to the Mānoa Campus Center, construction and equipment for an Information Technology Building, renovations to the Sinclair Library basement on the Mānoa campus, further development of the West O‘ahu campus, various energy conservation/efficiency projects on the community college campuses on O‘ahu and Maui, and the financing of costs of renovation and construction of other University projects. The financial information of the University of Hawai‘i Foundation is not reflected in this schedule.

**2. Refinancing**

In October 2020, the University refinanced the outstanding Series 2010B-1 revenue bonds through the issuance of Series 2020D and 2020E revenue bonds.

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Schedule of Series 2015A Revenue Bond Proceeds Activity**  
**Year Ended June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule VII**

	<b>2022</b>
<b>Beginning balance</b>	\$ 479
Additions	
Interest and investment income	-
Total additions	<u>-</u>
Deductions	
Payments – building, construction in progress, other	-
Management fees	-
Total deductions	<u>-</u>
<b>Ending balance</b>	<u>\$ 479</u>

**1. Basis of Presentation**

The accompanying schedule of Series 2015A revenue bond proceeds activity presents the sources and uses of bond proceeds associated with the UH Mānoa Law School Expansion and Modernization Project and the UH-Hilo College of Pharmacy Project. The financial information of the University of Hawai‘i Foundation is not reflected in this schedule.

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Schedule of Series 2017A Revenue Bond Proceeds Activity**  
**Year Ended June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule VIII**

	<b>2022</b>
<b>Beginning balance</b>	\$ 2,004
Additions	
Interest and investment income	-
Total additions	<u>-</u>
Deductions	
Payments – building, construction in progress, other	94
Management fees	<u>2</u>
Total deductions	<u>96</u>
<b>Ending balance</b>	<u>\$ 1,908</u>

**1. Basis of Presentation**

The accompanying schedule of Series 2017A revenue bond proceeds activity presents the sources and uses of bond proceeds associated with renovations to the Sinclair Library basement on the Mānoa campus. The financial information of the University of Hawai‘i Foundation is not reflected in this schedule.

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Schedule of Series 2020A Revenue Bond Proceeds Activity**  
**Year Ended June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule IX**

	<b>2022</b>
<b>Beginning balance</b>	\$ 10,001
Additions	
Bond proceeds	-
Interest and investment income	7
Total additions	<u>7</u>
Deductions	
Payments – building, construction in progress, other	8,222
Management fees	5
Total deductions	<u>8,227</u>
<b>Ending balance</b>	<u>\$ 1,781</u>

**1. Basis of Presentation**

The accompanying schedule of Series 2020A revenue bond proceeds activity presents the sources and uses of bond proceeds associated with the renovation and repair to the parking facilities on the Mānoa campus. The financial information of the University of Hawai‘i Foundation is not reflected in this schedule.



**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Condensed Statement of Net Position**  
**Condensed Statement of Revenues, Expenses, and Changes in Net Position**  
**University Bond System**  
**As of and for the Year Ended June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule X**

	<b>2022</b>
<b>Condensed statement of net position</b>	
Assets and deferred outflows of resources	
Current assets	\$ 122,586
Capital assets, net	409,606
Other assets	11,900
Total assets	<u>544,092</u>
Deferred outflows of resources	<u>9,612</u>
Total deferred outflows of resources	<u>9,612</u>
Total assets and deferred outflows of resources	<u>\$ 553,704</u>
Liabilities	
Current liabilities	\$ 30,508
Noncurrent liabilities	451,875
Total liabilities	<u>482,383</u>
Net position	
Net investment in capital assets	(41,958)
Restricted expendable	1,039
Unrestricted	112,240
Total net position	<u>71,321</u>
Total liabilities and net position	<u>\$ 553,704</u>

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Condensed Statement of Net Position**  
**Condensed Statement of Revenues, Expenses, and Changes in Net Position**  
**University Bond System**  
**As of and for the Year Ended June 30, 2022**

*(All dollars reported in thousands)*

**Schedule X**

**Condensed statement of revenues, expenses,  
and changes in net position**

Operating revenues	
Bookstores	\$ 12,027
Room and other rentals	27,279
Parking	5,048
Telecommunications	2,619
Other operating revenues	<u>7,531</u>
Total operating revenues	54,504
Operating expenses (including \$27,603 in depreciation expense in 2022)	<u>(68,901)</u>
Operating loss	(14,397)
Nonoperating revenues	51,748
Nonoperating expenses	<u>(14,631)</u>
Change in net position	22,720
<b>Net position</b>	
Beginning of year	<u>48,601</u>
End of year	<u>\$ 71,321</u>

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Condensed Statement of Cash Flows**  
**University Bond System**  
**As of and for the Year Ended June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule XI**

	<b>2022</b>
<b>Condensed statement of cash flows</b>	
Net cash flows provided by operating activities	\$ 12,581
Net cash flows provided by non-capital financing activities	25,125
Net cash flows used in capital and related financing activities	(17,533)
Net cash flows used in investing activities	<u>(51,621)</u>
Net decrease in cash and cash equivalents	(31,448)
<b>Cash and cash equivalents</b>	
Beginning of year	<u>48,452</u>
End of year	<u>\$ 17,004</u>

**1. Reporting Entity**

The University Bond System consists of several University projects funded by bond proceeds. The University projects, operated and maintained jointly as a system, include: (1) all existing University housing units located on the Mānoa campus and connecting food service facilities; (2) the University’s student center known as the Campus Center and food service activities on the Mānoa campus; (3) all existing University housing units located on the Hilo campus and connecting food service facilities; (4) the telecommunication system located on the Mānoa campus; (5) all existing bookstores located on any campus of the University; (6) the parking operations for the Mānoa Campus which were financed in whole or in part from certain revenue or general obligation bonds; and (7) certain other University projects.

The University Bond System’s outstanding debt was issued pursuant to the bond resolution adopted in November 2001 and as amended and supplemented by supplemental resolutions adopted in November 2006, February 2009, August 2010, January 2012, August 2015, and November 2017. The bond resolutions established a network of the University consisting of the University Bond System and any University purpose which, at the election of the Board, is included in the network pursuant to a supplemental resolution. The bond resolutions provide that all revenues collected or received from the Network be used to support the Network (which includes the University projects of the University Bond System) and bond related expenses.

On September 17, 2020, the University of Hawai‘i Board of Regents adopted a supplemental resolution authorizing the issuance of University revenue bonds. The University, in October 2020, sold \$217,165 in Series 2020A (\$10,045, taxable new money), 2020B (\$44,555, tax-exempt refunding), 2020C (\$54,300, taxable refunding), 2020D (\$77,135, tax-exempt refunding), and 2020E (\$31,130, taxable refunding) Bonds for the purpose of financing the cost of a University project and refunding previously issued bonds. The Series 2020B and 2020C Bonds were issued to refund the Series 2010A-1 University revenue bonds and the Series 2020D and 2020E Bonds were issued to refund the Series 2010B-1 University revenue bonds.

**University of Hawai‘i**  
**State of Hawai‘i**  
(A Component Unit of the State of Hawai‘i)  
**Condensed Statement of Cash Flows**  
**University Bond System**  
**As of and for the Year Ended June 30, 2022**  
*(All dollars reported in thousands)*

**Schedule XI**

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**2. Basis of Presentation**

The accompanying condensed statement of net position and related condensed statement of revenues, expenses, and changes in net position and condensed statement of cash flows present the financial position and results of operations of the University Bond System, and are presented on the accrual basis of accounting.

**3. Employee Benefits**

In accordance with University policy, the University’s liability for other postemployment benefits (“OPEB”) and deferred outflows and deferred inflows of resources related to OPEB (“OPEB benefits”) are not allocated internally to individual departments and funds. Accordingly, OPEB benefits are not reflected in this schedule.

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

## **Report to the 2023 Hawai'i State Legislature**

### **Annual Report on Material Weakness and Fraud**

#### **Hawai'i Revised Statutes §304A- 321**

Hawai'i Revised Statutes §304A-321 requires the Committee on Independent Audit (Audit Committee) of the University of Hawai'i Board of Regents (BOR) to submit an annual report to the Legislature and BOR with respect to the following matters:

- (a) all instances of material weaknesses in internal control, including the responses of University of Hawai'i (University) management; and
- (b) all instances of fraud, including the responses of University of Hawai'i management.

At a December 1, 2022 Audit Committee meeting, the Audit Committee reviewed and accepted the University's financial statements for the years ended June 30, 2022 and 2021 audited by Accuity LLP (Accuity). Accuity presented a document at this meeting containing required auditor's communication in accordance with auditing standards generally accepted in the United States of America. Accuity's document (excerpt attached) noted that they did not identify any matters that they considered to be material weaknesses in internal control over financial reporting and noted no instances of fraud or illegal acts.

# Required Communications

Matter to be communicated	Our response
<p><b>Difficulties encountered in performing the audit</b></p> <p>The Audit Committee should be informed of serious difficulties encountered in dealing with management related to performance of the audit.</p>	<p>None noted.</p>
<p><b>Internal control deficiencies</b></p> <p>The Audit Committee should be informed of any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.</p>	<p>We did not identify any matters that we consider to be material weaknesses in internal control over financial reporting.</p> <p>We noted other matters involving internal control and its operation, which will be communicated in our Internal Control and Business Issues Report.</p>
<p><b>Fraud and illegal acts</b></p> <p>The Audit Committee should be informed of any fraud or illegal acts involving senior management or causing a material misstatement of the financial statements where the auditors determine there is evidence that such fraud may exist. The auditors should also discuss any illegal acts coming to their attention involving senior management and other illegal acts unless clearly inconsequential.</p>	<p>We did not identify any instances of fraud or illegal acts involving senior management or acts that would have a material impact on the 2022 financial statements.</p>

UNIVERSITY OF HAWAII  
BOARD OF REGENTS



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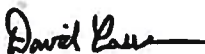
Office of Intercollegiate Athletics • 1337 Lower Campus Road • Honolulu, Hawaii 96822-2370


November 7, 2022

**MEMORANDUM**

**TO:** Randolph G. Moore  
Chair, Board of Regents

Wayne Higaki  
Chair, Committee on Independent Audit

**VIA:** David Lassner   
President

**VIA:** Kalbert K. Young   
Vice President for Budget and Finance/Chief Financial Officer

**FROM:** David Matlin  
Director, University of Hawaii'i at Mānoa Intercollegiate Athletics *P.A.K.M.*

**SUBJECT:** University of Hawaii'i at Mānoa Intercollegiate Athletics Audit Reports for the year ended June 30, 2022

The following and attached University of Hawaii'i at Mānoa Intercollegiate Athletics reports for the year ended June 30, 2022 are submitted for the Board of Regents Committee on Independent Audit review and acceptance.

1. Report on Agreed-Upon Procedures
2. Internal Control and Business issues Report
3. Accuity Report to the Board of Regents – Auditor Communications

Accuity, LLP has prepared the Report on Agreed-Upon Procedures and the Internal Control and Business Issues Report.

**Attachments**

**Copy:** Glenn Shizumura, Director of the Office of Internal Audit  
Sandy French, Chief Business Officer



**ACCUITY**

**University of Hawai'i at Mānoa  
Intercollegiate Athletics Department**

**Report on Agreed-Upon Procedures**

**June 30, 2022**







## Report of Independent Accountants

To the Board of Regents of the  
University of Hawai'i

We have performed the procedures enumerated below, which were agreed to by the University of Hawai'i at Mānoa Intercollegiate Athletics Department ("Mānoa Athletics"), solely to assist the University of Hawai'i (the "University") in evaluating whether the accompanying Statement of Revenues and Expenses (the "Statement") of Mānoa Athletics is in compliance with the National Collegiate Athletics Association ("NCAA") Bylaw 3.2.4.17 for the year ended June 30, 2022. Management of Mānoa Athletics is responsible for the Statement and the Statement's compliance with those requirements.

Management of Mānoa Athletics has agreed to and acknowledged that the procedures performed are appropriate to meet the requirements of NCAA Bylaw 3.2.4.17. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

For purposes of performing these agreed-upon procedures, no exceptions were reported for differences of \$37,000 or less.

The procedures and associated findings are as follows:

- A. We obtained the Mānoa Athletics' Statement (see Appendix 1) and supporting worksheets, and compared each of the revenue and expense amounts on the Statement to management's worksheets.

No exceptions were noted as a result of this comparison.

- B. We compared amounts on management's worksheets to the University's general ledger.

No exceptions were noted as a result of this comparison.



- C. We compared individual revenue and expense accounts appearing on the Statement which were greater than 10% of total revenues and expenses, respectively, to prior year amounts and investigated variances exceeding 10% of the reported revenues and expenses (see Appendix 1).

All individual revenue and expense accounts that were greater than 10% of total revenues and expenses, respectively, and whose variances exceeded 10% of the reported revenues and expenses had supporting documentation and reasonable explanations.

- D. We compared each contribution of cash, services or goods that were received by Mānoa Athletics and that constituted 10% or greater of all contributions received by Mānoa Athletics to supporting documentation maintained by the University of Hawai'i Foundation (the "Foundation").

Two cash contributions received from outside organizations which aggregated \$2,161,668 were compared to supporting documentation. No exceptions were noted as a result of these comparisons.

- E. We selected a sample of five broadcast, television, radio and internet rights revenue receipts, which aggregated \$3,068,855, and compared the revenue receipts to supporting documentation maintained by Mānoa Athletics.

No exceptions were noted as a result of these comparisons.

- F. We selected a sample of two royalty, advertisement and sponsorship revenue receipts, which aggregated \$931,425, and compared the revenue receipts to supporting documentation maintained by Mānoa Athletics.

No exceptions were noted as a result of these comparisons.

- G. We selected a sample of fourteen tournament revenue receipts, which aggregated \$3,474,966, and compared the revenue receipts to supporting documentation maintained by Mānoa Athletics.

No exceptions were noted as a result of these comparisons.

- H. We compared total direct institutional support receipts of \$14,037,616 to supporting documentation maintained by Mānoa Athletics.

No exceptions were noted as a result of these comparisons.

- I. We selected a sample of ten concession revenue receipts, which aggregated to \$529,992 and compared the revenue receipts to supporting documentation maintained by Mānoa Athletics.

No exceptions were noted as a result of these comparisons.



- J. We selected one rental revenue receipt, which amounted to \$34,445, and compared the revenue receipt to supporting documentation maintained by Mānoa Athletics.  
  
No exceptions were noted as a result of this comparison.
- K. We selected a sample of two guarantee revenue receipts, which amounted to \$1,175,000, and compared the revenue receipts to supporting documentation maintained by Mānoa Athletics.  
  
No exceptions were noted as a result of this comparison.
- L. We read four sports camp contracts and obtained an understanding of the Athletics Department's revenue recognition policy. We selected a sample of five camp participants from camp participant listings for each of the four sports camps selected, and compared the revenue receipts from these participants to supporting documentation maintained by the Athletics Department.  
  
No exceptions were noted as a result of our procedures performed over individual camp participants.
- M. We selected season ticket office sales reports for football, men's basketball, and women's volleyball. We recalculated revenue totals related to tickets sold, and compared the ticket revenues to the general ledger.  
  
No exceptions were noted for the items recalculated or as a result of these comparisons.  
  
We selected a sample of ten individual football ticket sales receipts and compared the tickets sales to supporting documentation maintained by the Athletics Department.  
  
No exceptions were noted as a result of these comparisons.
- N. We selected a sample of forty students who received institutional financial aid and compared the award amounts per the students' account detail to the related award letters sent to the students.  
  
No exceptions were noted as a result of these comparisons.
- O. We obtained a listing of coaches employed by Mānoa Athletics. We selected four head coaches and compared their salaries recorded in the Statement to their employment contracts in force. For three of the four head coaches selected, we also compared the coaches' compensation for the 2021 calendar year to their pay statements. The fourth head coach selected was hired in 2022.  
  
No exceptions were noted as a result of these comparisons.
- P. We obtained a listing of administrative employees employed by Mānoa Athletics. We selected three administrative employees and compared their pay information per their



respective payroll notification forms to the general ledger and related expense line item in the Statement. We also compared the employees' compensation for the 2021 calendar year to their pay statements.

No exceptions were noted as a result of these comparisons.

- Q. We obtained and read Mānoa Athletics' recruiting and travel policies and compared the policies to the NCAA policies.

No differences were noted between Mānoa Athletics and NCAA policies with respect to allowable recruiting and travel.

- R. We obtained and documented an understanding of the University's methodology for allocating indirect facilities and administrative support to Mānoa Athletics. We summed the indirect facilities and administrative support totals reported by Mānoa Athletics in the Statement.

No matters came to our attention as a result of the procedures performed.

- S. We selected a sample of twenty operating expense transactions, which aggregated \$506,380, and compared the expense transactions to supporting documentation maintained by Mānoa Athletics.

No exceptions were noted as a result of these comparisons.

- T. We selected a sample of four contracts pertaining to amounts paid to visiting institutions, which aggregated \$625,000, and compared the expense transactions to supporting documentation maintained by Mānoa Athletics.

No exceptions were noted as a result of these comparisons.

- U. We obtained and read the audited financial statements of the Foundation and obtained and reviewed the general ledger of 'Ahahui Koa Ānuenuē.

We noted no comments or other matters related to the booster organization accounts maintained by the Foundation and 'Ahahui Koa Ānuenuē.

- V. We compared the amounts in the booster organizations' statements of revenues and expenditures to their respective general ledgers. A summary of the cash transactions of booster organization accounts maintained by the Foundation and 'Ahahui Koa Ānuenuē is presented as Appendix 2.

No exceptions were noted as a result of these comparisons.



- W. We obtained schedules of expenditures made by the booster organizations for or on behalf of Mānoa Athletics and its employees, and compared such amounts to the accounting records of Mānoa Athletics.

No exceptions were noted as a result of these comparisons.

- X. We selected a sample of thirty booster organization cash receipts of the Foundation and ten booster organization cash receipts of 'Ahahui Koa Ānuenuē, which aggregated \$87,000 and \$118,511, respectively, and compared the cash receipts to deposit records, membership applications where applicable, and other supporting documents.

No exceptions were noted as a result of these comparisons.

- Y. We selected a sample of thirty booster organization cash disbursements of the Foundation and thirty booster organization cash disbursements of 'Ahahui Koa Ānuenuē, which aggregated \$65,801 and \$102,794, respectively, and compared the disbursements to invoices and other supporting documents.

No exceptions were noted as a result of these comparisons.

- Z. We obtained and read the minutes of 'Ahahui Koa Ānuenuē's governing body to gain an understanding of the potential financial transactions made for or on behalf of Mānoa Athletics. We selected a sample of one financial transaction and compared it to the accounting records of the booster organization.

No matters came to our attention as a result of the procedures performed.

- AA. We obtained and documented an understanding of the internal controls in place surrounding the recordation of revenues and expenses related to booster organizations.

No matters came to our attention as a result of the procedures performed.

- BB. We compared the sports sponsored by Mānoa Athletics as reported in the NCAA Membership Financial Reporting System to the squad lists as maintained by Mānoa Athletics. The information compared was for sports sponsored during the 2020–2021 academic year, as reported to the NCAA during the year ended June 30, 2022.

No matters came to our attention as a result of the procedures performed.



CC. We compared the Sports Sponsorship and Demographics Forms Report maintained by Mānoa Athletics to the information as reported in the NCAA Membership Financial Reporting System. We also noted that the sports and contests reported by Mānoa Athletics met the minimum requirements of NCAA Bylaw 20.9.6.3. The information compared was for sports and contests held during the 2020–2021 academic year, as reported to the NCAA during the year ended June 30, 2022.

No matters came to our attention as a result of the procedures performed.

DD. We agreed to a report generated out of the University's financial aid records, the total number of student-athletes who received a Pell Grant award during the academic year and the total value of these Pell Grants as reported in the NCAA Membership Financial Reporting System. The information compared was for Pell Grants awarded during the 2020–2021 academic year, as reported to the NCAA during the year ended June 30, 2022.

An aggregate understatement of \$21,580 in the total value of Pell Grants reported in the NCAA Membership Financial Reporting System compared to the total value of Pell Grants provided by the University of Hawai'i at Mānoa Financial Aid Office was noted for Pell Grant recipients participating in Men's Swimming and Diving.

\* \* \* \* \*

We were engaged by the University and Mānoa Athletics to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the compliance of the accompanying Statement with NCAA Bylaw 3.2.4.17. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and Mānoa Athletics and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of University management and the Board of Regents and is not intended to be and should not be used by anyone other than these specified parties.

Honolulu, Hawai'i  
December 15, 2022



**University of Hawai'i at Mānoa**  
**Intercollegiate Athletics Department**  
**Statement of Revenues and Expenses**  
**Year Ended June 30, 2022**

**Appendix 1**

	Football	Men's Basketball	Women's Volleyball	Women's Basketball	Other Sports	Nonprogram Specific	Total
<b>Revenues</b>							
Ticket sales (refunds)	\$ 407,815	\$ 449,904	\$ 179,414	\$ 25,759	\$ 888,591	\$ (1,253)	\$ 1,950,230
Student fees	-	-	-	-	-	1,685,517	1,685,517
Away-game sales and guarantees	1,475,000	82,000	7,500	15,000	16,200	-	1,595,700
Contributions	1,880,974	269,860	118,542	131,090	669,386	1,379,916	4,449,768 (1)
Direct state or other government support	1,697,422	103,500	213,884	296,377	1,333,007	6,655,032	10,299,222 (2)
Direct institutional support	2,851,336	418,510	493,028	512,605	3,909,264	5,852,874	14,037,617 (3)
Indirect facilities and administrative support	-	-	-	-	-	3,341,914	3,341,914
NCAA including all tournament revenues	-	-	24,320	53,095	50,600	1,306,136	1,434,151
Conference distributions	-	-	-	-	52,262	299,097	351,359
Conference distributions of bowl generated revenue	1,659,073	-	-	-	-	-	1,659,073
Broadcast, television, radio and internet rights	-	-	-	-	-	3,307,017	3,307,017
Program sales, concessions, novelty sales and parking	-	-	-	-	-	627,743	627,743
Royalties, advertisements and sponsorships	84,819	38,275	20,882	15,514	283,034	2,625,211	3,067,735
Sports camp revenues	4,020	33,275	160	-	107,950	25	145,430
Investment income (loss), net of investment expenses	10,724	(550)	2,776	(507)	(1,660)	646,439	657,222
Bowl revenues	170,209	-	-	-	-	-	170,209
Other	93,055	76,939	2,137	5,160	197,314	268,318	642,923
<b>Total revenues</b>	<b>10,334,447</b>	<b>1,471,713</b>	<b>1,062,643</b>	<b>1,054,093</b>	<b>7,505,948</b>	<b>27,993,986</b>	<b>49,422,830</b>
<b>Expenses</b>							
Athletic student aid	3,245,565	541,922	571,875	628,730	4,757,393	854,345	10,599,830
Guarantees	1,228,554	119,507	117,523	102,211	417,902	-	1,985,697
Coaching salaries paid by department	3,040,203	1,042,344	364,440	684,929	2,986,088	-	8,118,004
Support staff salaries paid by department	606,307	113,000	5,111	115,575	88,868	9,000,938	9,929,799
Severance payments	-	-	-	-	43,906	-	43,906
Recruiting	247,448	83,498	27,319	100,486	254,984	-	713,735
Team travel	2,082,221	339,592	176,636	392,517	2,332,062	-	5,323,028 (4)
Equipment, uniforms and supplies	711,044	73,004	52,080	42,127	387,032	-	1,265,287
Game expenses	328,205	100,885	26,859	113,463	225,004	-	794,416
Fundraising, marketing and promotion	43,359	24,136	965	9,526	74,535	299,295	451,816
Sport-camp expenses	1,147	3,684	(160)	-	4,240	-	8,911
Direct facilities, maintenance and rental	23,787	12,219	5,172	5,639	25,462	270,932	343,211
Spirit groups	-	-	-	-	-	44,423	44,423
Athletic facilities debt service, leases and rent	-	-	-	-	118,183	472,308	590,491
Indirect facilities and administrative support	-	-	-	-	-	3,341,914	3,341,914
Medical and medical insurance expenses	122,439	23,614	19,780	16,978	239,852	240,270	662,933
Dues and subscriptions	37,500	9,493	4,548	832	21,843	293,897	368,113
Student athlete meals	160,768	48,292	19,764	25,416	318,723	146,540	719,503
Bowl expenses	196,381	-	-	-	-	-	196,381
Other operating expenses	401,606	79,645	24,925	56,361	279,222	1,685,987	2,527,746
<b>Total expenses</b>	<b>12,476,534</b>	<b>2,614,835</b>	<b>1,416,837</b>	<b>2,294,790</b>	<b>12,575,299</b>	<b>16,650,849</b>	<b>48,029,144</b>
Revenues in excess of expenses	(2,142,087)	(1,143,122)	(354,194)	(1,240,697)	(5,069,351)	11,343,137	\$ 1,393,686

**University of Hawai'i at Mānoa**  
**Intercollegiate Athletics Department**  
**Statement of Revenues and Expenses**  
**Year Ended June 30, 2022**

**Appendix 1**

**NOTES:**

- (1) Contributions received by Mānoa Athletics decreased by approximately \$3,189,000 in comparison to fiscal 2021. The decrease was primarily attributable to non-recurring contributions of approximately \$2,875,000 and \$1,500,000 received from two donors in fiscal 2021 offset by contributions of approximately \$1,000,000 and \$668,000 received from two donors in fiscal 2022.
- (2) Direct state or other government support decreased by approximately \$3,042,000 in comparison to fiscal 2021. The decrease was primarily attributable to approximately \$7,800,000 in amounts received from the Mānoa campus to assist Mānoa Athletics in defraying lost revenue as a result of the COVID-19 pandemic during fiscal 2021 versus approximately \$5,100,000 in amounts received from the Mānoa campus to assist Mānoa Athletics in defraying lost revenue as a result of the COVID-19 pandemic during fiscal 2022.
- (3) Direct institutional support increased by approximately \$2,392,000 in comparison to fiscal 2021. The increase was primarily attributable to approximately \$2,500,000 in amounts received from the Mānoa campus to assist Mānoa Athletics in defraying athletic student aid expenses.
- (4) Team travel expenses increased by approximately \$2,981,000 in comparison to fiscal 2021. The increase was primarily attributable to the continued resumption of sports which were either cancelled or for which away-games were significantly reduced during fiscal 2021 as a result of the COVID-19 pandemic.

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**1. Basis of Presentation**

The preparation of the statement of revenues and expenses (the “Statement”) of the University of Hawai‘i at Mānoa Intercollegiate Athletics Department (the “Mānoa Athletics”) is presented in conformity with the terms of the National Collegiate Athletic Association’s (“NCAA”) legislation, which requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

In addition to the accounts maintained by the University for Mānoa Athletics, the accompanying Statement also includes the accounts maintained by the University of Hawai‘i Foundation (the “Foundation”) for Mānoa Athletics and booster organizations that are not organized separately under Internal Revenue Code Section 501(c)(3). The financial statements do not include the assets, liabilities, net assets, and revenues and expenses of separate 501(c)(3) booster organizations which may have financially assisted Mānoa Athletics and/or its student-athletes.

In February 2014, the memorandum of understanding between ‘Ahahui Koa Ānuenuē, Mānoa Athletics, the University, and the Foundation was amended. Among other items, the amendment authorized ‘Ahahui Koa Ānuenuē to establish a separate bank account, or accounts that would be controlled by ‘Ahahui Koa Ānuenuē. The bank accounts shall be established to pay for the general operating and fundraising costs of ‘Ahahui Koa Ānuenuē and shall be funded via the transfer of monies from ‘Ahahui Koa Ānuenuē’s existing assets maintained by the Foundation. In December 2015, an additional amendment to the memorandum of understanding between ‘Ahahui Koa Ānuenuē, Mānoa Athletics, the University, and the Foundation was executed. Among other items, the additional amendment authorized ‘Ahahui Koa Ānuenuē to collect and deposit cash receipts associated with certain defined “Base Fundraising Activities” into a bank account established by ‘Ahahui Koa Ānuenuē. Expenditures associated with the “Base Fundraising Activities” shall also be funded via monies previously deposited into the bank account established by ‘Ahahui Koa Ānuenuē.

The basis of presentation of the Statement is significantly different from the presentation of financial statements in accordance with accounting principles generally accepted in the United States of America. NCAA legislation requires that in-kind goods and services revenue and expense and indirect facilities and administrative support be included in the Statement. Revenues and expenses related to endowment activities are excluded from the Statement.

**2. Contributions**

Mānoa Athletics received contributions from various corporations and organizations. During the year ended June 30, 2022, no amounts were pledged or contributed by ‘Ahahui Koa Ānuenu to Mānoa Athletics.

**3. Capital Assets**

Capital assets are recorded at cost or, if donated, at appraised value at the date of gift. Mānoa Athletics’ policy is to capitalize tangible non-expendable personal property having an estimated useful life of more than one year. Depreciation on Mānoa Athletics’ capital assets is computed using the straight-line method over the estimated useful lives of the assets. Mānoa Athletics’ capital assets are mainly comprised of furniture, fixtures and equipment with useful lives ranging from three to eighteen years. Capital assets retired or otherwise disposed of, including transfers between Mānoa Athletics and other University units, are removed from the appropriate asset and related accumulated depreciation accounts. Gains and losses on disposal and the net book value of transfers of capital assets are charged to operations.

The land and buildings on which the facilities of Mānoa Athletics are located and related infrastructure assets are not reflected in the financial statements of Mānoa Athletics but are reported in the financial statements of the University.

Capital asset activity for the year ended June 30, 2022 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Capital assets	\$ 1,034,308	\$ 55,912	\$ (140,534)	\$ 949,686
Less: Accumulated depreciation	(772,499)	(50,656)	140,534	(682,621)
Capital assets, net	<u>\$ 261,809</u>	<u>\$ 5,256</u>	<u>\$ -</u>	<u>\$ 267,065</u>

**4. Endowment Assets**

Mānoa Athletics’ endowment includes contributions that are subject to externally-imposed constraints and are required to be maintained in perpetuity. During the year ended June 30, 2022, the endowment fund balance decreased by approximately \$370,000, which consisted primarily of unrealized losses on the endowment assets.

**University of Hawai'i at Mānoa  
Intercollegiate Athletics Department  
Summary of Cash Transactions  
Year Ended June 30, 2022**

**Appendix 2**

<b>Organization</b>	<b>Cash Balance July 1, 2021</b>	<b>Cash Receipts (3)</b>	<b>Net Cash Transfers to Investments (4)</b>	<b>Cash Disbursements (5)</b>	<b>Cash Balance June 30, 2022 (6, 7)</b>
University of Hawai'i Foundation – Booster Organization Accounts (1)	\$ 5,559,624	\$ 6,220,902	\$ (20,588)	\$ (5,867,971)	\$ 5,891,967
'Ahahui Koa Ānuenue – Booster Organization Accounts (2)	159,402	11,419	-	(9,133)	161,688
	<u>\$ 5,719,026</u>	<u>\$ 6,232,321</u>	<u>\$ (20,588)</u>	<u>\$ (5,877,104)</u>	<u>\$ 6,053,655</u>

**NOTES:**

- (1) Booster organizations have cash balances maintained at the Foundation. These organizations have, as one of their principal purposes, the generation of donations to these organizations for the support of athletic programs at the University.
- (2) Cash balances held by 'Ahahui Koa Ānuenue are not reflected in the financial statements of Mānoa Athletics.
- (3) Cash receipts are comprised of contributions, fundraising activities, and membership dues.
- (4) Certain cash contributions have temporary or permanent restrictions and are maintained in quasi-endowment and endowment accounts held at the Foundation. These accounts are a part of the Foundation investment pool.
- (5) The Booster organizations make certain cash disbursements, primarily for athletic scholarships, directly to Mānoa Athletics. Receipt of such amounts is recorded in the restricted and self-funded funds of Mānoa Athletics. The Booster organizations also make certain cash disbursements, primarily for professional services, receptions and banquets, and administrative expenses.
- (6) The ending cash balance excludes quasi-endowment and endowment investment accounts held with the Foundation, which amounted to \$6,118,666 at June 30, 2022.
- (7) The ending cash balance of the accounts maintained separately by 'Ahahui Koa Ānuenue amounted to \$63,231 at June 30, 2022.



**ACCUITY**

**University of Hawai'i at Mānoa  
Intercollegiate Athletics Department**

**Internal Control and Business Issues Report**

**June 30, 2022**

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**University of Hawai'i at Mānoa**  
**Intercollegiate Athletics Department**  
**Index**  
**Year Ended June 30, 2022**

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<b>Summary Schedule of Prior Comment and Observation.....</b>	<b>3</b>

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To the Board of Regents of the  
University of Hawai'i

In planning and performing our National Collegiate Athletics Association ("NCAA") agreed-upon procedures engagement for University of Hawai'i at Mānoa Intercollegiate Athletics Department ("Mānoa Athletics") for the year ended June 30, 2022, in accordance with NCAA Bylaw 3.2.4.17, we gained an understanding of Mānoa Athletics' internal control over financial reporting ("internal control").

We present for your consideration, observations and recommendations we noted during the performance of our agreed-upon procedures engagement.

This communication is intended solely for the information and use of the Board of Regents and management of Mānoa Athletics and is not intended to be and should not be used by anyone other than these specified parties.

Honolulu, Hawai'i  
December    , 2022

999 Bishop Street  
Suite 1900  
Honolulu, HI 96813

**OFFICE** 808.531.3400  
**FAX** 808.531.3433  
accuityllp.com

## **Current Year Comment and Observation**

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**University of Hawai'i at Mānoa  
Intercollegiate Athletics Department  
Current Year Comment and Observation  
Year Ended June 30, 2022**

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**Comment No. 22-01: Pell Grant Reporting**

We noted the following matter related to Mānoa Athletics' reporting of Pell Grant information:

- An aggregate understatement of \$21,580 in the total value of Pell Grants reported in the National Collegiate Athletics Association ("NCAA") Membership Financial Reporting System compared to the total value of Pell Grants provided by the University of Hawai'i at Mānoa Financial Aid Office was noted for Pell Grant recipients participating in Men's Swimming and Diving.

The recordation of incorrect information in the NCAA Membership Financial Reporting System may expose Mānoa Athletics to an undue risk of appearing to under/over award Pell Grant monies to student athletes.

We recommend that Mānoa Athletics perform a detailed review of the information input into the NCAA Membership Financial Reporting System to ensure the accuracy of such information prior to submission. We also recommend that Mānoa Athletics properly inform the NCAA of the identified discrepancy.

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**Summary Schedule of  
Prior Comment and Observation**

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**University of Hawai'i at Mānoa**  
**Intercollegiate Athletics Department**  
**Summary Schedule of Prior Comment and Observation**  
**Year Ended June 30, 2022**

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<b>Finding</b>	<b>Description</b>	<b>Type</b>	<b>Resolved</b>	<b>Unresolved</b>	<b>Current Year Finding</b>
21-01	Fiscal Deficit	Observation	X		

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**ACCUITY**

# University of Hawai'i at Mānoa Intercollegiate Athletics Department

Report to the Board of Regents

Year Ended June 30, 2022



To the Board of Regents  
University of Hawai‘i

We are pleased to present you with our agreed-upon procedures report in accordance with National Collegiate Athletics Association (“NCAA”) Bylaw 3.2.4.17 for the year ended June 30, 2022.

The ultimate goal of our agreed-upon procedures engagement was to ensure that the University of Hawai‘i at Mānoa Intercollegiate Athletics Department’s Statement of Revenues and Expenses for the year ended June 30, 2022 was presented in compliance with NCAA Bylaw 3.2.4.17.

We are able to report to you that our agreed-upon procedures engagement did not detect any material misstatements in the University of Hawai‘i at Mānoa Intercollegiate Athletics Department’s Statement of Revenues and Expenses for the year ended June 30, 2022. However, we did identify a deficiency in the University of Hawai‘i at Mānoa Intercollegiate Athletics’ reporting of Pell Grant information in the NCAA Membership Financial Reporting System.

We would like to thank the management and staff of the University for the cooperation and assistance provided to us during our agreed-upon procedures engagement.

# Auditor Communications

The University of Hawai‘i at Mānoa Intercollegiate Athletics Department (“Mānoa Athletics”) is responsible for the sufficiency of the agreed-upon procedures. We are responsible for carrying out the procedures and reporting any findings in accordance with AT Section 201, *Agreed-Upon Procedures Engagements*.

Based on the subject matter and procedures as defined in the NCAA Bylaws and as agreed upon by Mānoa Athletics, we noted a finding related to the reporting of Pell Grant information in the NCAA Membership Financial Reporting System meriting inclusion in our agreed-upon procedures report.

We have no responsibility to determine the differences between the agreed-upon procedures performed and any procedures that would have been performed had we been engaged to perform another form of attest engagement.

# Auditor Communications

Other matters for communication to the Board of Regents include:

- Our responsibilities are contained in our contract with the University (Contract No. 220054).
- We were not engaged to perform a separate audit of Mānoa Athletics as of and for the year ended June 30, 2022.
- We identified a discrepancy in the total value of Pell Grants reported in the NCAA Membership Financial Reporting System compared to the total value of Pell Grants provided by the University of Hawai‘i at Mānoa Financial Aid Office. Additional detail is included in item DD of our Agreed-Upon Procedures Report and our Internal Control and Business Issues Report.
- As it is unlikely that a separate audit of Mānoa Athletics will be performed in future years, management has elected not to carryforward Comment No. 21-01, *Fiscal Deficit*, as previously included in the Internal Control and Business Issues Report for the year ended June 30, 2021.

# Auditor Communications

Other matters for communication to the Board of Regents include:

- Mānoa Athletics received approximately \$5.1 million in support from the Mānoa campus during fiscal 2022 to assist in defraying lost ticket sales as a result of the COVID-19 pandemic. While management continues to evaluate the operational and financial impact that the COVID-19 pandemic will have on Mānoa Athletics during fiscal 2023, the easing of restrictions on fan attendance at athletic events is anticipated to improve ticket sales.
- We will perform an additional agreed-upon procedures engagement to assist Mānoa Athletics in evaluating whether the Football Actual Attendance Summary for the 2022 Football season is in compliance with NCAA Bylaw 20.9.9.3.2. The performance of these agreed-upon procedures were waived by the NCAA for the 2021 and 2020 Football seasons due to the COVID-19 pandemic.



# ACCUITY

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Office of Intercollegiate Athletics • 1337 Lower Campus Road • Honolulu, Hawai'i 96822-2370

November 7, 2022

**MEMORANDUM**

**TO:** Randolph G. Moore  
Chair, Board of Regents

Wayne Higaki  
Chair, Committee on Independent Audit

**VIA:** David Lassner *David Lassner*  
President, University of Hawai'i

**VIA:** Kalbert K. Young *Kalbert K. Young*  
Vice President for Budget and Finance/Chief Financial Officer

**FROM:** David A.K. Mattin *D.A.M.*  
Director, University of Hawai'i at Mānoa Intercollegiate Athletics

**SUBJECT:** Corrective Action Responses to Accuity LLP Internal Control and Business Issues Report

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 UNIVERSITY OF HAWAII  
 BOARD OF REGENTS

The following are responses to the management comments of the FY 2022 Mānoa Intercollegiate Athletics audit.

**Comment No. 22-01 – Pell Grant Reporting**

We noted the following matter related to Mānoa Athletics' reporting of Pell Grant information:

- An aggregate understatement of \$21,580 in the total value of Pell Grants reported in the National Collegiate Athletics Association ("NCAA") Membership Financial Reporting System compared to the total value of Pell Grants provided by the University of Hawai'i at Mānoa Financial Aid Office was noted for Pell Grant recipients participating in Men's Swimming and Diving.

The recordation of incorrect information in the NCAA Membership Financial Reporting System may expose Mānoa Athletics to an undue risk of appearing to under/over award Pell Grant monies to student athletes.

**Recommendation:**

We recommend that Mānoa Athletics perform a detailed review of the information input into the NCAA Membership Financial Reporting System to ensure the accuracy of such information prior to submission. We also recommend that Mānoa Athletics properly inform the NCAA of the identified discrepancy.

**Comments/Corrective Action:**

*Mānoa Athletics will perform a detailed review of the information input into the NCAA Membership Financial Reporting System. Mānoa Athletics has informed the NCAA of the discrepancy. The NCAA confirmed that that the 2020-21 report is closed, and the PELL Grant dollar amount is not used in any Division I Revenue Distribution calculations. Accordingly, the error does not appear to have had any material effect.*

**Responsible Person:**

Director of Athletics and Director of Student Affairs

**Corrective Action Completion Date:**

December 2022

**UNIVERSITY OF HAWAI‘I AT MĀNOA**

**OUTREACH COLLEGE**

October 2022

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University of Hawai'i  
Office of Internal Audit



November 4, 2022

To the University of Hawai'i Board of Regents  
and  
University of Hawai'i at Mānoa Dean of Outreach College

Outreach College is a University of Hawai'i at Mānoa (UHM) academic unit providing year-round learning opportunities towards UHM degrees and certificates during the day, evenings and weekends through collaboration with UHM Colleges, Schools or Departments (UHM Units). The Office of Internal Audit (Internal Audit) previously performed an audit and issued a report for Outreach College dated December 21, 2017 that included several financial and operational recommendations.

Internal Audit performed an audit of the Shidler College of Business (Shidler) Vietnam Executive Masters of Business Administration (VEMBA) program and issued its report dated July 2021. An operational and financial issue identified in this audit was VEMBA and UHM's Executive Masters of Business Administration (EMBA) revenues and expenses recorded and retained in revolving accounts maintained by the Research Corporation of the University of Hawai'i (RCUH) rather than the University's Kualii Financial System (KFS).

In January 2022, the University adopted Executive Policy (EP) 12.207, *Research Corporation of the University of Hawai'i* prohibiting revolving account service orders to RCUH to conduct tuition and fee generating activities. As a result of EP 12.207, Internal Audit was tasked with determining if UHM Units engage Outreach College to administer courses on their behalf thereby bypassing the standard UHM registration process with a potential financial impact including the UHM Unit receiving an increased budgetary financial allocation from the UHM Business Office due to the non-recording of revenues and expenses from the Outreach College administered courses to KFS.

Internal Audit determined that the financial transactions of the Outreach College administered courses (revenues, expense, surplus transfers) are recorded in KFS which differs from the UHM courses service ordered to RCUH. Accordingly, the UHM Business Office will have sufficient information when performing with their annual budget allocation to UHM Units. In connection with this audit, Internal Audit also determined that Outreach College students enrolled in Continuing & Professional Programs courses are exempt from paying student fees. Given that these Outreach College students do have access to certain benefits afforded to UHM traditional students, Internal Audit believes it is reasonable that certain student fees should also be assessed to Outreach College students.

Accordingly, Internal Audit recommends that the Outreach College Dean consult with UHM senior leadership to re-evaluate the fairness and reasonableness of charging no fees to Outreach College students.

Sincerely,

Glenn Shizumura  
Director

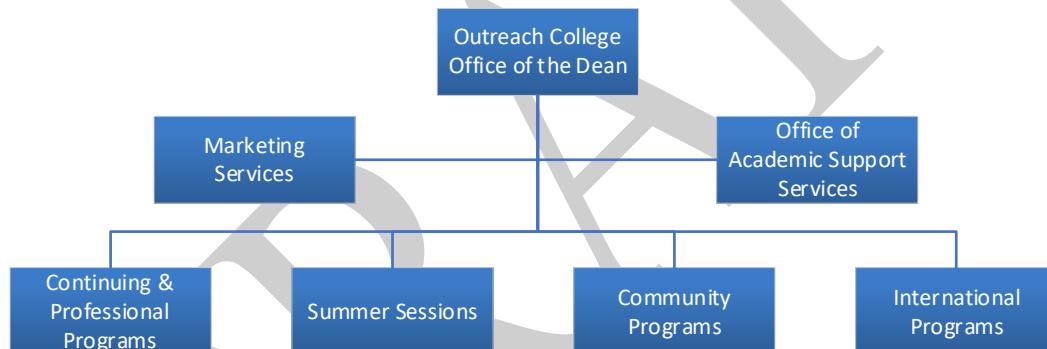
## I. Background

Outreach College at the University of Hawai‘i at Mānoa (UHM) was established on June 1, 1998 as a result of UHM combining the operations of the College of Continuing Education and Community Service (CCECS) and Summer Sessions. Outreach College is a UHM academic support unit that collaborates with departments and colleges to offer courses applicable towards UHM degrees and certificates. The Office of Internal Audit (Internal Audit) previously performed an audit and issued a report for Outreach College dated December 21, 2017. The objective of the 2017 audit was to review historical Outreach College financial reports to understand the operational and financial processes that impacts the financial transactions reflected in their financial reports. Internal Audit’s report noted that total annual revenues for Outreach College ranged from \$34.5 - \$39.7 million during the four years ended June 30, 2017. Total revenues in excess of expenses during this period ranged from \$15.8 - \$18.2 million.

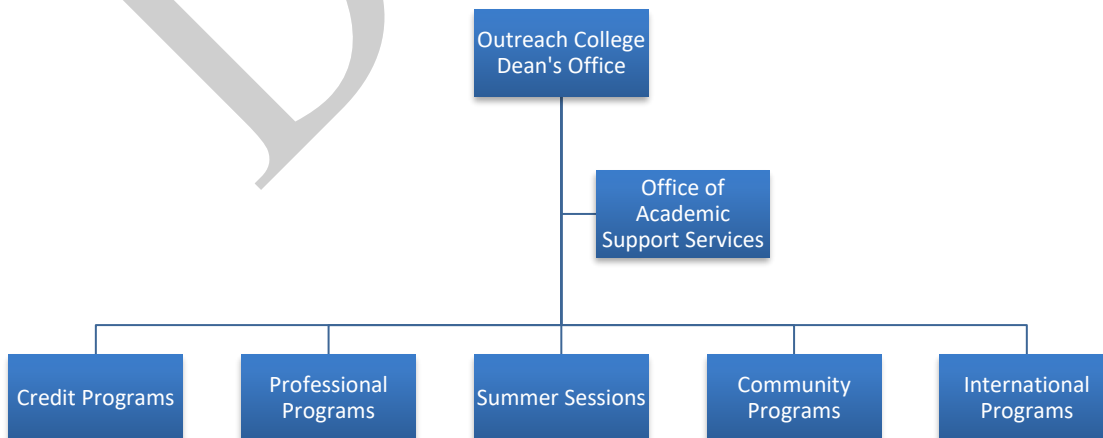
### A. Operational Structure

The following represents Outreach College’s operational structure as of July 1, 2022 and as illustrated in the December 2017 report:

#### July 2022



#### December 2017



The reason for the revisions to Outreach College’s operational structure was described in a memorandum prepared by the Outreach College Dean titled “Reorganizational Proposal for Outreach College” and dated December 20, 2019. The University President approved the reorganization on January 23, 2020. The significant revisions to the organizational structure as illustrated above are as follows:

#### Outreach College Dean overseeing Marketing Services

Prior to the reorganization, Outreach College’s marketing function was performed by the Communication Services department within the Office of Academic Support Services. The reorganization reclassified personnel within the Communication Services department to the newly established Marketing Services department. The Marketing Services department is now a direct report to the Outreach College Dean.

The reorganizational proposal stated that higher education institutions “must do significant market research to guide the creation of new programs, must have well-structure promotion strategies in social media platforms and actively track performance of marketing efforts”. The reorganizational proposal further stated that “having a marketing department reporting directly to the Dean is critical to the success of the college and its programs”.

The Outreach College Dean informed Internal Audit that the Marketing Services department accomplishments include:

- redesigning and implementing a new Outreach College website,
- revising marketing and communication strategies to take advantage of electronic and social media and
- continuously meeting with senior leadership of certain UHM Colleges, Schools or Departments (UHM Units) to plan promotional strategies for the respective UHM Unit’s programs.

#### Merge Credit Programs and Professional Programs into Continuing & Professional Programs

The reorganizational proposal states that course content is a more significant factor in student selection of courses rather than if the course provide credit or no credit (professional program). Accordingly, Outreach College believes merging credit and professional programs will provide an opportunity to be more responsive to the needs of a changing continuing education population.

The Outreach College Dean informed Internal Audit that the merger has improved coordination with UHM Units in connection with discussing potential programs that include both credit and non-credit components. This was accomplished by consolidating the management and support staff of two (one each for credit and non-credit programs) groups into a single group.

### **B. Results of December 2017 audit and 2020 follow-up audit**

Internal Audit’s conclusions and recommendations documented in the 2017 report are summarized as follows:

#### Financial

1. Consult with UHM and University System management to develop policies and procedures, including documentation and approval requirements related to the handling and disposition of future Outreach College transfers of surplus cash.
2. Prepare annual cash forecasts to estimate Outreach College’s operational cash requirements.
3. Analyze budgeted to actual revenues and expenses on a quarterly basis.

Operational

1. Develop a policy incorporating terms and conditions included in current Memorandum of Agreements (MOAs) that would be applicable and consistently applied to all Credit and Professional Program courses in order to minimize the preparation and monitoring of approximately 100 MOAs per academic term.
2. Develop a written strategic or business plan to document Outreach College’s financial and operational goals and objectives.
3. Perform an evaluation to determine whether the tuition policy related to Credit Programs for full-time UHM students should be modified.
4. Consult with Hawai‘i English Language Program (HELP) management to minimize or eliminate overlap with Outreach College’s “New Intensive Courses in English” (NICE) program.
5. Utilize a single database system for International and Professional Programs (Outreach College was utilizing three different systems).

During fiscal year 2020, Internal Audit performed a follow-up audit and determined that corrective actions were implemented for the significant financial and operational risks and obtained persuasive and verifiable evidence (e.g. budget to actual analysis template) and representations from the Outreach College Dean supporting Outreach College’s planned implementation of the in process corrective actions during fiscal 2021. The in process corrective actions were Financial recommendation #3 and Operational recommendations #2 and #4. In connection with this current audit, Internal Audit evaluated the status of the in process corrective actions noting the following:

Financial recommendation #3:

Internal Audit requested Outreach College’s budget to actual analysis for the quarters ended December 31, 2021 and June 30, 2022. The information provided consisted of spreadsheets documenting budgeted revenues and expenses for the year ended June 30, 2022 and actual revenues and expenses for the six months ended December 31, 2021 and year ended June 30, 2022. However, the December 31, 2021 and June 30, 2022 spreadsheets did not identify significant variances (i.e. greater than 10%) requiring investigation nor written explanations. The budget to actual analysis template provided in connection with fiscal year 2020 follow-up audit was designed to identify variances greater than 10% requiring further investigation and explanation. Internal Audit was informed by the Outreach College Dean that significant budget to actual variances are discussed but not documented during quarterly meetings with Outreach College management personnel.

Operational recommendations #2 and #4:

With respect to Operational recommendations #2, the Outreach College Dean informed Internal Audit that the COVID 19 pandemic prevented the Outreach College Dean’s Advisory Board from meeting during 2020 to develop the strategic plan. The terms of the members of the Dean’s Advisory Board expired during January 2021. Accordingly, membership of the Dean’s Advisory Board must be reconstituted. The Outreach College Dean believes the Advisory Board will be reconstituted by February 1, 2023 with the strategic plan to be completed by December 1, 2023. With respect to the overlap of the HELP and NICE programs (recommendation #4), Outreach College provided Internal Audit with its proposal dated September 2021 that was sent to the College of Arts, Language and Letters (CALL) to minimize or eliminate this overlap. The Outreach College Dean informed Internal Audit that the CALL Dean was not interested in any changes to their program.

### **C. Shidler College of Business Vietnam Executive Masters of Business Administration program**

Internal Audit performed an audit of the Shidler College of Business (Shidler) Vietnam Executive Masters of Business Administration (VEMBA) program and issued its related report dated July 2021. An operational and financial issue identified in this audit was Shidler not recording VEMBA and UHM’s Executive Masters of Business Administration (EMBA) revenues and expenses to the University’s Kualii Financial System (KFS). The audit noted that these revenues and expenses are initiated, recorded and retained in revolving accounts maintained by the Research Corporation of the University of Hawai‘i (RCUH).

Internal Audit recommended that Shidler should record the VEMBA and EMBA RCUH revolving account revenue and expense transactions to Shidler’s KFS accounts to provide Shidler leadership with complete and accurate financial information to manage and monitor Shidler’s financial results. As discussed later in this report, the University adopted Executive Policy (EP) 12.207, *Research Corporation of the University of Hawai‘i*, in January 2022 to clarify the permissible activities that may be service ordered to RCUH and the disposition of the related revolving accounts.

## **II. Outreach College Programs**

Outreach College coordinates and administers (e.g., course registration, marketing and payment processing, etc.) all courses offered by its four revenue generating units (Continuing & Professional Programs, Summer Sessions, International Programs and Community Programs). These revenue generating units are illustrated in the previous organizational structure section and will be collectively referred to as “Programs” for purposes of this report.

Summer Sessions, Continuing Programs and a majority of Professional Programs courses are developed by and instructed with faculty from a UHM Unit. The terms and conditions of the coordination and administration assistance provided by Outreach College to UHM Units for Continuing & Professional Programs are documented in MOAs. Outreach College’s revenues associated with their administration of Continuing & Professional Programs is a service fee. This service fee is generally 27% and is calculated as a percentage of the respective Continuing & Professional Programs course’s tuition and fees. Services provided by Outreach College to the UHM Units include collection of tuition/fees and payment of all expenses, hiring of instructors and preparation of course financial statements. Outreach College transfers Continuing & Professional Program course revenues in excess of expenses (includes the 27% service fee) as reflected in the course financial statements to the respective UHM Unit. The UHM Unit is obligated to reimburse Outreach College for any course financial deficits.

The revenues (tuition and fees) and expenses (personnel costs, supplies, etc.) related to Outreach College Programs are recorded to Outreach College revenue and expense accounts in the University’s general ledger (Kualii Financial System or KFS). A summarized description of the Outreach College Programs is described below.

### **A. Continuing & Professional Programs (formerly Credit Programs and Professional Programs)**

Continuing & Professional Program (C&PP) courses are offered throughout the year and are intended to primarily serve students that are unable to attend UHM’s regular day program. C&PP credit courses include

undergraduate and graduate degree courses and are designated as UHM “extension” courses to differentiate Outreach College courses from UHM’s day program courses in the UHM course catalog. C&PP non-credit courses are not designated as “extension” courses in the UHM course catalog. All C&PP credit courses are offered in partnership with a UHM Unit. C&PP non-credit courses may be offered in cooperation with or independent of a UHM Unit. Through academic year 2019, Credit Programs managed a majority of the on-line credit courses for UHM. Commencing with the Fall 2020 semester, administration of all on-line credit courses associated with UHM’s regular day program were transferred to the UHM Unit offering the course.

C&PP students registering for undergraduate and graduate degree courses pay tuition through the University’s guided class registration system named the Student Tracking and Reporting system or STAR. The University’s student information system (Banner) maintains curriculum, registration and select financial information for students enrolled in Continuing Programs. The University’s Cashiers Office processes tuition payments in addition to posting the payment to the student’s Banner account. Banner interfaces with KFS daily.

C&PP professional program courses are designed to assist participants pursue professional development and personal growth in areas such as human resource management, project management, forensic science, and language. Specialized programs for particular groups and contract training for organizations are also arranged.

C&PP professional program personnel consult with industry and professional associations to determine topics and subject matters that would be of interest to professional development course students. Registration for C&PP professional program courses is through the Destiny One system. Destiny One is a non-credit student information system that maintains curriculum, registration and select financial information. Destiny One also interfaces with KFS daily.

## **B. Summer Sessions**

Summer Session courses consist of credit and non-credit courses offered during May – August. More than 800 under-graduate and graduate courses in 100 subject areas are offered during the 12-week Summer Sessions term in addition to over 350 online courses. Summer Sessions credit courses are approved University courses that are offered in partnership with a UHM Unit. Similar to Continuing Programs, students register and make payment through the STAR system with Banner maintaining curriculum, registration and select financial information.

A Summer Sessions initiative is the Summer Scholar Program that is available to college-bound high school students. This program allows high school sophomores and juniors (with at least a 3.5 GPA and the ability to do university-level study) to enroll in 100–200 level courses and earn college credits.

Summer Sessions course enrollment is monitored by Summer Sessions personnel and if minimum enrollment is not met by the registration deadline, UHM Unit management will be contacted to determine if the Summer Sessions course should be cancelled. UHM Units are generally responsible for any deficits incurred.

## **C. International Programs:**

International Programs consist of English language programs (including programs combining English language and academic content) and customized programs for groups of students from foreign educational institutions and companies. Customized programs involve specialized English language training for groups



and offer opportunities to expand knowledge in specific academic areas of interests through workshops, seminars, and short courses. International Programs works with UHM Units to determine the type and content of programs.

English language programs include the “New Intensive Courses in English” (NICE) program and the University Preparation (UP) program. The NICE program provides non-credit English language and culture education to international students through four 10-week session courses and two 3-week session courses. Study options include English courses for academic, business, and general purposes. The UP program focuses on preparing international students to enter a higher education institution located in the United States and grants conditional admission to UHM. A combination of non-credit and credit course instruction is included in the UP program, including admission into the NICE program. Customized programs are for professionals (private and government organizations, students, or working professionals who do not require specialized English language support).

#### **D. Community Programs:**

Community Programs develops arts and cultural programs with local and visiting artists and presents these programs through its Asia Pacific Dance Festival (APDF) (during the summer of odd-numbered years in collaboration with the East-West Center), the University of Hawai‘i Presents series (UHP), and the Statewide Cultural Extension Program (SCEP). UHP presents 6 to 8 performances of national and international touring companies for the UHM campus and the general public. SCEP generally presents over 150 annual performances in schools, libraries, nursing homes, prisons, senior centers, and other venues throughout the state. Through APDF, UHP and SCEP, Community Programs is able to bring artists to Hawai‘i from around the world and engage students and the general public with diverse cultural programming.

### **III. Purpose of Audit**

The University adopted Executive Policy (EP) 12.207, *Research Corporation of the University of Hawai‘i*, in January 2022. The purpose of this policy is to clarify the permissible activities that may be service ordered to the RCUH and the employment status of University personnel supported by extramural contracts or grants received by the University or intramural funds administered by RCUH pursuant to a service order. EP 12.207 prohibits revolving account service orders to RCUH that would be used to conduct tuition and fee generating activities. As previously discussed in this report, Shidler’s VEMBA and EMBA programs were service ordered to RCUH. Accordingly, Shidler and other UHM Units that historically used RCUH to administer tuition and fee generating activities will no longer be allowed to do so pursuant to this policy.

Internal Audit was informed that Outreach College is or may be requested to perform services similar to RCUH. Accordingly, Internal Audit will determine if certain UHM Units engage Outreach College to administer courses on their behalf thereby bypassing the standard UHM registration process. If Internal Audit determines the existence of this practice, Internal Audit will evaluate the permissibility of this practice and its financial impact. Potential financial impacts include the UHM Unit receiving increased financial benefits from this practice when compared to the financial allocation received from the UHM Business Office. In addition, Outreach College students are generally not subject to UHM student fees. Accordingly, Internal Audit will determine if Outreach College students receive benefits (facility access, event access, publications, etc.) funded through fees paid by UHM students.

## IV. Evaluation

### A. Administration of Continuing & Professional Programs

#### *Facts and circumstances*

Outreach College’s C&PP courses are the focus of this audit since C&PP provides credit courses that may lead to an undergraduate or graduate degree which is similar to the courses service ordered to RCUH. As previously noted, Outreach College provides administrative support for C&PP courses that includes developing a course budget, hiring instructors, collecting tuition and processing payments (including faculty/instructor payroll) and preparing course financial statements. The respective UHM Unit is responsible for all other duties, including developing the course content, recruiting students, preparing course evaluations, etc. Outreach College informed Internal Audit that faculty/instructors are compensated pursuant to applicable University policy and collective bargaining agreements.

Outreach College generally earns a service fee of 27% of the respective C&PP course tuition and fees for providing administrative support. Outreach College informed Internal Audit that the 27% service fee rate has been in place since 2010.

As previously noted, students register and make payment for C&PP credit courses through the STAR system with Banner maintaining curriculum, registration and select financial information. The University’s Cashiers Office processes C&PP credit course tuition payments and updates the student’s Banner account. Outreach College processes C&PP professional program tuition through its Destiny One system. Outreach College processes all C&PP expenses through the University’s Disbursing and Payroll Office. All C&PP revenues (tuition) and expenses are recorded to Outreach College KFS accounts.

The net surplus (revenues less expenses inclusive of the service fee) in the Outreach College KFS accounts are transferred to the UHM Unit that developed the C&PP credit course at the end of each academic term (fall, spring, summer). In the event of a net deficit balance, the respective UHM Unit is generally obligated to reimburse Outreach College. Outreach College stated that the surplus transfers are recorded in KFS by Outreach College fiscal staff. In addition, Outreach College stated that the UHM Business Office is notified and aware of these surplus transfers for budgetary planning purposes.

With respect to Shidler Executive Programs, the service fee earned by Outreach College is \$40 per student per credit hour. Administrative support services provided to Shidler is similar to the services provided to other UHM Units except that the Shidler service order to RCUH required RCUH to maintain and control the cash for the Shidler Executive Programs and thus pay all expenses. Accordingly, the financial transactions associated with the Shidler Executive Programs were not properly recorded to KFS.

#### *Analysis*

Outreach College’s administration of C&PP courses are governed by the respective MOA. Students utilize STAR to register for both C&PP credit courses and UHM credit courses. Faculty/instructors are compensated pursuant to applicable University policy and collective bargaining agreements. The University’s Cashiers Office processes both C&PP credit and UHM credit course tuition payments and updates Banner which interfaces with KFS daily.

#### *Conclusions*

The course registration process for C&PP credit and UHM credit course students are identical. In addition, all financial transactions (revenues, expense, surplus transfers) for C&PP credit courses are recorded in

KFS which differs from the Shidler courses service ordered to RCUH. The recordation of C&PP financial results in KFS in addition to Outreach College’s statement that the UHM Business Office is notified and aware of surplus transfers to UHM Units should provide the UHM Business Office with sufficient information in connection with their annual budget allocation to UHM Units.

**B. EP 12.207 Implementation**

*Facts and circumstances*

EP 12.207 was implemented in January 2022 to clarify the permissible and impermissible activities that may be service ordered to RCUH. Examples of impermissible activities include the following:

- Accepting and conducting sponsored research or training grants or contracts via revolving funds
- Conducting a for profit activity
- Conducting instruction or student activities for degree or credit

The Office of the Vice President for Research and Innovation (OVPRI) is tasked with reviewing the University’s revolving accounts at RCUH for compliance with EP 12.207. At the June 1, 2022 Board of Regents Committee on Independent Audit (Audit Committee) meeting, the Vice President for Research and Innovation presented a PowerPoint slide deck noting the preliminary analysis of the University’s revolving accounts at RCUH. A table in the slide deck noted 360 revolving accounts, 104 of which do not comply with EP 12.207. The OVPRI anticipates that all University revolving accounts presently at RCUH will be transferred to University accounts in KFS by June 2023.

Internal Audit consulted with OVPRI personnel regarding the 104 revolving accounts preliminarily identified as non-compliant with EP 12.207. Of the 104 non-compliant accounts, 23 were identified as associated with tuition and fee generating (for profit) activities leading to a degree or credit. A condensed summary of these 23 non-compliant accounts and the UHM Unit associated with these accounts are as follows:

**Table 1**

<b>UHM Unit</b>	<b># accts</b>	<b>Description</b>
Shidler	3	Executive degree programs, including distance learning (EMBA and VEMBA)
Shidler	9	Master’s degree (Human Resources, Information Systems, Marketing, Finance, Travel Industry Management, etc.)
School of Architecture	1	Masters (Architecture, Engineering in Architectural Design)
School of Social Work	1	Continuing Education certificate
School of Nursing	1	Credits towards a Bachelor’s degree
Study Abroad	2	Credits towards a Bachelor’s or Master’s degree earned in a foreign country
Various	6	Primarily certificate programs

The UHM Business Office informed Internal Audit that fiscal personnel of the respective UHM Unit have the responsibility to establish KFS accounts and transfer any funds from the non-compliant RCUH

revolving accounts to KFS accounts by June 30, 2023. Internal Audit determined that of these 23 accounts, Outreach College’s provides administrative support for the Shidler courses. Administrative support includes course establishment, creating the course in Banner, assisting students with registration and processing tuition payments, promoting the courses on the Outreach College website and preparation of financial reports associated with the course. With respect to the Study Abroad courses, Outreach College provides minimal services consisting primarily of course establishment and creating the course in Banner. The Study Abroad Center pays Outreach College a fee of \$225 per course for their services. The Dean of Outreach College informed Internal Audit that a new agreement to provide administrative support to Shidler as a result of EP 12.207 is under negotiation and will be finalized in late 2022 or early 2023.

In addition, Internal Audit was informed that Outreach College has not been engaged by any UHM Unit with non-compliant RCUH revolving accounts to provide administrative support services. Accordingly, the Dean of Outreach College believes that EP 12.207 will not impact Outreach College’s operations.

*Analysis*

EP 12.207 prohibits Shidler from continuing to service order the OVRPI identified Executive degree and Master’s degree programs to RCUH. Outreach College informed Internal Audit that they have not established any KFS accounts for any of the 23 RCUH revolving accounts. Discussions with the UHM Chief Business Officer and Dean of Outreach College confirm the expectation that Shidler will establish KFS accounts to replace the RCUH revolving accounts by June 30, 2023. The Dean of Outreach College also stated that Shidler will be responsible for hiring and compensating all faculty/instructors of the Executive degree and Master’s degree programs prior to June 30, 2023.

The effective date of EP 12.207 is January 2022. No phase in period is described in EP 12.207. However, The Audit Committee did not question the timeline presented by the VP of Research and Innovation at the April 7, 2022 and June 1, 2022 Audit Committee meetings describing a phase in period for compliance through June 30, 2023.

*Conclusions*

The implementation of EP 12.207 is not expected to impact Outreach College. The creation of KFS accounts for the impermissible RCUH revolving accounts will result in the financial transactions associated with UHM Units previously recorded in RCUH’s general ledger now appropriately recorded in KFS.

C. Financial data

1. Financial results and course information

*Facts and circumstances*

**Table 2**

Continuing & Professional Programs:

Credit courses

	Fiscal Yr (FY) 2022			FY 2021		
	Fall	Spring	Summer	Fall	Spring	Summer
Enrollment	1,601	1,575	1,275	1,564	1,485	1,296
# of courses	584	614	324	507	543	300
Tuition & fees	\$16,042,323			\$14,741,161		
Rev. > exp.	\$8,236,948			\$7,387,162		

Non-credit courses

	FY 2022	FY 2021
Enrollment	927	3,493
No. of courses	83	97
Tuition & fees	\$126,151	\$192,041
Rev. > exp.	\$103,964	\$67,828

Credit Programs and Professional Programs (from 2017 audit report):

Credit Programs:

	FY 2017			FY 2016			FY 2015		
	Fall	Spring	Summer	Fall	Spring	Summer	Fall	Spring	Summer
Enrollment	2,028	2,151	1,374	2,080	2,060	1,290	2,120	2,194	1,453
# of courses	581	591	289	633	600	299	610	618	324
Tuition & fees	\$17,167,512			\$17,464,755			\$15,761,566		
Rev. > exp.	\$9,502,212			\$9,652,710			\$8,757,015		

As noted above in IIA, Credit Programs managed a majority of the on-line credit courses for UHM through academic year 2019. Outreach College’s estimate of tuition and fees associated with the on-line credit courses for UHM’s regular day program for fiscal 2017 approximates \$2.5 million.

Professional programs:

	FY 2017	FY 2016	FY 2015
Enrollment	935	2,955	3,209
No. of courses	101	293	319
Tuition & fees	\$228,790	\$242,462	\$277,577
Rev. > exp.	\$104,857	\$ 23,349	\$ 42,289

*Analysis*

Reducing Credit Program revenues for on-line credit courses associated with UHM’s regular day program for fiscal 2017 results in total Credit Program and Profession Program revenue of less than \$15 million. C&PP revenues for fiscal 2022 and 2021 are greater than or consistent with revenues (less than \$15 million) in fiscal 2017.

*Conclusions*

Merging the former Credit and Professional Programs into Continuing and Professional Programs does not appear to have negatively impacted gross revenues when considering the impact of the UHM on-line credit course revenue (approximately \$2.5 million) no longer recognized by Outreach College.

2. Tuition and fees

*Facts and circumstances*

The University’s policies associated with tuition and fees and a condensed summary of these policies are as follows:

a. RP 6.202 *Tuition*

Defines tuition as the basic charge for students to be enrolled in University credit programs. Tuition categories consist of regular tuition, special credit tuition and summer tuition. Tuition

for the Outreach College are categorized as special credit tuition and are approved by the University president.

- b. *RP 6.203 Fees*  
 Fees must be approved by the BOR. The University has the authority to approve adjustments to student fees. Fees include mandatory student fees, housing fees, course and laboratory fees, transaction and service fees, ancillary and auxiliary service fees, and athletic admission fees.
- c. *RP 6.207 Exemption from Tuition and Other Fees*  
 Provides instances in which students are exempt from payment of tuition and fees. Examples include University faculty and staff taking courses (6 credits maximum), graduate teaching and research assistants, and employee spouses and domestic partners.
- d. *RP 6.208 Board Exemptions to Non-Resident Tuition*  
 Allows non-resident students to attend the University at resident tuition rates. Student categories include United States military personnel stationed in Hawai‘i, members of the Hawai‘i National Guard, Native Hawaiians whose residence is outside of Hawai‘i, veterans eligible to use the GI Bill, as well as other categories.
- e. *EP 6.201 Tuition Schedules*  
 This policy describes the BOR approved tuition rates for full-time and part-time students, summer tuition rates approved by the President and special credit tuition rates (applicable to the Outreach College) also approved by the President. The approved tuition rates are illustrated below in **Table 3**.

**Table 3**

	TUITION (AY 2021-2022)				TUITION (AY 2016-2017)			
	UHM		Outreach College		UHM		Outreach College	
	Full time (per smstr)	Part time (per cr)	Fall / Spring (per cr)	Summer (per cr)	Full time (per smstr)	Part time (per cr)	Fall / Spring (per cr)	Summer (per cr)
<b>Continuing Programs:</b>								
<b>Undergraduate</b>								
Resident	5,652	471	471	471	5,436	453	453	431
Non-resident	16,668	1,389	1,389	471	16,452	1,371	1,371	431
<b>Graduate</b>								
Resident	7,800	650	650	650	7,644	637	637	593
Non-resident	16,824	1,402	1,402	650	18,384	1,532	1,532	593

- f. *EP 6.208 Mandatory Student Fees*  
 Mandatory student fees are approved by the Board of Regents. EP 6.208 requires all students (in person, online and distance) at all campuses to pay mandatory student fees for student publications, student government, technology, and campus communication/student broadcast fees. This policy also exempts students enrolled only in distance or online courses at a particular campus to pay student activity & program fees, campus center & student recreation fees, student health fees, student transportation/UPASS fees, and student athletic fees.

Campus Chancellor’s have the authority to waive student fees for students in Outreach College and continuing education programs. Internal Audit noted that no student fees are charged to C&PP students at Outreach College as well as at other University campuses. Outreach College provided a memo dated March 9, 2017 and approved by the UHM Chancellor (Interim Chancellor, David Lassner) exempting all student fees for students enrolled in Outreach Colleges C&PP courses.

The following table presents the mandatory student fees assessed to UHM full and part time undergraduate and graduate students unless otherwise noted.

**Table 4**

<b>Mandatory Student Fees</b>	<b>Per Fall/ Spring Semester</b>
Student Publication	\$13
Student Health Fee	\$118
Campus Center Program Fee	\$15
Campus Center Operations & Recreation	\$175
Student Athletic Fee	\$50
Student Activity and Program Fee	\$12
Broadcast Communication Authority	\$3
UPASS Transportation Fee (N/A for medical and law students)	\$50
<b>Total for all undergraduate and graduate students</b>	<b>\$ 436</b>

<b>Student Government Fees</b>	
Associated Students of the University of Hawai‘i (ASUH) – undergraduate full-time students (12 or more credit hours per semester)	\$5
Graduate Student Organization (GSO) - all graduate students (N/A for medical and law students)	\$15

A summarized description and use of the mandatory student fees listed above are as follows:

**Student Publications**

Supports student publications such as the UHM campus newspaper (Ka Leo), literary magazines, e-publications and other print media that inform, educate and/or entertain the UHM community.

**Student Health Fee**

Supports health services provided at University Health Services Manoa.

**Campus Center Program Fee**

Provides financial support for campus programming/activities and corresponding expenses at the UHM Campus Center.

#### Campus Center Operations & Recreation

Supports student-governed, student-serviced, and student-administered facilities, programs, services, and activities. This fee provides students with access to the UHM Warrior Recreation Center (WRC) in addition to the use of Campus Center meeting rooms including the computer lab and lounge, participation in intramural sports, and access to recreation equipment (boogie boards, kayaks, snorkel equipment, etc). This fee also supports the Campus Center Information and ID Office that issues UHM ID cards, processes passport applications, sells discount movie passes and UHM Athletic event tickets and provides fax services.

Outreach College students receive an ID card (differs from the One card issued to UHM students) and may use the services offered by the Campus Center Information and ID Office. Outreach College students may access the WRC for a semester fee of \$105.

#### Student Athletic Fee

Allows UHM students (graduates and undergraduates) admittance to UHM intercollegiate athletic events for a semester. University students at other campuses and at Outreach College are not allowed to pay the Student Athletic Fee to gain admittance to UHM athletic events.

#### Student Activity and Program Fee

Used to promote student educational experiences through co-curricular student programs, activities, and services.

#### Broadcast Communication Fee

Supports student broadcasts such as the UHM radio station (KTUH), television programs, film-making projects and other broadcast media.

#### UPASS

Provides students with a pass for unlimited ridership on the City and County of Honolulu Bus for a semester. Outreach College students may purchase a UPASS for \$225 per semester.

#### ASUH

ASUH provides scholarships, graduate test preparation awards, etc. for qualifying UHM undergraduate students. Outreach College students are not eligible for these awards as they are not full-time students.

#### GSO

GSO provides graduate student with grants and awards to attend professional conferences (including travel expenses), purchase research materials and attend professional development programs/activities. After researching the UHM website, Internal Audit was unable to determine if Outreach College graduate students would be eligible for GSO grants and awards if they were to pay the \$15/semester fee.

#### *Analysis*

The tuition per credit hour for UHM students and Outreach College students are identical. Accordingly, Outreach College students are covering the same portion of UHM institutional expenses as UHM students.

As noted above, Outreach College’s C&PP students are not charged any student fees which is supported by a Chancellor memo. Based on the purpose and description of the various mandatory student fees described in EP 6.208 and given that Outreach College students (in person, on-line, distance learning)



are generally non-traditional students taking classes during the evening or off campus, it appears reasonable that the activities/program and Campus Center related fees should not be assessed to Outreach College students as they would receive limited or no benefit/access related to the activities/program/facilities that the fee supports.

However, Outreach College students receive an ID card provided by the Campus Center Information and ID Office in addition to having access to student publications (Ka Leo) and broadcasts (KTUH). Accordingly, UHM senior leadership should consider re-evaluating the fairness and reasonableness of charging no fees to Outreach College students.

#### *Conclusions*

Documentation supports exempting Outreach College students enrolled in C&PP from paying student fees. Given that Outreach College students do have access to certain benefits afforded to UHM traditional students, Internal Audit believes UHM senior leadership should consider re-evaluating the fairness and reasonableness of charging no fees to Outreach College C&PP students.

## **V. Overall Conclusions and Recommendations**

#### Conclusions:

The course registration process for C&PP credit and UHM credit course students are identical. Accordingly, the implementation of EP 12.207 is not expected to impact Outreach College since all financial transactions (revenues, expense, surplus transfers) for C&PP credit courses are recorded in KFS which differs from the UHM courses service ordered to RCUH. The recordation by Outreach College of C&PP financial results and surplus transfers to UHM Units in KFS should provide the UHM Business Office with sufficient information in connection with their annual budget allocation to UHM Units.

Outreach College students enrolled in C&PP courses are exempt from paying student fees. Given that Outreach College students do have access to certain benefits afforded to UHM traditional students, Internal Audit believes it is reasonable that certain student fees should also be assessed to Outreach College students.

#### Recommendation:

Internal Audit recommends that the Outreach College Dean consult with UHM senior leadership to re-evaluate the fairness and reasonableness of charging no fees to Outreach College student.



UNIVERSITY  
of HAWAII  
MĀNOA

UNIVERSITY OF HAWAII  
BOARD OF REGENTS

Outreach College  
Office of the Dean


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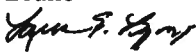
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November 15, 2022

MEMORANDUM

TO: Wayne Higaki  
Chair, Board of Regents Independent Audit Committee

VIA: David Lassner  
President 

VIA: Michael Bruno  
Provost  for Michael Bruno

FROM: William Chismar  
Dean 

SUBJECT: Response to October 2022 Outreach College Audit Report

Over the past couple of months, the Office of Internal Audit conducted an audit of Outreach College with two major goals:

1. Research and evaluate the impact on Outreach College of the University's adoption of Executive Policy 12.207, Research Corporation of the University of Hawaii, in January 2022, and
2. Review the College's follow-up on action items from the College's 2017 internal audit.

Outreach College's meetings with the audit team have been productive for College's management team. The audit team's report, dated October 2022 and attached, contains one recommendation:

**Recommendation:**

Internal Audit recommends that the Outreach College Dean consult with UHM senior leadership to re-evaluate the fairness and reasonableness of charging no fees to Outreach College students.

Outreach College agrees with this recommendation. The Provost and I have discussed this issue and I have met separately with the UHM Office of the Vice Provost for Student Success, including student representatives, and the UH Office of the Vice President of Academic Strategy to discuss changes in the charging of fees to Outreach College students. There is agreement on the need for and the structure of a new policy.

*Action:* Outreach College will work with relevant offices and senior leadership to finalize a new fee policy with the goal of having it in place for the Fall 2023 semester.

Attachment: Auditor's Draft October 2022 University of Hawai'i Outreach College Report

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An Equal Opportunity/Affirmative Action Institution

**UNIVERSITY OF HAWAI‘I AT MĀNOA**

**OUTREACH COLLEGE**

October 2022

DRAFT



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University of Hawai'i  
Office of Internal Audit



November 4, 2022

To the University of Hawai'i Board of Regents  
and  
University of Hawai'i at Mānoa Dean of Outreach College

Outreach College is a University of Hawai'i at Mānoa (UHM) academic unit providing year-round learning opportunities towards UHM degrees and certificates during the day, evenings and weekends through collaboration with UHM Colleges, Schools or Departments (UHM Units). The Office of Internal Audit (Internal Audit) previously performed an audit and issued a report for Outreach College dated December 21, 2017 that included several financial and operational recommendations.

Internal Audit performed an audit of the Shidler College of Business (Shidler) Vietnam Executive Masters of Business Administration (VEMBA) program and issued its report dated July 2021. An operational and financial issue identified in this audit was VEMBA and UHM's Executive Masters of Business Administration (EMBA) revenues and expenses recorded and retained in revolving accounts maintained by the Research Corporation of the University of Hawai'i (RCUH) rather than the University's Kualii Financial System (KFS).

In January 2022, the University adopted Executive Policy (EP) 12.207, *Research Corporation of the University of Hawai'i* prohibiting revolving account service orders to RCUH to conduct tuition and fee generating activities. As a result of EP 12.207, Internal Audit was tasked with determining if UHM Units engage Outreach College to administer courses on their behalf thereby bypassing the standard UHM registration process with a potential financial impact including the UHM Unit receiving an increased budgetary financial allocation from the UHM Business Office due to the non-recording of revenues and expenses from the Outreach College administered courses to KFS.

Internal Audit determined that the financial transactions of the Outreach College administered courses (revenues, expense, surplus transfers) are recorded in KFS which differs from the UHM courses service ordered to RCUH. Accordingly, the UHM Business Office will have sufficient information when performing with their annual budget allocation to UHM Units. In connection with this audit, Internal Audit also determined that Outreach College students enrolled in Continuing & Professional Programs courses are exempt from paying student fees. Given that these Outreach College students do have access to certain benefits afforded to UHM traditional students, Internal Audit believes it is reasonable that certain student fees should also be assessed to Outreach College students.

Accordingly, Internal Audit recommends that the Outreach College Dean consult with UHM senior leadership to re-evaluate the fairness and reasonableness of charging no fees to Outreach College students.

Sincerely,

Glenn Shizumura  
Director

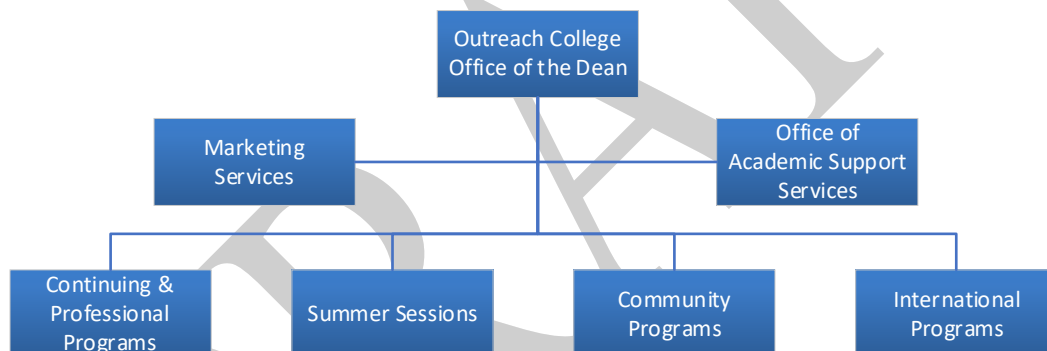
## I. Background

Outreach College at the University of Hawai‘i at Mānoa (UHM) was established on June 1, 1998 as a result of UHM combining the operations of the College of Continuing Education and Community Service (CCECS) and Summer Sessions. Outreach College is a UHM academic support unit that collaborates with departments and colleges to offer courses applicable towards UHM degrees and certificates. The Office of Internal Audit (Internal Audit) previously performed an audit and issued a report for Outreach College dated December 21, 2017. The objective of the 2017 audit was to review historical Outreach College financial reports to understand the operational and financial processes that impacts the financial transactions reflected in their financial reports. Internal Audit’s report noted that total annual revenues for Outreach College ranged from \$34.5 - \$39.7 million during the four years ended June 30, 2017. Total revenues in excess of expenses during this period ranged from \$15.8 - \$18.2 million.

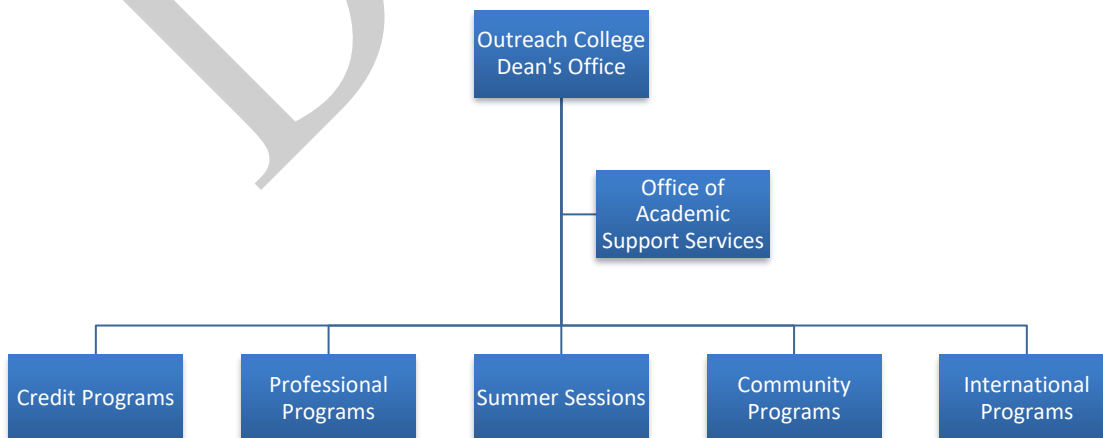
### A. Operational Structure

The following represents Outreach College’s operational structure as of July 1, 2022 and as illustrated in the December 2017 report:

#### July 2022



#### December 2017



The reason for the revisions to Outreach College’s operational structure was described in a memorandum prepared by the Outreach College Dean titled “Reorganizational Proposal for Outreach College” and dated December 20, 2019. The University President approved the reorganization on January 23, 2020. The significant revisions to the organizational structure as illustrated above are as follows:

#### Outreach College Dean overseeing Marketing Services

Prior to the reorganization, Outreach College’s marketing function was performed by the Communication Services department within the Office of Academic Support Services. The reorganization reclassified personnel within the Communication Services department to the newly established Marketing Services department. The Marketing Services department is now a direct report to the Outreach College Dean.

The reorganizational proposal stated that higher education institutions “must do significant market research to guide the creation of new programs, must have well-structure promotion strategies in social media platforms and actively track performance of marketing efforts”. The reorganizational proposal further stated that “having a marketing department reporting directly to the Dean is critical to the success of the college and its programs”.

The Outreach College Dean informed Internal Audit that the Marketing Services department accomplishments include:

- redesigning and implementing a new Outreach College website,
- revising marketing and communication strategies to take advantage of electronic and social media and
- continuously meeting with senior leadership of certain UHM Colleges, Schools or Departments (UHM Units) to plan promotional strategies for the respective UHM Unit’s programs.

#### Merge Credit Programs and Professional Programs into Continuing & Professional Programs

The reorganizational proposal states that course content is a more significant factor in student selection of courses rather than if the course provide credit or no credit (professional program). Accordingly, Outreach College believes merging credit and professional programs will provide an opportunity to be more responsive to the needs of a changing continuing education population.

The Outreach College Dean informed Internal Audit that the merger has improved coordination with UHM Units in connection with discussing potential programs that include both credit and non-credit components. This was accomplished by consolidating the management and support staff of two (one each for credit and non-credit programs) groups into a single group.

### **B. Results of December 2017 audit and 2020 follow-up audit**

Internal Audit’s conclusions and recommendations documented in the 2017 report are summarized as follows:

#### Financial

1. Consult with UHM and University System management to develop policies and procedures, including documentation and approval requirements related to the handling and disposition of future Outreach College transfers of surplus cash.
2. Prepare annual cash forecasts to estimate Outreach College’s operational cash requirements.
3. Analyze budgeted to actual revenues and expenses on a quarterly basis.

Operational

1. Develop a policy incorporating terms and conditions included in current Memorandum of Agreements (MOAs) that would be applicable and consistently applied to all Credit and Professional Program courses in order to minimize the preparation and monitoring of approximately 100 MOAs per academic term.
2. Develop a written strategic or business plan to document Outreach College’s financial and operational goals and objectives.
3. Perform an evaluation to determine whether the tuition policy related to Credit Programs for full-time UHM students should be modified.
4. Consult with Hawai‘i English Language Program (HELP) management to minimize or eliminate overlap with Outreach College’s “New Intensive Courses in English” (NICE) program.
5. Utilize a single database system for International and Professional Programs (Outreach College was utilizing three different systems).

During fiscal year 2020, Internal Audit performed a follow-up audit and determined that corrective actions were implemented for the significant financial and operational risks and obtained persuasive and verifiable evidence (e.g. budget to actual analysis template) and representations from the Outreach College Dean supporting Outreach College’s planned implementation of the in process corrective actions during fiscal 2021. The in process corrective actions were Financial recommendation #3 and Operational recommendations #2 and #4. In connection with this current audit, Internal Audit evaluated the status of the in process corrective actions noting the following:

Financial recommendation #3:

Internal Audit requested Outreach College’s budget to actual analysis for the quarters ended December 31, 2021 and June 30, 2022. The information provided consisted of spreadsheets documenting budgeted revenues and expenses for the year ended June 30, 2022 and actual revenues and expenses for the six months ended December 31, 2021 and year ended June 30, 2022. However, the December 31, 2021 and June 30, 2022 spreadsheets did not identify significant variances (i.e. greater than 10%) requiring investigation nor written explanations. The budget to actual analysis template provided in connection with fiscal year 2020 follow-up audit was designed to identify variances greater than 10% requiring further investigation and explanation. Internal Audit was informed by the Outreach College Dean that significant budget to actual variances are discussed but not documented during quarterly meetings with Outreach College management personnel.

Operational recommendations #2 and #4:

With respect to Operational recommendations #2, the Outreach College Dean informed Internal Audit that the COVID 19 pandemic prevented the Outreach College Dean’s Advisory Board from meeting during 2020 to develop the strategic plan. The terms of the members of the Dean’s Advisory Board expired during January 2021. Accordingly, membership of the Dean’s Advisory Board must be reconstituted. The Outreach College Dean believes the Advisory Board will be reconstituted by February 1, 2023 with the strategic plan to be completed by December 1, 2023. With respect to the overlap of the HELP and NICE programs (recommendation #4), Outreach College provided Internal Audit with its proposal dated September 2021 that was sent to the College of Arts, Language and Letters (CALL) to minimize or eliminate this overlap. The Outreach College Dean informed Internal Audit that the CALL Dean was not interested in any changes to their program.

### **C. Shidler College of Business Vietnam Executive Masters of Business Administration program**

Internal Audit performed an audit of the Shidler College of Business (Shidler) Vietnam Executive Masters of Business Administration (VEMBA) program and issued its related report dated July 2021. An operational and financial issue identified in this audit was Shidler not recording VEMBA and UHM’s Executive Masters of Business Administration (EMBA) revenues and expenses to the University’s Kualii Financial System (KFS). The audit noted that these revenues and expenses are initiated, recorded and retained in revolving accounts maintained by the Research Corporation of the University of Hawai‘i (RCUH).

Internal Audit recommended that Shidler should record the VEMBA and EMBA RCUH revolving account revenue and expense transactions to Shidler’s KFS accounts to provide Shidler leadership with complete and accurate financial information to manage and monitor Shidler’s financial results. As discussed later in this report, the University adopted Executive Policy (EP) 12.207, *Research Corporation of the University of Hawai‘i*, in January 2022 to clarify the permissible activities that may be service ordered to RCUH and the disposition of the related revolving accounts.

## **II. Outreach College Programs**

Outreach College coordinates and administers (e.g., course registration, marketing and payment processing, etc.) all courses offered by its four revenue generating units (Continuing & Professional Programs, Summer Sessions, International Programs and Community Programs). These revenue generating units are illustrated in the previous organizational structure section and will be collectively referred to as “Programs” for purposes of this report.

Summer Sessions, Continuing Programs and a majority of Professional Programs courses are developed by and instructed with faculty from a UHM Unit. The terms and conditions of the coordination and administration assistance provided by Outreach College to UHM Units for Continuing & Professional Programs are documented in MOAs. Outreach College’s revenues associated with their administration of Continuing & Professional Programs is a service fee. This service fee is generally 27% and is calculated as a percentage of the respective Continuing & Professional Programs course’s tuition and fees. Services provided by Outreach College to the UHM Units include collection of tuition/fees and payment of all expenses, hiring of instructors and preparation of course financial statements. Outreach College transfers Continuing & Professional Program course revenues in excess of expenses (includes the 27% service fee) as reflected in the course financial statements to the respective UHM Unit. The UHM Unit is obligated to reimburse Outreach College for any course financial deficits.

The revenues (tuition and fees) and expenses (personnel costs, supplies, etc.) related to Outreach College Programs are recorded to Outreach College revenue and expense accounts in the University’s general ledger (Kualii Financial System or KFS). A summarized description of the Outreach College Programs is described below.

### **A. Continuing & Professional Programs (formerly Credit Programs and Professional Programs)**

Continuing & Professional Program (C&PP) courses are offered throughout the year and are intended to primarily serve students that are unable to attend UHM’s regular day program. C&PP credit courses include



undergraduate and graduate degree courses and are designated as UHM “extension” courses to differentiate Outreach College courses from UHM’s day program courses in the UHM course catalog. C&PP non-credit courses are not designated as “extension” courses in the UHM course catalog. All C&PP credit courses are offered in partnership with a UHM Unit. C&PP non-credit courses may be offered in cooperation with or independent of a UHM Unit. Through academic year 2019, Credit Programs managed a majority of the on-line credit courses for UHM. Commencing with the Fall 2020 semester, administration of all on-line credit courses associated with UHM’s regular day program were transferred to the UHM Unit offering the course.

C&PP students registering for undergraduate and graduate degree courses pay tuition through the University’s guided class registration system named the Student Tracking and Reporting system or STAR. The University’s student information system (Banner) maintains curriculum, registration and select financial information for students enrolled in Continuing Programs. The University’s Cashiers Office processes tuition payments in addition to posting the payment to the student’s Banner account. Banner interfaces with KFS daily.

C&PP professional program courses are designed to assist participants pursue professional development and personal growth in areas such as human resource management, project management, forensic science, and language. Specialized programs for particular groups and contract training for organizations are also arranged.

C&PP professional program personnel consult with industry and professional associations to determine topics and subject matters that would be of interest to professional development course students. Registration for C&PP professional program courses is through the Destiny One system. Destiny One is a non-credit student information system that maintains curriculum, registration and select financial information. Destiny One also interfaces with KFS daily.

## **B. Summer Sessions**

Summer Session courses consist of credit and non-credit courses offered during May – August. More than 800 under-graduate and graduate courses in 100 subject areas are offered during the 12-week Summer Sessions term in addition to over 350 online courses. Summer Sessions credit courses are approved University courses that are offered in partnership with a UHM Unit. Similar to Continuing Programs, students register and make payment through the STAR system with Banner maintaining curriculum, registration and select financial information.

A Summer Sessions initiative is the Summer Scholar Program that is available to college-bound high school students. This program allows high school sophomores and juniors (with at least a 3.5 GPA and the ability to do university-level study) to enroll in 100–200 level courses and earn college credits.

Summer Sessions course enrollment is monitored by Summer Sessions personnel and if minimum enrollment is not met by the registration deadline, UHM Unit management will be contacted to determine if the Summer Sessions course should be cancelled. UHM Units are generally responsible for any deficits incurred.

## **C. International Programs:**

International Programs consist of English language programs (including programs combining English language and academic content) and customized programs for groups of students from foreign educational institutions and companies. Customized programs involve specialized English language training for groups

and offer opportunities to expand knowledge in specific academic areas of interests through workshops, seminars, and short courses. International Programs works with UHM Units to determine the type and content of programs.

English language programs include the “New Intensive Courses in English” (NICE) program and the University Preparation (UP) program. The NICE program provides non-credit English language and culture education to international students through four 10-week session courses and two 3-week session courses. Study options include English courses for academic, business, and general purposes. The UP program focuses on preparing international students to enter a higher education institution located in the United States and grants conditional admission to UHM. A combination of non-credit and credit course instruction is included in the UP program, including admission into the NICE program. Customized programs are for professionals (private and government organizations, students, or working professionals who do not require specialized English language support).

#### **D. Community Programs:**

Community Programs develops arts and cultural programs with local and visiting artists and presents these programs through its Asia Pacific Dance Festival (APDF) (during the summer of odd-numbered years in collaboration with the East-West Center), the University of Hawai‘i Presents series (UHP), and the Statewide Cultural Extension Program (SCEP). UHP presents 6 to 8 performances of national and international touring companies for the UHM campus and the general public. SCEP generally presents over 150 annual performances in schools, libraries, nursing homes, prisons, senior centers, and other venues throughout the state. Through APDF, UHP and SCEP, Community Programs is able to bring artists to Hawai‘i from around the world and engage students and the general public with diverse cultural programming.

### **III. Purpose of Audit**

The University adopted Executive Policy (EP) 12.207, *Research Corporation of the University of Hawai‘i*, in January 2022. The purpose of this policy is to clarify the permissible activities that may be service ordered to the RCUH and the employment status of University personnel supported by extramural contracts or grants received by the University or intramural funds administered by RCUH pursuant to a service order. EP 12.207 prohibits revolving account service orders to RCUH that would be used to conduct tuition and fee generating activities. As previously discussed in this report, Shidler’s VEMBA and EMBA programs were service ordered to RCUH. Accordingly, Shidler and other UHM Units that historically used RCUH to administer tuition and fee generating activities will no longer be allowed to do so pursuant to this policy.

Internal Audit was informed that Outreach College is or may be requested to perform services similar to RCUH. Accordingly, Internal Audit will determine if certain UHM Units engage Outreach College to administer courses on their behalf thereby bypassing the standard UHM registration process. If Internal Audit determines the existence of this practice, Internal Audit will evaluate the permissibility of this practice and its financial impact. Potential financial impacts include the UHM Unit receiving increased financial benefits from this practice when compared to the financial allocation received from the UHM Business Office. In addition, Outreach College students are generally not subject to UHM student fees. Accordingly, Internal Audit will determine if Outreach College students receive benefits (facility access, event access, publications, etc.) funded through fees paid by UHM students.

## IV. Evaluation

### A. Administration of Continuing & Professional Programs

#### *Facts and circumstances*

Outreach College’s C&PP courses are the focus of this audit since C&PP provides credit courses that may lead to an undergraduate or graduate degree which is similar to the courses service ordered to RCUH. As previously noted, Outreach College provides administrative support for C&PP courses that includes developing a course budget, hiring instructors, collecting tuition and processing payments (including faculty/instructor payroll) and preparing course financial statements. The respective UHM Unit is responsible for all other duties, including developing the course content, recruiting students, preparing course evaluations, etc. Outreach College informed Internal Audit that faculty/instructors are compensated pursuant to applicable University policy and collective bargaining agreements.

Outreach College generally earns a service fee of 27% of the respective C&PP course tuition and fees for providing administrative support. Outreach College informed Internal Audit that the 27% service fee rate has been in place since 2010.

As previously noted, students register and make payment for C&PP credit courses through the STAR system with Banner maintaining curriculum, registration and select financial information. The University’s Cashiers Office processes C&PP credit course tuition payments and updates the student’s Banner account. Outreach College processes C&PP professional program tuition through its Destiny One system. Outreach College processes all C&PP expenses through the University’s Disbursing and Payroll Office. All C&PP revenues (tuition) and expenses are recorded to Outreach College KFS accounts.

The net surplus (revenues less expenses inclusive of the service fee) in the Outreach College KFS accounts are transferred to the UHM Unit that developed the C&PP credit course at the end of each academic term (fall, spring, summer). In the event of a net deficit balance, the respective UHM Unit is generally obligated to reimburse Outreach College. Outreach College stated that the surplus transfers are recorded in KFS by Outreach College fiscal staff. In addition, Outreach College stated that the UHM Business Office is notified and aware of these surplus transfers for budgetary planning purposes.

With respect to Shidler Executive Programs, the service fee earned by Outreach College is \$40 per student per credit hour. Administrative support services provided to Shidler is similar to the services provided to other UHM Units except that the Shidler service order to RCUH required RCUH to maintain and control the cash for the Shidler Executive Programs and thus pay all expenses. Accordingly, the financial transactions associated with the Shidler Executive Programs were not properly recorded to KFS.

#### *Analysis*

Outreach College’s administration of C&PP courses are governed by the respective MOA. Students utilize STAR to register for both C&PP credit courses and UHM credit courses. Faculty/instructors are compensated pursuant to applicable University policy and collective bargaining agreements. The University’s Cashiers Office processes both C&PP credit and UHM credit course tuition payments and updates Banner which interfaces with KFS daily.

#### *Conclusions*

The course registration process for C&PP credit and UHM credit course students are identical. In addition, all financial transactions (revenues, expense, surplus transfers) for C&PP credit courses are recorded in

KFS which differs from the Shidler courses service ordered to RCUH. The recordation of C&PP financial results in KFS in addition to Outreach College’s statement that the UHM Business Office is notified and aware of surplus transfers to UHM Units should provide the UHM Business Office with sufficient information in connection with their annual budget allocation to UHM Units.

**B. EP 12.207 Implementation**

*Facts and circumstances*

EP 12.207 was implemented in January 2022 to clarify the permissible and impermissible activities that may be service ordered to RCUH. Examples of impermissible activities include the following:

- Accepting and conducting sponsored research or training grants or contracts via revolving funds
- Conducting a for profit activity
- Conducting instruction or student activities for degree or credit

The Office of the Vice President for Research and Innovation (OVPRI) is tasked with reviewing the University’s revolving accounts at RCUH for compliance with EP 12.207. At the June 1, 2022 Board of Regents Committee on Independent Audit (Audit Committee) meeting, the Vice President for Research and Innovation presented a PowerPoint slide deck noting the preliminary analysis of the University’s revolving accounts at RCUH. A table in the slide deck noted 360 revolving accounts, 104 of which do not comply with EP 12.207. The OVPRI anticipates that all University revolving accounts presently at RCUH will be transferred to University accounts in KFS by June 2023.

Internal Audit consulted with OVPRI personnel regarding the 104 revolving accounts preliminarily identified as non-compliant with EP 12.207. Of the 104 non-compliant accounts, 23 were identified as associated with tuition and fee generating (for profit) activities leading to a degree or credit. A condensed summary of these 23 non-compliant accounts and the UHM Unit associated with these accounts are as follows:

**Table 1**

<b>UHM Unit</b>	<b># accts</b>	<b>Description</b>
Shidler	3	Executive degree programs, including distance learning (EMBA and VEMBA)
Shidler	9	Master’s degree (Human Resources, Information Systems, Marketing, Finance, Travel Industry Management, etc.)
School of Architecture	1	Masters (Architecture, Engineering in Architectural Design)
School of Social Work	1	Continuing Education certificate
School of Nursing	1	Credits towards a Bachelor’s degree
Study Abroad	2	Credits towards a Bachelor’s or Master’s degree earned in a foreign country
Various	6	Primarily certificate programs

The UHM Business Office informed Internal Audit that fiscal personnel of the respective UHM Unit have the responsibility to establish KFS accounts and transfer any funds from the non-compliant RCUH

revolving accounts to KFS accounts by June 30, 2023. Internal Audit determined that of these 23 accounts, Outreach College’s provides administrative support for the Shidler courses. Administrative support includes course establishment, creating the course in Banner, assisting students with registration and processing tuition payments, promoting the courses on the Outreach College website and preparation of financial reports associated with the course. With respect to the Study Abroad courses, Outreach College provides minimal services consisting primarily of course establishment and creating the course in Banner. The Study Abroad Center pays Outreach College a fee of \$225 per course for their services. The Dean of Outreach College informed Internal Audit that a new agreement to provide administrative support to Shidler as a result of EP 12.207 is under negotiation and will be finalized in late 2022 or early 2023.

In addition, Internal Audit was informed that Outreach College has not been engaged by any UHM Unit with non-compliant RCUH revolving accounts to provide administrative support services. Accordingly, the Dean of Outreach College believes that EP 12.207 will not impact Outreach College’s operations.

*Analysis*

EP 12.207 prohibits Shidler from continuing to service order the OVRPI identified Executive degree and Master’s degree programs to RCUH. Outreach College informed Internal Audit that they have not established any KFS accounts for any of the 23 RCUH revolving accounts. Discussions with the UHM Chief Business Officer and Dean of Outreach College confirm the expectation that Shidler will establish KFS accounts to replace the RCUH revolving accounts by June 30, 2023. The Dean of Outreach College also stated that Shidler will be responsible for hiring and compensating all faculty/instructors of the Executive degree and Master’s degree programs prior to June 30, 2023.

The effective date of EP 12.207 is January 2022. No phase in period is described in EP 12.207. However, The Audit Committee did not question the timeline presented by the VP of Research and Innovation at the April 7, 2022 and June 1, 2022 Audit Committee meetings describing a phase in period for compliance through June 30, 2023.

*Conclusions*

The implementation of EP 12.207 is not expected to impact Outreach College. The creation of KFS accounts for the impermissible RCUH revolving accounts will result in the financial transactions associated with UHM Units previously recorded in RCUH’s general ledger now appropriately recorded in KFS.

C. Financial data

1. Financial results and course information

*Facts and circumstances*

**Table 2**

Continuing & Professional Programs:

Credit courses

	Fiscal Yr (FY) 2022			FY 2021		
	Fall	Spring	Summer	Fall	Spring	Summer
Enrollment	1,601	1,575	1,275	1,564	1,485	1,296
# of courses	584	614	324	507	543	300
Tuition & fees	\$16,042,323			\$14,741,161		
Rev. > exp.	\$8,236,948			\$7,387,162		

Non-credit courses

	FY 2022	FY 2021
Enrollment	927	3,493
No. of courses	83	97
Tuition & fees	\$126,151	\$192,041
Rev. > exp.	\$103,964	\$67,828

Credit Programs and Professional Programs (from 2017 audit report):

Credit Programs:

	FY 2017			FY 2016			FY 2015		
	Fall	Spring	Summer	Fall	Spring	Summer	Fall	Spring	Summer
Enrollment	2,028	2,151	1,374	2,080	2,060	1,290	2,120	2,194	1,453
# of courses	581	591	289	633	600	299	610	618	324
Tuition & fees	\$17,167,512			\$17,464,755			\$15,761,566		
Rev. > exp.	\$9,502,212			\$9,652,710			\$8,757,015		

As noted above in IIA, Credit Programs managed a majority of the on-line credit courses for UHM through academic year 2019. Outreach College’s estimate of tuition and fees associated with the on-line credit courses for UHM’s regular day program for fiscal 2017 approximates \$2.5 million.

Professional programs:

	FY 2017	FY 2016	FY 2015
Enrollment	935	2,955	3,209
No. of courses	101	293	319
Tuition & fees	\$228,790	\$242,462	\$277,577
Rev. > exp.	\$104,857	\$ 23,349	\$ 42,289

*Analysis*

Reducing Credit Program revenues for on-line credit courses associated with UHM’s regular day program for fiscal 2017 results in total Credit Program and Profession Program revenue of less than \$15 million. C&PP revenues for fiscal 2022 and 2021 are greater than or consistent with revenues (less than \$15 million) in fiscal 2017.

*Conclusions*

Merging the former Credit and Professional Programs into Continuing and Professional Programs does not appear to have negatively impacted gross revenues when considering the impact of the UHM on-line credit course revenue (approximately \$2.5 million) no longer recognized by Outreach College.

2. Tuition and fees

*Facts and circumstances*

The University’s policies associated with tuition and fees and a condensed summary of these policies are as follows:

a. RP 6.202 *Tuition*

Defines tuition as the basic charge for students to be enrolled in University credit programs. Tuition categories consist of regular tuition, special credit tuition and summer tuition. Tuition

for the Outreach College are categorized as special credit tuition and are approved by the University president.

- b. *RP 6.203 Fees*  
 Fees must be approved by the BOR. The University has the authority to approve adjustments to student fees. Fees include mandatory student fees, housing fees, course and laboratory fees, transaction and service fees, ancillary and auxiliary service fees, and athletic admission fees.
- c. *RP 6.207 Exemption from Tuition and Other Fees*  
 Provides instances in which students are exempt from payment of tuition and fees. Examples include University faculty and staff taking courses (6 credits maximum), graduate teaching and research assistants, and employee spouses and domestic partners.
- d. *RP 6.208 Board Exemptions to Non-Resident Tuition*  
 Allows non-resident students to attend the University at resident tuition rates. Student categories include United States military personnel stationed in Hawai‘i, members of the Hawai‘i National Guard, Native Hawaiians whose residence is outside of Hawai‘i, veterans eligible to use the GI Bill, as well as other categories.
- e. *EP 6.201 Tuition Schedules*  
 This policy describes the BOR approved tuition rates for full-time and part-time students, summer tuition rates approved by the President and special credit tuition rates (applicable to the Outreach College) also approved by the President. The approved tuition rates are illustrated below in **Table 3**.

**Table 3**

	TUITION (AY 2021-2022)				TUITION (AY 2016-2017)			
	UHM		Outreach College		UHM		Outreach College	
	Full time (per smstr)	Part time (per cr)	Fall / Spring (per cr)	Summer (per cr)	Full time (per smstr)	Part time (per cr)	Fall / Spring (per cr)	Summer (per cr)
<b>Continuing Programs:</b>								
<b>Undergraduate</b>								
Resident	5,652	471	471	471	5,436	453	453	431
Non-resident	16,668	1,389	1,389	471	16,452	1,371	1,371	431
<b>Graduate</b>								
Resident	7,800	650	650	650	7,644	637	637	593
Non-resident	16,824	1,402	1,402	650	18,384	1,532	1,532	593

- f. *EP 6.208 Mandatory Student Fees*  
 Mandatory student fees are approved by the Board of Regents. EP 6.208 requires all students (in person, online and distance) at all campuses to pay mandatory student fees for student publications, student government, technology, and campus communication/student broadcast fees. This policy also exempts students enrolled only in distance or online courses at a particular campus to pay student activity & program fees, campus center & student recreation fees, student health fees, student transportation/UPASS fees, and student athletic fees.

Campus Chancellor’s have the authority to waive student fees for students in Outreach College and continuing education programs. Internal Audit noted that no student fees are charged to C&PP students at Outreach College as well as at other University campuses. Outreach College provided a memo dated March 9, 2017 and approved by the UHM Chancellor (Interim Chancellor, David Lassner) exempting all student fees for students enrolled in Outreach Colleges C&PP courses.

The following table presents the mandatory student fees assessed to UHM full and part time undergraduate and graduate students unless otherwise noted.

**Table 4**

<b>Mandatory Student Fees</b>	<b>Per Fall/ Spring Semester</b>
Student Publication	\$13
Student Health Fee	\$118
Campus Center Program Fee	\$15
Campus Center Operations & Recreation	\$175
Student Athletic Fee	\$50
Student Activity and Program Fee	\$12
Broadcast Communication Authority	\$3
UPASS Transportation Fee (N/A for medical and law students)	\$50
<b>Total for all undergraduate and graduate students</b>	<b>\$ 436</b>

<b>Student Government Fees</b>	
Associated Students of the University of Hawai‘i (ASUH) – undergraduate full-time students (12 or more credit hours per semester)	\$5
Graduate Student Organization (GSO) - all graduate students (N/A for medical and law students)	\$15

A summarized description and use of the mandatory student fees listed above are as follows:

**Student Publications**

Supports student publications such as the UHM campus newspaper (Ka Leo), literary magazines, e-publications and other print media that inform, educate and/or entertain the UHM community.

**Student Health Fee**

Supports health services provided at University Health Services Manoa.

**Campus Center Program Fee**

Provides financial support for campus programming/activities and corresponding expenses at the UHM Campus Center.



#### Campus Center Operations & Recreation

Supports student-governed, student-serviced, and student-administered facilities, programs, services, and activities. This fee provides students with access to the UHM Warrior Recreation Center (WRC) in addition to the use of Campus Center meeting rooms including the computer lab and lounge, participation in intramural sports, and access to recreation equipment (boogie boards, kayaks, snorkel equipment, etc). This fee also supports the Campus Center Information and ID Office that issues UHM ID cards, processes passport applications, sells discount movie passes and UHM Athletic event tickets and provides fax services.

Outreach College students receive an ID card (differs from the One card issued to UHM students) and may use the services offered by the Campus Center Information and ID Office. Outreach College students may access the WRC for a semester fee of \$105.

#### Student Athletic Fee

Allows UHM students (graduates and undergraduates) admittance to UHM intercollegiate athletic events for a semester. University students at other campuses and at Outreach College are not allowed to pay the Student Athletic Fee to gain admittance to UHM athletic events.

#### Student Activity and Program Fee

Used to promote student educational experiences through co-curricular student programs, activities, and services.

#### Broadcast Communication Fee

Supports student broadcasts such as the UHM radio station (KTUH), television programs, film-making projects and other broadcast media.

#### UPASS

Provides students with a pass for unlimited ridership on the City and County of Honolulu Bus for a semester. Outreach College students may purchase a UPASS for \$225 per semester.

#### ASUH

ASUH provides scholarships, graduate test preparation awards, etc. for qualifying UHM undergraduate students. Outreach College students are not eligible for these awards as they are not full-time students.

#### GSO

GSO provides graduate student with grants and awards to attend professional conferences (including travel expenses), purchase research materials and attend professional development programs/activities. After researching the UHM website, Internal Audit was unable to determine if Outreach College graduate students would be eligible for GSO grants and awards if they were to pay the \$15/semester fee.

#### *Analysis*

The tuition per credit hour for UHM students and Outreach College students are identical. Accordingly, Outreach College students are covering the same portion of UHM institutional expenses as UHM students.

As noted above, Outreach College’s C&PP students are not charged any student fees which is supported by a Chancellor memo. Based on the purpose and description of the various mandatory student fees described in EP 6.208 and given that Outreach College students (in person, on-line, distance learning)

are generally non-traditional students taking classes during the evening or off campus, it appears reasonable that the activities/program and Campus Center related fees should not be assessed to Outreach College students as they would receive limited or no benefit/access related to the activities/program/facilities that the fee supports.

However, Outreach College students receive an ID card provided by the Campus Center Information and ID Office in addition to having access to student publications (Ka Leo) and broadcasts (KTUH). Accordingly, UHM senior leadership should consider re-evaluating the fairness and reasonableness of charging no fees to Outreach College students.

#### *Conclusions*

Documentation supports exempting Outreach College students enrolled in C&PP from paying student fees. Given that Outreach College students do have access to certain benefits afforded to UHM traditional students, Internal Audit believes UHM senior leadership should consider re-evaluating the fairness and reasonableness of charging no fees to Outreach College C&PP students.

## **V. Overall Conclusions and Recommendations**

#### Conclusions:

The course registration process for C&PP credit and UHM credit course students are identical. Accordingly, the implementation of EP 12.207 is not expected to impact Outreach College since all financial transactions (revenues, expense, surplus transfers) for C&PP credit courses are recorded in KFS which differs from the UHM courses service ordered to RCUH. The recordation by Outreach College of C&PP financial results and surplus transfers to UHM Units in KFS should provide the UHM Business Office with sufficient information in connection with their annual budget allocation to UHM Units.

Outreach College students enrolled in C&PP courses are exempt from paying student fees. Given that Outreach College students do have access to certain benefits afforded to UHM traditional students, Internal Audit believes it is reasonable that certain student fees should also be assessed to Outreach College students.

#### Recommendation:

Internal Audit recommends that the Outreach College Dean consult with UHM senior leadership to re-evaluate the fairness and reasonableness of charging no fees to Outreach College student.



**University of Hawaii**  
**Whistleblower Summary Report**  
**As of November 18, 2022**

Unit	June 15, 2016 (inception) - July 28 ,2022			July 1, 2022 - November 18, 2022		
	Total	Open	Closed	Total	Open	Closed
System	46	1	45	1	1	0
UH Manoa	318	5	313	13	0	13
UH Hilo	128	0	128	0	0	0
UH West Oahu	15	0	15	3	0	3
Maui College	19	1	18	1	1	0
Kapiolani CC	82	0	82	4	0	4
Leeward CC	16	1	15	1	1	0
Honolulu CC	22	0	22	0	0	0
Windward CC	19	1	18	1	1	0
Hawaii CC	47	0	47	0	0	0
Kauai CC	11	1	10	2	1	1
CC System	1	0	1	0	0	0
<b>Total</b>	<b>724</b>	<b>10</b>	<b>714</b>	<b>26</b>	<b>5</b>	<b>21</b>

Unit	July 1, 2021 - June 30, 2022			July 1, 2020 - June 30, 2021		
	Total	Open	Closed	Total	Open	Closed
System	4	0	4	8	0	8
UH Manoa	65	3	62	49	2	47
UH Hilo	11	0	11	8	0	8
UH West Oahu	1	0	1	4	0	4
Maui College	1	0	1	3	0	3
Kapiolani CC	5	0	5	4	0	4
Leeward CC	8	0	8	1	0	1
Honolulu CC	4	0	4	4	0	4
Windward CC	0	0	0	1	0	1
Hawaii CC	7	0	7	11	0	11
Kauai CC	3	0	3	1	0	1
CC System	0	0	0	1	0	1
<b>Total</b>	<b>109</b>	<b>3</b>	<b>106</b>	<b>95</b>	<b>2</b>	<b>93</b>

Unit	July 1, 2019 - June 30, 2020			June 15, 2016 (inception) - June 30, 2019		
	Total	Open	Closed	Total	Open	Closed
System	6	0	6	27	0	27
UH Manoa	43	0	43	148	0	148
UH Hilo	12	0	12	97	0	97
UH West Oahu	1	0	1	6	0	6
Maui College	4	0	4	10	0	10
Kapiolani CC	19	0	19	50	0	50
Leeward CC	0	0	0	6	0	6
Honolulu CC	4	0	4	10	0	10
Windward CC	3	0	3	14	0	14
Hawaii CC	6	0	6	23	0	23
Kauai CC	1	0	1	4	0	4
CC System	0	0	0	0	0	0
<b>Total</b>	<b>99</b>	<b>0</b>	<b>99</b>	<b>395</b>	<b>0</b>	<b>395</b>

# University of Hawaii

## Whistleblower Tracking Report (Cases filed subsequent to July 1, 2020)

November 18, 2022

Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
<b>Days open: less than 30 days</b>							
733	System	Employment and HR	Y	N	11/17/22	-	Poor work environment.
731	Maui College	Employment and HR	N	N	11/13/22	-	Inappropriate actions by instructor.
729	Kauai CC	Information Technology	N	Y	10/27/22	-	Location of security cameras
<b>Days open: 31 - 60 days</b>							
None							
<b>Days open: 61 - 90 days</b>							
None							
<b>Days open: Over 91 days</b>							
712	Leeward CC	Student Affairs	N	Y	09/02/22	-	Instructor unfair to student.
708	Windward CC	Employment and HR	Y	N	07/14/22	-	Hiring practices
679	UH - Manoa	Employment and HR	Y	Y	02/28/22	-	Unprofessional/inappropriate behavior by faculty.
665	UH - Manoa	Employment and HR	N	N	01/20/22	-	Faculty member strongly supports the TMT.
633	UH - Manoa	Employment and HR	Y	N	09/18/21	-	Faculty utilizing student internships inappropriately.
583	UH - Manoa	Employment and HR	Y	N	03/20/21	-	Employees not working and inappropriately using facilities
520	UH - Manoa	Employment and HR	N	-	08/31/20	-	Inappropriate behavior by faculty.
<b>Closed cases</b>							
732	UH - Manoa	Employment and HR	Y	N	11/14/22	11/17/22	Instructor receiving improper pay. Investigated, no violation.
730	Kapiolani CC	Employment and HR	N	N	11/07/22	11/18/22	Unfair hiring practice. Investigated, no violation.
728	UH - Manoa	Employment and HR	N	N	10/16/22	10/19/22	Potential conflicts of interest. Case forwarded ot appropriate dept.
727	Kauai CC	Employment and HR	Y	N	10/15/22	11/18/22	Submission of improper timesheets. Investigated, action taken.
726	Honolulu CC	Student Affairs	N	Y	10/02/22	11/14/22	Posting of inappropriate content on TikTok. Poster not affiliated with UH.
725	UH - Manoa	Employment and HR	Y	N	09/30/22	10/01/22	Insufficient training complaint cancelled by complainant.
724	UH - Manoa	Employment and HR	Y	N	09/30/22	11/07/22	Unfair hiring practice. Resolved, action taken.
723	UH - West Oahu	Student Affairs	N	N	09/30/22	10/03/22	Posting of inappropriate content on TikTok. Poster is not a UH student.
722	UH - Manoa	Employment and HR	N	Y	09/28/22	10/19/22	Monitoring by security guards. Addtl info requested, none provided.
721	UH - Manoa	Other	Y	N	09/28/22	09/28/22	Identical to case #719
720	Kapiolani CC	Research	Y	N	09/22/22	11/18/22	Inappropriate use of funds. Investigated, no violation.
719	UH - Manoa	Other	Y	N	09/20/22	09/23/22	Illegal parking in loading zone. Info provided to appropriate dept.
718	UH - Manoa	Employment and HR	Y	Y	09/18/22	11/07/22	Employee performing work not in job description. Resolved, action taken.
717	Kapiolani CC	Health and Safety	N	N	09/16/22	11/18/22	Security guard smoking on campus. Resolved, action taken.
716	UH - Manoa	Health and Safety	N	Y	09/05/22	09/16/22	Student smoking at dorm. Forwarded to Student Housing for resolution.
715	UH - West Oahu	Employment and HR	N	Y	09/05/22	10/01/22	Unusual behavior by janitor. Addtl info requested, none provided.
714	Kapiolani CC	Health and Safety	N	N	09/04/22	11/18/22	Security guard smoking on campus. Resolved, action taken.
713	UH - Manoa	Health and Safety	N	Y	09/03/22	10/05/22	Dirty dorm restrooms. Student Housing resolved complaint.

**University of Hawaii**

**Whistleblower Tracking Report (Cases filed subsequent to July 1, 2020)**

**November 18, 2022**

Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
711	UH - Manoa	Employment and HR	N	Y	08/29/22	11/04/22	Department vehicle used for personal use. Resolved, action taken.
710	UH - Manoa	Employment and HR	N	Y	08/24/22	08/25/22	Janitor music disruptive. Forwarded to Maint mgt for resolution.
709	UH - Manoa	Athletics	N	N	07/30/22	08/01/22	Report filed without a complaint.
707	UH - Manoa	Other	N	Y	06/21/22	06/22/22	Parking office does not answer phone. E-mail address provided.
706	UH - Manoa	Employment and HR	Y	Y	06/20/22	07/11/22	Social media harassment by employee. Addt info requested, none rec'd.
705	Hawaii CC	Employment and HR	N	N	06/14/22	06/15/22	Employee e-mail promoting personal business. Action taken.
704	Leeward CC	Employment and HR	Y	N	05/18/22	06/09/22	Identical to case #700.
703	UH - Manoa	Other	Y	N	05/17/22	05/17/22	Complaint is not related to the University.
702	UH - Manoa	Financial	N	N	05/14/22	05/19/22	Inproper application of stipend. Office of the Provost is resolving.
701	UH - Manoa	Student Affairs	N	Y	05/12/22	05/13/22	Faculty arrived late for final exam. Forwarded to Dean. Resolved.
700	Leeward CC	Employment and HR	Y	N	05/10/22	05/26/22	Inappropriate behavior by staff personel. No violation
699	UH - Manoa	Student Affairs	N	Y	05/02/22	05/13/22	Identical to case #690
698	UH - Manoa	Student Affairs	N	Y	05/02/22	05/13/22	Identical to case #690
697	UH - Manoa	Student Affairs	N	Y	05/02/22	05/03/22	Identical to case #690
696	Maui College	Student Affairs	Y	Y	04/28/22	06/01/22	Exam date postponed. Addtl info requested. None rec'd
695	UH - Manoa	Student Affairs	N	Y	04/27/22	05/02/22	Identical to case #690
694	UH - Manoa	Research	Y	Y	04/27/22	05/13/22	Intl research students lack agmts. Addtl info requested, none rec'd.
693	Kauai CC	Other	Y	N	04/26/22	09/01/22	Employee allegedly stealing University property. No violation.
692	UH - Manoa	Student Affairs	N	Y	04/26/22	05/02/22	Identical to case #690
691	UH - Manoa	Student Affairs	N	Y	04/26/22	04/26/22	Identical to case #690
690	UH - Manoa	Student Affairs	N	Y	04/25/22	04/26/22	Timing of final/midterm exams contrary to academic calendar. Resolved.
689	Leeward CC	Student Affairs	N	Y	04/19/22	05/11/22	Faculty arrives late for class. No violation
688	UH - Hilo	Health and Safety	N	Y	04/14/22	07/28/22	Employee feeding chickens. Action taken.
687	UH - Manoa	Student Affairs	N	Y	03/17/22	03/24/22	Unfair treatment of student housing resident. Resolved.
686	UH - Manoa	Employment and HR	Y	N	03/12/22	05/25/22	Continuous renewal of interim position. No violation.
685	UH - Hilo	Health and Safety	Y	Y	03/11/22	04/11/22	Unresponsive Health Center personnel. Resolved.
684	UH - Manoa	Financial	N	Y	03/10/22	03/10/22	Evening call from UHF soliciting donations. Resolved.
683	UH - Manoa	Health and Safety	Y	Y	03/08/22	03/11/22	Faculty not wearing a mask. Resolved.
682	UH - Hilo	Employment and HR	N	Y	03/08/22	08/02/22	Unprofessional behavior by supervisor. Investigated, action taken.
681	UH - Manoa	Student Affairs	N	Y	03/04/22	04/14/22	Inappropriate social media postings. Addtl info requested, none rec'd.
680	UH - Manoa	Employment and HR	Y	N	03/02/22	03/24/22	Incomplete and insufficient information for investigation.
678	UH - Hilo	Employment and HR	Y	N	02/21/22	08/02/22	Staff member does not supervise employees. Investigated, action taken.
677	UH - Manoa	Student Affairs	N	Y	02/19/22	03/08/22	Underage students consuming alcohol off campus. Resolved.
676	UH - Manoa	Student Affairs	N	Y	02/18/22	03/01/22	Incorrect assessment of student fees. Resolved.
675	UH - Hilo	Student Affairs	Y	N	02/14/22	08/02/22	Unresolved complaints at student housing. Investigated, action taken.
674	Kauai CC	Information Technology	Y	N	02/06/22	03/01/22	Faculty using UH e-mail system inappropriately. Investigated, action taken.
673	UH - Manoa	Health and Safety	N	Y	02/02/22	02/02/22	Unsanitary bathroom at resident hall. Action taken.
672	Leeward CC	Information Technology	Y	N	02/01/22	02/14/22	Distribution of unsolicited e-mail. No violation.
671	UH - Hilo	Health and Safety	Y	N	01/28/22	01/28/22	Complaint via phone rescinded by caller.

**University of Hawaii**

**Whistleblower Tracking Report (Cases filed subsequent to July 1, 2020)**

**November 18, 2022**

Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
670	Honolulu CC	Other	N	N	01/27/22	01/28/22	Complaint via phone terminated by caller before providing complaint info.
669	UH - Manoa	Health and Safety	Y	Y	01/24/22	01/28/22	Glass bottle dropped from dorm lanai. Forwarded to Student Housing,
668	System	Property/Facilities	Y	N	01/24/22	03/23/22	Complaint against the management of Maunakea. No violation.
667	UH - Manoa	Employment and HR	Y	N	01/24/22	03/25/22	Unreasonable work requirement. Action taken.
666	UH - Hilo	Property/Facilities	Y	N	01/21/22	01/28/22	Employee using UH vehicle inappropriately. Action taken.
664	UH - Hilo	Health and Safety	N	Y	01/20/22	02/22/22	Faculty member opposes vaccine mandate. Action taken
663	Kapiolani CC	Student Affairs	N	Y	01/20/22	03/31/22	Inconsistent financial aid info provided to reporter. No violation
662	Honolulu CC	Health and Safety	N	Y	01/20/22	01/21/22	Faculty member not wearing mask while instructing. Action taken.
661	UH - Manoa	Employment and HR	Y	N	01/13/22	03/25/22	Staff members involved in inappropriate relationship. Action taken.
660	Leeward CC	Student Affairs	N	Y	01/12/22	03/07/22	Poor class instruction. No violation.
659	UH - Manoa	Athletics	N	N	01/11/22	02/16/22	Head football coach is disrespectful, Action taken
658	UH - Manoa	Student Affairs	N	Y	01/06/22	01/12/22	Faculty member instruction is biased. Resolved.
657	UH - Manoa	Employment and HR	N	N	01/03/22	01/27/22	Faculty nepotism. No violation.
656	UH - Manoa	Health and Safety	N	Y	12/16/21	12/23/21	Student resident is COVID positive. Action taken.
655	UH - Hilo	Employment and HR	N	Y	12/14/21	01/18/22	Full time staff has another full time job. Action taken.
654	Leeward CC	Health and Safety	Y	N	12/03/21	01/11/22	Staff member lost a master set of keys. No violation.
653	UH - West Oahu	Other	Y	N	11/24/21	12/07/21	Staff member reserving parking stall. Action taken.
652	System	Information Technology	N	N	11/21/21	12/02/21	Receiving spam e-mail from a hawaii.edu acct. Resolved.
651	UH - Manoa	Health and Safety	Y	Y	11/19/21	12/17/21	Noncompliance with the mask mandate. No violation.
650	Honolulu CC	Employment and HR	Y	N	11/16/21	01/20/22	Employee disagreement. No violation.
649	Leeward CC	Employment and HR	Y	N	11/03/21	03/31/22	Employee harassment. Action taken.
648	UH - Manoa	Health and Safety	N	Y	10/31/21	11/12/21	COVID guidelines non-compliance by former student.
647	UH - Hilo	Health and Safety	N	Y	10/26/21	11/03/21	COVID guidelines non-compliance. Resolved.
646	Leeward CC	Employment and HR	Y	N	10/21/21	11/02/21	Inappropriate e-mail sent by faculty member. No violation.
645	Hawaii CC	Student Affairs	N	N	10/14/21	10/22/21	Disagreement on student's grade. No violation
644	Kauai CC	Employment and HR	Y	N	10/12/21	03/31/22	Employee unfairly terminated. Complaint withdrawn.
643	UH - Manoa	Health and Safety	Y	N	10/07/21	10/26/21	COVID guidelines non-compliance. Resolved.
642	UH - Manoa	Health and Safety	N	Y	10/04/21	08/29/22	Student became ill. Case referred to appropriate office.
641	UH - Manoa	Health and Safety	N	Y	09/30/21	10/04/21	COVID guidelines non-compliance at dorms. VP Student Svcs notified.
640	UH - Manoa	Employment and HR	Y	N	09/28/21	12/20/21	Non-compliance with recruitment process. Action taken.
639	UH - Manoa	Health and Safety	N	Y	09/28/21	10/19/21	Elevator not working. Addtl info requested, none rec'd.
638	UH - Manoa	Employment and HR	N	Y	09/23/21	12/20/21	Identical to case# 637.
637	UH - Manoa	Employment and HR	N	N	09/21/21	12/20/21	Unprofessional/inappropriate behavior by faculty. Action taken.
636	UH - Manoa	Employment and HR	Y	N	09/21/21	09/24/21	Unprofessional/inappropriate behavior by employee. Action taken
635	Hawaii CC	Research	Y	N	09/21/21	10/08/21	Inappropriate coordination of response to inquiries. No violation.
634	Kapiolani CC	Employment and HR	Y	N	09/19/21	12/23/21	Employee discussing religion. Action taken.
632	UH - Manoa	Student Affairs	N	Y	09/16/21	09/24/21	Students smoking marijuana.Forwarded to student housing to investigate
631	UH - Manoa	Student Affairs	N	Y	09/15/21	09/20/21	Unauthorized personnel in student housing. Investigated and resolved.
630	Hawaii CC	Other	N	Y	09/15/21	09/24/21	Lack of electric vehicle parking stalls. Investigated, no violation.

**University of Hawaii**

**Whistleblower Tracking Report (Cases filed subsequent to July 1, 2020)**

**November 18, 2022**

Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
629	UH - Manoa	Health and Safety	N	Y	09/14/21	09/20/21	Alleged assault. Investigatged and resolved.
628	UH - Manoa	Health and Safety	N	Y	09/07/21	09/08/21	Non-compliance with COVID protocols. Investigated and closed.
627	UH - Manoa	Health and Safety	N	Y	09/04/21	09/20/21	Non-compliance with COVID protocols. Investigated and closed.
626	UH - Manoa	Health and Safety	N	Y	09/03/21	09/07/21	Non-compliance with COVID protocols. Investigated and closed.
625	UH - Manoa	Health and Safety	N	N	09/03/21	12/17/21	Unsanitary dorms. Action taken
624	Hawaii CC	Other	N	N	09/01/21	09/01/21	U.S. and Hawn flags not displayed. Investigated, flagpoles under repair.
623	UH - Manoa	Student Affairs	N	Y	08/31/21	09/14/21	Inconsistent grading. Investigated and resolved.
622	UH - Manoa	Health and Safety	N	Y	08/30/21	09/01/21	Non-compliance with COVID protocols. Investigated and closed.
621	UH - Manoa	Health and Safety	N	Y	08/28/21	09/01/21	Non-compliance with COVID protocols. Investigated and closed.
620	UH - Manoa	Employment and HR	Y	N	08/28/21	09/20/21	Employee disclosed confidential info. Addtl info requested, none recd.
619	UH - Manoa	Student Affairs	N	Y	08/26/21	08/27/21	Departmental office not open during business hours. Resolved.
618	Kapiolani CC	Student Affairs	N	Y	08/26/21	03/31/22	Student financial aid account is inaccurate. No violation
617	Kapiolani CC	Health and Safety	Y	N	08/25/21	10/13/21	Faculty engages in unsafe activities. Matter resolved,
616	Hawaii CC	Health and Safety	N	Y	08/25/21	10/13/21	Faculty disregarding COVID 19 safety protocols. Matter resolved.
615	UH - Manoa	Health and Safety	N	Y	08/25/21	08/27/21	Unvaccinated student not tested for COVID is on campus. Resolved
614	UH - Manoa	Employment and HR	Y	N	08/25/21	09/14/21	Employee vaccine mandate is unlawful. No violation.
613	UH - Manoa	Health and Safety	N	Y	08/25/21	09/02/21	Identical to case #612.
612	UH - Manoa	Health and Safety	N	Y	08/25/21	09/02/21	UHM student vaccination mandate is unlawful. No violation.
611	UH - Manoa	Health and Safety	N	N	08/24/21	09/01/21	Unsanitary dorms. Vice Provost Students Svcs notified.
610	UH - Manoa	Health and Safety	Y	N	08/24/21	09/01/21	Unvaccinated employee. Investigated and resolved.
609	UH - Hilo	Health and Safety	N	Y	08/24/21	08/27/21	Non-compliance with COVID protocols. Investigated and closed.
608	UH - Manoa	Health and Safety	Y	N	08/23/21	08/27/21	Non-compliance with COVID protocols. Investigated and closed.
607	UH - Manoa	Health and Safety	N	Y	08/19/21	09/01/21	Elevator not working. Addtl info requested, none received.
606	System	Property/Facilities	N	N	08/06/21	09/28/21	Procurement non-compliance. Investigated, no violation.
605	Kapiolani CC	Employment and HR	Y	N	08/06/21	12/23/21	Employee not working. Action taken.
604	UH - Manoa	Health and Safety	N	Y	08/06/21	09/01/21	Student followed on campus. Addtl info requested, none received.
603	Honolulu CC	Employment and HR	Y	N	08/04/21	08/31/21	Employee misused confidential information. Investigated, no violation.
602	System	Financial	Y	N	07/30/21	09/08/21	Employee paid late. Investigated, no violation.
601	UH - Manoa	Employment and HR	N	N	07/16/21	09/29/21	Hiring unqualified applicant. Addtl info requested, none provided.
600	Hawaii CC	Employment and HR	Y	N	07/06/21	08/06/21	Wrongful termination. Investigated and closed.
599	UH - Manoa	Employment and HR	N	Y	07/06/21	08/06/21	Inappropriate actions by faculty. Addtl info requested, none received.
598	UH - Manoa	Employment and HR	Y	Y	06/30/21	06/30/21	Unporofessional faculty. Previously investigated and resolved.
597	UH - Manoa	Employment and HR	Y	Y	06/30/21	06/30/21	Hiring unqualified personnel. Identical to case #578.. No violation.
596	UH - Manoa	Student Affairs	N	Y	06/27/21	07/16/21	Student reated unfairly. Referred to Office of Student Conduct.
595	UH - Manoa	Employment and HR	Y	N	06/24/21	07/06/21	Unporofessional faculty. Previously investigated and resolved.
594	UH - Manoa	Information Technology	N	N	05/19/21	11/29/21	Inappropriate use of IT equipment. No violation.
593	System	Health and Safety	N	N	05/19/21	06/24/21	Disagrees with vaccine mandate. No violation.
592	UH - Manoa	Employment and HR	Y	N	05/15/21	03/25/22	Supervisors are not competant. Action taken.
591	Maui College	Employment and HR	Y	N	05/07/21	06/07/21	Supervisors are unprofessional. Investigated, no violation.



**University of Hawaii**

**Whistleblower Tracking Report (Cases filed subsequent to July 1, 2020)**

**November 18, 2022**

Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
590	UH - Manoa	Employment and HR	Y	N	05/07/21	05/22/21	Employee performing work above his qualifications. Action taken.
589	System	Employment and HR	N	N	05/06/21	08/05/21	Employee promotes not-for-profit entity. Investigated, no violation.
588	UH - Manoa	Health and Safety	Y	N	05/06/21	05/07/21	Employee not wearing mask. Investigated and resolved.
587	UH - Hilo	Student Affairs	N	Y	04/27/21	06/07/21	Student used offensive term during Zoom.. Investigated, action taken.
586	UH - Manoa	Student Affairs	N	Y	04/17/21	05/06/21	Unfair grading and poor behavior by professor. Investigated and resolved.
585	CC System	Employment and HR	Y	N	04/13/21	04/30/21	Nepotism. Investigated, no violation.
584	UH - Manoa	Research	N	N	04/01/21	05/18/21	Assertion that professor discredited reporters work. No violation.
582	UH - Manoa	Health and Safety	Y	N	03/12/21	03/16/21	Trash in parking structure. Investigated and resolved
581	UH - Manoa	Student Affairs	N	Y	03/11/21	03/25/21	Identical to case 580
580	UH - Manoa	Student Affairs	N	Y	03/11/21	03/25/21	Marijuana use in dorms. Investigated and action taken.
579	UH - Manoa	Student Affairs	N	Y	03/11/21	03/25/21	Marijuana use by student. Investigated and action taken.
578	UH - Manoa	Employment and HR	Y	N	03/10/21	05/13/21	Hiring unqualified personnel. Employee was qualified. No violation.
577	Hawaii CC	Employment and HR	N	Y	03/08/21	03/29/21	Identical to case 576.
576	Hawaii CC	Employment and HR	N	Y	03/06/21	03/29/21	Inappropriate management. Addtl info requested, none received.
575	Kauai CC	Student Affairs	N	N	03/06/21	03/11/21	Unfair exams. Investigated, no violation.
574	UH - Hilo	Student Affairs	N	Y	03/06/21	04/08/21	Disruptive student. Addtl info requested, none received.
573	UH - Manoa	Health and Safety	Y	Y	03/05/21	05/06/21	Non-resident in dorms. Investigated and resolved.
572	Hawaii CC	Financial	N	Y	03/05/21	04/01/21	Lack of disclosure of financial info to student. Investigated, no violation.
571	UH - Manoa	Health and Safety	Y	Y	03/05/21	05/06/21	Student drinking alcohol on campus. Investigated, action taken.
570	Kapiolani CC	Employment and HR	Y	N	03/05/21	04/06/21	Employee working remotely. Investigated, no violation.
569	Hawaii CC	Employment and HR	Y	N	03/02/21	03/05/21	Employee working remotely. Investigated, no violation.
568	UH - Manoa	Health and Safety	Y	Y	02/27/21	03/11/21	Student asserts misclassification for vaccine. Investigated, no violation.
567	UH - Manoa	Employment and HR	Y	N	02/27/21	03/25/21	Worker not performing duties. Investigated and action taken.
566	UH - Manoa	Health and Safety	Y	Y	02/26/21	03/05/21	Students smoking in lab room. Investigated and action taken.
565	UH - West Oahu	Student Affairs	Y	Y	02/24/21	05/07/21	Student paid for goods/svcs not rec'd. Addtl info requested, none rec'd.
564	UH - Manoa	Employment and HR	Y	N	02/17/21	01/29/22	Non-compliance with hiring policies. Action taken.
563	UH - Manoa	Financial	N	Y	02/11/21	02/19/21	Approval of courses receiving VA benefits. Investigated, resolved.
562	UH - Manoa	Other	N	N	02/10/21	03/01/21	Inappropriate photos. Investigation referred to Title IX office.
561	UH - Manoa	Health and Safety	Y	N	01/29/21	02/08/21	Untimely notification of student with COVID-19. Investigated, resolved
560	UH - Manoa	Student Affairs	N	Y	01/26/21	01/27/21	Inappropriate video posted on-line. Investigated, no violation.
559	System	Employment and HR	Y	-	01/15/21	01/22/21	Non-compliance with hiring policies. Investigated, no violation.
558	UH - Manoa	Student Affairs	N	-	01/13/21	01/25/21	Student inappropriately receiving financial aid. Investigated, no violation.
557	UH - Manoa	Employment and HR	N	-	01/13/21	05/18/21	Incompetent personnel. Addtl info requested, none rec'd.
556	Kapiolani CC	Employment and HR	N	-	01/02/21	03/02/21	Personnel working a second job. Investigated, no violation.
555	System	Research	Y	-	12/15/20	01/19/21	Performing research w/o proper approval. Investigated, no violation.
554	System	Employment and HR	Y	-	12/13/20	01/22/21	Non-compliance with hiring policies. Investigated, no violation.
553	UH - Manoa	Health and Safety	Y	-	12/07/20	12/15/20	Police officer on campus not wearing a mask. Resolved.
552	Kapiolani CC	Employment and HR	N	-	11/15/20	12/22/20	Personnel working a second job. Investigated, no violation.
551	UH - Manoa	Employment and HR	Y	-	11/17/20	4/18/2021	Employees required to work on campus. Investigated and action taken.

**University of Hawaii**

**Whistleblower Tracking Report (Cases filed subsequent to July 1, 2020)**

**November 18, 2022**

Case #	Campus	Classification	Submitted by (Y/N)		Date	Date	Description
			Employee	Student	Opened	Closed	
550	UH - Manoa	Other	Y	-	11/09/20	11/23/20	Individual inappropriately obtaining goods. Addtl info requested, none rec'd.
549	Honolulu CC	Employment and HR	Y	-	10/29/20	11/09/20	Unfair treatment of employees. Investigated, no violation.
548	System	Employment and HR	Y	-	10/26/20	01/22/21	Hiring unqualified personnel. Investigated, no violation.
547	Hawaii CC	Information Technology	N	-	10/26/20	11/09/20	Inappropriate use of UH e-mail. Investigated, action taken.
546	Windward CC	Employment and HR	Y	-	10/22/20	01/21/21	Unprofessional treatment of employees. Investigated, resolved
545	UH - Hilo	Employment and HR	Y	-	10/15/20	11/23/20	Employee working from home. Investigated and action taken.
544	UH - Hilo	Property/Facilities	Y	-	10/15/20	11/19/20	Building code violation. Investigated, action taken.
543	UH - Manoa	Employment and HR	N	-	10/14/20	01/26/21	Inappropriate behavior by faculty. Investigated, action taken.
542	UH - Hilo	Employment and HR	Y	-	10/14/20	11/23/20	Disclosure of confidential information. Addtl info requested, none rec'd.
541	Honolulu CC	Information Technology	N	-	10/10/20	11/09/20	Inappropriate content on Twitter account. Investigated, no violation.
540	UH - Manoa	Health and Safety	N	-	10/09/20	11/02/20	Non-compliance with COVID-19 rules. Addtl info requested, none rec'd.
539	UH - Manoa	Employment and HR	Y	-	10/04/20	04/24/21	Poor management of staff and facilities. Investigated and resolved.
538	System	Employment and HR	Y	-	09/30/20	02/03/21	Unresponsiveness of campus management. Investigated, no violation.
537	UH - Manoa	Health and Safety	N	-	09/24/20	10/29/20	Non-compliance with COVID-19 rules. Resolved, action taken.
536	UH - West Oahu	Health and Safety	N	-	09/23/20	11/17/20	Homeless on UHWO property. Investigated, not UHWO property.
535	Maui College	Health and Safety	N	-	09/17/20	12/08/20	Violation of COVID-19 rules. Investigated, no violation.
534	UH - Manoa	Employment and HR	Y	-	09/12/20	11/23/20	Casual hire employee laid off. Investigated, action taken.
533	UH - Manoa	Employment and HR	Y	-	09/12/20	11/23/20	Redundant administrator job description. Investigated, no redundancy.
532	UH - Manoa	Employment and HR	Y	-	09/11/20	07/12/21	Poor leadership by supervisor. Investigated, action taken.
531	Honolulu CC	Employment and HR	Y	-	09/09/20	09/11/20	Faculty contract not renewed. Investigated, no violation.
530	Hawaii CC	Health and Safety	N	-	09/09/20	09/15/20	Non-compliance with COVID-19 rules. Investigated, resolved.
529	Kapiolani CC	Employment and HR	Y	-	09/09/20	12/08/20	Employee unwilling to assist fellow employee. Investigated, no violation.
528	Leeward CC	Employment and HR	Y	-	09/03/20	11/09/20	Approval pending for "Work from Home" request. No violation.
527	UH - Manoa	Employment and HR	Y	-	09/02/20	09/17/20	Untimely approval of timesheet. Investigated, action taken.
526	UH - Hilo	Health and Safety	N	-	09/01/20	10/26/20	Non-compliance with COVID-19 rules. Investigated, action taken.
525	UH - Manoa	Employment and HR	Y	-	08/31/20	11/23/20	Approved "Work from Home" requests not returned. Resolved.
524	UH - Manoa	Student Affairs	N	-	08/31/20	12/01/20	Academic grievance. Addtl info requested, no response.
523	Honolulu CC	Student Affairs	N	-	08/31/20	09/08/20	Unfair policy to obtain resident status. Investigated, no violation.
522	UH - Manoa	Health and Safety	N	-	08/31/20	09/18/20	Non-compliance with COVID-19 rules. Invetigated, action taken.
521	UH - Manoa	Employment and HR	Y	-	08/31/20	03/25/22	Vacant position not filled as promised. No violation.
519	UH - Manoa	Other	N	-	08/31/20	09/01/20	Students snap chat account. Not University related. Closed.
518	UH - Manoa	Health and Safety	Y	-	08/31/20	09/18/20	Non-compliance with COVID-19 rules. Investigated, action taken.
517	Hawaii CC	Employment and HR	Y	-	08/31/20	09/02/20	Incorrect instructor teaching listed course. Investigated, no violation.
516	UH - Manoa	Health and Safety	N	-	08/31/20	08/31/20	Students violating housing policies. Referred to Office of Judicial Affairs.
515	UH - Manoa	Health and Safety	N	-	08/24/20	09/18/20	Non-compliance with COVID-19 rules. Inveatigated, action taken.
514	UH - Hilo	Student Affairs	N	-	08/20/20	03/01/21	Hold placed on student acct preventing enrollment. Investigated, resolved.
513	System	Employment and HR	Y	-	08/19/20	01/22/21	Hiring unqualified personnel. Investigated, no violation.
512	UH - West Oahu	Employment and HR	Y	-	08/10/20	12/22/20	Faculty also employed off campus. Investigatedm no violation.
511	System	Information Technology	N	-	07/29/20	09/09/20	Inappropriate e-mail. Investigated, action taken.

**University of Hawaii****Whistleblower Tracking Report (Cases filed subsequent to July 1, 2020)****November 18, 2022**

<b>Case #</b>	<b>Campus</b>	<b>Classification</b>	<b>Submitted by (Y/N)</b>		<b>Date</b>	<b>Date</b>	<b>Description</b>
			<b>Employee</b>	<b>Student</b>	<b>Opened</b>	<b>Closed</b>	
510	UH - West Oahu	Student Affairs	N	-	07/23/20	09/21/20	Academic grievance. Investigated, resolved.
509	UH - Hilo	Employment and HR	Y	-	07/20/20	08/19/20	Exclusionary and discriminatory behavior. Investigated, action taken.
508	UH - Manoa	Health and Safety	N	-	07/20/20	11/23/20	Lack of transparency Addtl info requested, no response.
507	Hawaii CC	Financial	N	-	07/13/20	12/15/20	Misrepresentation of info to obtain financial aid. Investigated, no violation.
506	Hawaii CC	Employment and HR	N	-	07/11/20	08/31/20	Lack of confidentiality. No violation.
505	Hawaii CC	Financial	Y	-	07/05/20	11/19/20	Misrepresentation of information to obtain financial aid. No violation.
504	Hawaii CC	Employment and HR	N	-	07/04/20	07/13/20	Lack of confidentiality. No violation.

**All cases prior to case #504 are closed and were reported prior to June 30, 2020.**

**University of Hawaii**  
**Whistleblower Case Category**  
**As of November 18, 2022**

<b>Category</b>	<b>June 15, 2016 (inception) - November 18, 2022</b>		<b>July 1, 2022 - November 18, 2022</b>	
	<b>Cases</b>	<b>%</b>	<b>Cases</b>	<b>%</b>
Employment and HR	340	47%	14	53%
Health and Safety	131	18%	4	15%
Other	79	11%	2	8%
Student Affairs	99	14%	3	12%
Property/Facilities	26	4%	0	0%
Financial	16	2%	0	0%
Information Technology	14	2%	1	4%
Research	12	1%	1	4%
Athletics	7	1%	1	4%
<b>Total</b>	<b>724</b>	<b>100%</b>	<b>26</b>	<b>100%</b>

	<b>July 1, 2021 - June 30, 2022</b>		<b>July 1, 2020 - June. 30, 2021</b>	
	<b>Cases</b>	<b>%</b>	<b>Cases</b>	<b>%</b>
Employment and HR	31	28%	46	49%
Health and Safety	35	32%	20	21%
Other	8	7%	4	4%
Student Affairs	24	22%	15	16%
Property/Facilities	2	2%	1	1%
Financial	3	3%	4	4%
Information Technology	3	3%	3	3%
Research	2	2%	2	2%
Athletics	1	1%	0	0%
<b>Total</b>	<b>109</b>	<b>100%</b>	<b>95</b>	<b>100%</b>

	<b>July 1, 2019 - June 30, 2020</b>		<b>June 15, 2016 (inception) - June 30, 2019</b>	
	<b>Cases</b>	<b>%</b>	<b>Cases</b>	<b>%</b>
Employment and HR	43	44%	206	52%
Health and Safety	13	13%	59	15%
Other	12	12%	53	13%
Student Affairs	17	17%	40	11%
Property/Facilities	5	5%	18	5%
Financial	4	4%	5	1%
Information Technology	3	3%	4	1%
Research	2	2%	5	1%
Athletics	0	0%	5	1%
<b>Total</b>	<b>99</b>	<b>100%</b>	<b>395</b>	<b>100%</b>

**University of Hawaii  
Whistleblower Case Source  
As of November 18, 2022**

Source	June 15, 2016 (inception) - November 18, 2022		July 1, 2021 - November 18, 2022	
	Cases	%	Cases	%
Observation	278	39%	8	31%
Happened to reporter	205	28%	10	38%
Other	112	15%	4	15%
Heard it	47	7%	2	8%
Told to reporter by:				0%
Co-worker	55	7%	2	8%
Outside the University	11	2%	0	0%
Overheard it	16	2%	0	0%
	<b>724</b>	<b>100%</b>	<b>26</b>	<b>100%</b>

Source	July 1, 2020 - June 30, 2022		July 1, 2019 - June 30, 2021	
	Cases	%	Cases	%
Observation	39	36%	44	46%
Happened to reporter	39	36%	27	28%
Other	17	16%	14	15%
Heard it	6	5%	2	2%
Told to reporter by:				0%
Co-worker	5	4%	5	6%
Outside the University	0	0%	0	0%
Overheard it	3	3%	3	3%
	<b>109</b>	<b>100%</b>	<b>95</b>	<b>100%</b>

Source	July 1, 2018 - June 30, 2020		June 15, 2016 (inception) - June 30, 2019	
	Cases	%	Cases	%
Observation	34	34%	153	39%
Happened to reporter	23	23%	106	27%
Other	17	17%	60	15%
Heard it	9	10%	28	7%
Told to reporter by:				
Co-worker	12	12%	31	7%
Outside the University	2	2%	9	3%
Overheard it	2	2%	8	2%
	<b>99</b>	<b>100%</b>	<b>395</b>	<b>100%</b>

**University of Hawaii**  
**Whistleblower Reporter Type**  
**As of November 18, 2022**

<b>Reporter</b>	<b>June 15, 2016 (inception) - November 18, 2022</b>		<b>July 1, 2022 - November 18, 2022</b>	
	<b>Cases</b>	<b>%</b>	<b>Cases</b>	<b>%</b>
Employee	401	55%	10	38%
Non-employee	323	45%	16	62%
<b>Total</b>	<b>724</b>	<b>100%</b>	<b>26</b>	<b>100%</b>
Anonymous	598	83%	19	73%
Identified	126	17%	7	27%
<b>Total</b>	<b>724</b>	<b>100%</b>	<b>26</b>	<b>100%</b>

<b>Reporter</b>	<b>July 1, 2020 - June 30, 2022</b>		<b>July 1, 2019 - June 30, 2021</b>	
	<b>Cases</b>	<b>%</b>	<b>Cases</b>	<b>%</b>
Employee	45	41%	49	52%
Non-employee	64	59%	46	48%
<b>Total</b>	<b>109</b>	<b>100%</b>	<b>95</b>	<b>100%</b>
Anonymous	99	91%	74	78%
Identified	10	9%	21	22%
<b>Total</b>	<b>109</b>	<b>100%</b>	<b>95</b>	<b>100%</b>

<b>Reporter</b>	<b>July 1, 2019 - June 30, 2020</b>		<b>June 15, 2016 (inception) - June 30, 2019</b>	
	<b>Cases</b>	<b>%</b>	<b>Cases</b>	<b>%</b>
Employee	67	68%	230	58%
Non-employee	32	32%	165	42%
<b>Total</b>	<b>99</b>	<b>100%</b>	<b>395</b>	<b>100%</b>
Anonymous	86	87%	320	81%
Identified	13	13%	75	19%
<b>Total</b>	<b>99</b>	<b>100%</b>	<b>395</b>	<b>100%</b>

# UNIVERSITY OF HAWAI'I OFFICE OF RISK MANAGEMENT FY 2021 & FY 2022 ANNUAL REPORTS

Independent Audit Committee  
December 1, 2022



UNIVERSITY  
of HAWAI'I®  
SYSTEM

## **I. INTRODUCTION**

The University of Hawai‘i (“University”) Office of Risk Management (“ORM”) is primarily responsible for managing the University’s risk financing program and establishing its insurance strategies. The office also provides advice on risk-related matters, and assists in the development of programs, policies and best practices to reduce the University’s total cost of risk.

Additionally, ORM administers the enterprise-wide workers’ compensation program for the University. Our vision is to promote a culture of risk awareness and advance an enterprise risk management culture that embeds risk ownership into management activities and decisions at all levels of the institution.

## **II. UNIVERSITY PROFILE**

The University of Hawai‘i System was founded in 1907 and has experienced steady development over the past century. In fiscal year 2020, the University issued over 10,500 degrees or certificates and supported over 47,000 students. It also managed an employee base of over 8,000 FTE and possessed over 800 motor vehicles in its fleet.

The University offers multiple points of access through distance learning as well as traditional instruction through its 3 baccalaureate universities, 7 community colleges, and 9 educational centers. Currently, the University is responsible for maintaining over 16,800 acres of land and 14 million gross square feet of physical assets in all counties. Campus facilities include housing for over 4,600 students in 17 residence halls, 4 stadiums and 5 theaters with a total seating capacity of over 22,000, and 2 recreation centers.

The University also maintains numerous off-campus facilities and oversees research programs in all counties. In fiscal year 2022, the University received over \$505 million in extramural research funds. Programs and facilities range from marine biology research conducted at the Waikīkī Aquarium and Coconut Island in Kāne‘ohe Bay, to astronomical research conducted at the summits of Mauna Kea and Haleakalā.

## **III. RISK FINANCING PROGRAM**

Generally speaking, the University has a combined program of self-insurance and excess insurance to cover its losses and liabilities in the areas of general liability (including automobile insurance), management liability, crime, cyber, and property insurance on the University’s real and personal property. The University purchases insurance policies directly to cover some of these exposures, and also has access to insurance coverages and limits under certain insurance policies maintained by the Department of Accounting and General Services, State of Hawai‘i’s (DAGS) Risk Management Office. As of September 1, 2021, the primary insurer of the



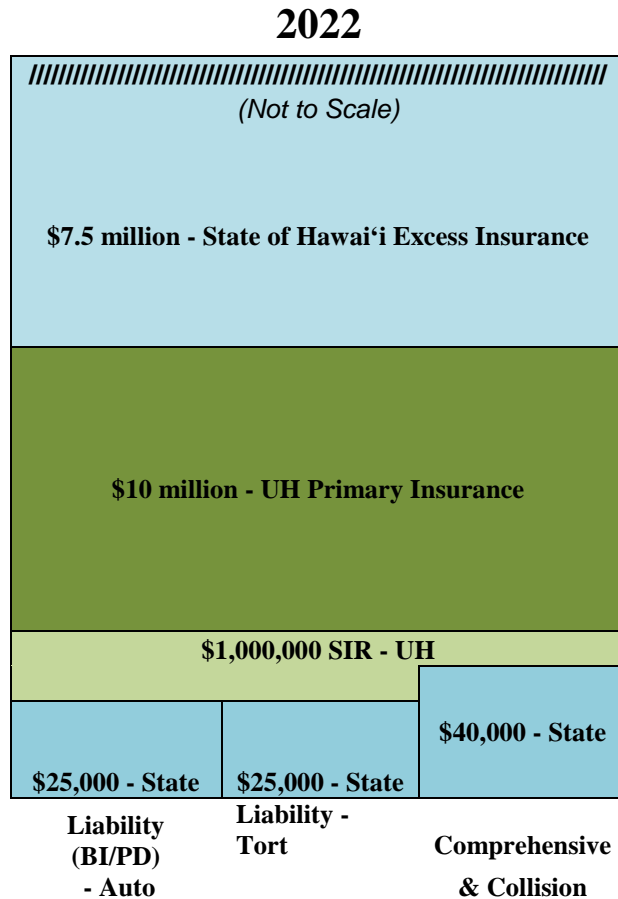


University’s general liability and management liability risks is United Educators (UE). UE provides insurance and risk management services to more than 1,600 schools, colleges, and universities throughout the United States and is considered an industry leading insurer for higher education risks. The University secures various types of coverages and limits based on market availability and pricing and general terms and conditions of the policies, and also uses benchmarking tools to evaluate what universities of a similar size in other states are purchasing.

This report updates the previous Office of Risk Management Report presented on October 1, 2020 and presents the various coverages and loss experience for the last five fiscal years within the University’s risk financing structure, based on the date of loss and reflects only payments made as of June 30, 2022.

**A. General Liability Program**

Overall, the University’s general liability program covers claims made by third parties for various exposures, including: bodily injury, property damage, products and completed operations, personal and advertising injury, incidental medical malpractice injury, and automobile accidents. In general, the University has combined insurance coverage of up to \$17.5 million through various platforms, including participation in the Department of Accounting and General Services, State of Hawai‘i’s (DAGS) general liability program, as illustrated below.



### General Liability / Auto Insurance

The majority of general liability claims fall within the DAGS policy limits, the bulk of which are automobile-related claims. Over the last five fiscal years from FY 2018 through FY 2022, DAGS processed and approved 40% of 72 tort claims and 64% of 263 auto claims.

#### Auto Claims Summary

	FY18	FY19	FY20	FY21	FY22
<b>Total Paid by State of Hawai'i</b>	\$81,979	\$136,213	\$57,847	\$64,789	\$16,758
<b>Total Paid by UH – SIR</b>	\$0	\$0	\$0	\$0	\$0
<b>Total Paid by UH Primary Insurance</b>	\$0	\$0	\$0	\$0	\$0
<b>Total Paid by State of HI Excess</b>	\$0	\$0	\$0	\$0	\$0
<b>Number of Claims Filed (1<sup>st</sup> Party / 3<sup>rd</sup> Party)</b>	43/9	73/3	43/3	37/3	49/0
<b>Number of Claims Paid (1<sup>st</sup> Party / 3<sup>rd</sup> Party)</b>	30/4	55/2	29/0	29/0	19/0

For auto claims, payments ranged from \$46 to \$19,460 for a straight average amount of \$2,174 per approved claim. Auto claims include first party claims for collision or property damage and third party claims for property damage and bodily injury. From FY 2018 to 2022, no claims exceeded the State's primary coverage.

#### Tort Claims Summary

	FY18	FY19	FY20	FY21	FY22
<b>Total Paid by State of Hawai'i</b>	\$731	\$11,682	\$6,926	\$8,932	\$2,220
<b>Total Paid by UH – SIR</b>	\$23,842	\$1,265	\$0	\$0	\$0
<b>Total Paid by UH Primary Insurance</b>	\$0	\$0	\$0	\$0	\$0
<b>Total Paid by State of HI Excess</b>	\$0	\$0	\$0	\$0	\$0
<b>Number of Claims Filed</b>	9	30	18	7	11
<b>Number of Claims Paid</b>	5	15	6	5	2

DAGS processed payments on 29 tort claims (not lawsuits), with payments ranging from \$19 to \$3,904, for a straight average amount of \$1,051 per approved claim. The University also processed payments on 4 tort claims, which ranged in cost from \$1,265 to \$10,000, for a straight average amount of \$6,277 per claim.



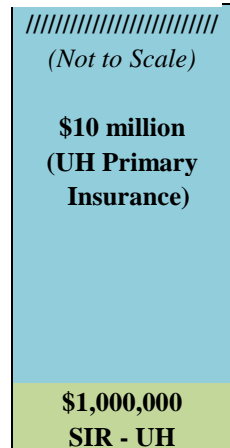
## B. Management Liability Program

Overall, the University's management liability program covers claims made by third parties for various exposures, including: employment-related misrepresentation, discrimination, sexual harassment, retaliation, education-related claims and claims of breach of duty by officers or directors.

The University has acquired coverage of up to \$10 million, with a \$1,000,000 self-insured retention.

From FY 2018 through FY 2022, RMSF expenditures were made on 9 management liability claims, as detailed in the table below. The FY2022 amount paid was related to one claim.

**2022**



**Management  
Liability  
Insurance**

**Management Liability Claims Summary**

	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>
<b>Total Paid by UH – SIR</b>	\$7,313	\$25,617	\$751	\$1	\$204,000
<b>Total Paid by UH Primary Insurance</b>	\$0	\$0	\$0	\$0	\$0
<b>Total Paid by State of HI Excess</b>	\$0	\$0	\$0	\$0	\$0
<b>Number of Claims Filed</b>	10	15	12	10	8
<b>Number of Claims Paid</b>	3	4	1	1	1

These claims ranged in cost from \$1 to \$204,000, for a straight average amount of \$23,978 per claim. Of these claims, all were within the University's self-insurance retention. In total, settlements and judgments comprised 96% of the payments made by the University, with legal fees and other costs comprising 4% of all claim costs.



**C. Property Coverage**

The University’s property program covers damage to its own assets, primarily buildings and equipment. As a participant in the State of Hawai‘i’s property insurance program, the University is afforded coverage up to \$200 million, as illustrated to the right. DAGS is also responsible for the self-insured retention of \$1 million. All property claims are processed by DAGS and the University is reimbursed subject to a \$5,000 deductible for preventable losses.

Over the last five fiscal years from FY 2018 through FY 2022, the University made a total of 128 claims for property damage and 35% of the claims were approved. Payments ranged from \$115 to \$438,507 for a straight average amount of \$23,299 per claim.

**2022**



**Property Claims Summary**

	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>
<b>Total Paid by State of HI - SIR</b>	\$4,286	\$661,964	\$277,709	\$43,151	\$107,932
<b>Total Paid by State of HI Insurance</b>	\$0	\$0	\$0	\$0	\$0
<b>Number of Claims Filed</b>	14	26	11	20	57
<b>Number of Claims Paid</b>	3	14	6	11	11

**Property Insurance**



**D. Crime Liability**

Overall, the University’s crime liability program covers first party claims for various exposures, including employee theft and embezzlement. The University is covered up to \$10 million as a participant of the State of Hawai‘i’s insurance program, as illustrated to the right. Over the last five fiscal years, the University has not made any claims under this policy.

**2022**

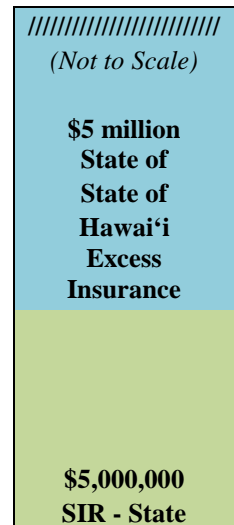


**Crime Insurance**

**E. Cyber Liability**

Effective December 1, 2017, the University is covered up to \$5 million as a participant in the State of Hawai‘i’s cyber liability program, as illustrated to the right. The program covers claims made against the University by third parties for damages resulting from data breach, such as reimbursement of funds lost due to a financial information hack or reimbursements to credit reporting services due to a breach. It also covers claims made by the University for damage to its systems caused by hacking. Currently, the University has not made any claims under this policy.

**2022**



**Cyber Insurance**



**F. Excluded Liability**

The University also self-insures claims for various exposures that are excluded from coverage by the University's and the State of Hawai'i's insurance policies, including breach of contract, wrongful discharge and collective bargaining matters (including grievances). From FY 2018 through FY 2022, the University processed a total of 5 excluded claims. These claims ranged in cost from \$2,038 to \$19,273, for a straight average amount of \$7,740. In total, settlements and judgments comprised 12% of the payments made by the University, with legal fees and other costs comprising 88%.

**Excluded Claims Summary**

	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>
<b>Total Paid by UH</b>	\$4,148	\$7,509	\$0	\$2,930	\$19,274
<b>Number of Claims Paid</b>	2	1	0	1	2

**G. Other Expenditures**

The Office of Risk Management also covers obtaining legal advice and other expert services on non-claim-related matters.

**Other Expenditures Summary**

	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>
<b>Total Paid by UH</b>	\$22,811	\$543,749	\$574,005	\$33,646	\$103,411

**IV. Conclusion**

Consistent with our vision to promote a culture of risk awareness and advance an enterprise risk management process, the University has established a risk financing and insurance strategy that effectively addresses the risks and claims that arise across its 10 campus system. The University will continue to report biennially on its risk financing and insurance strategy.



# Item IV.H.

## Enterprise Risk Management Process Update

**ORAL REPORT  
NO MATERIALS**