



UNIVERSITY of HAWAIʻI
SYSTEM

2025 Annual Report
Required Supplementary Information, and Other Supplemantary Information
University of Hawaiʻi
State of Hawaiʻi

University of Hawaiʻi
State of Hawaiʻi
(A Component Unit of the State of Hawaiʻi)
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June 30, 2025

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Report of Independent Auditors

To the Board of Regents of the
University of Hawaiʻi

Opinion

We have audited the accompanying financial statements of the University of Hawaiʻi (the "University"), a component unit of the State of Hawaiʻi, as of and for the year ended June 30, 2025, 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, 2025, and the changes in financial position and, where applicable, cash flows for the year 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 Hawaiʻi Foundation (the "Foundation"), which represent 23.2% of the total assets and deferred outflows of resources and 1.2% of the total operating revenues of the University as of and for the year ended June 30, 2025. 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, 2025, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, the University adopted Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, as of July 1, 2024. 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.

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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 collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment, made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2025, in 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 internal control over financial reporting and compliance.

Accuity LLP

Honolulu, Hawaiʻi
December 5, 2025

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 Hawaiʻi

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 Hawaiʻi (the "University") as of and for the year ended June 30, 2025, and the related notes to the financial statements, and have issued our report thereon dated December 5, 2025. Our report includes a reference to other auditors who audited the financial statements of the University of Hawaiʻi 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 University'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 or significant deficiencies may exist that were not identified.

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.

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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 of Hawaiʻi's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accuity LLP

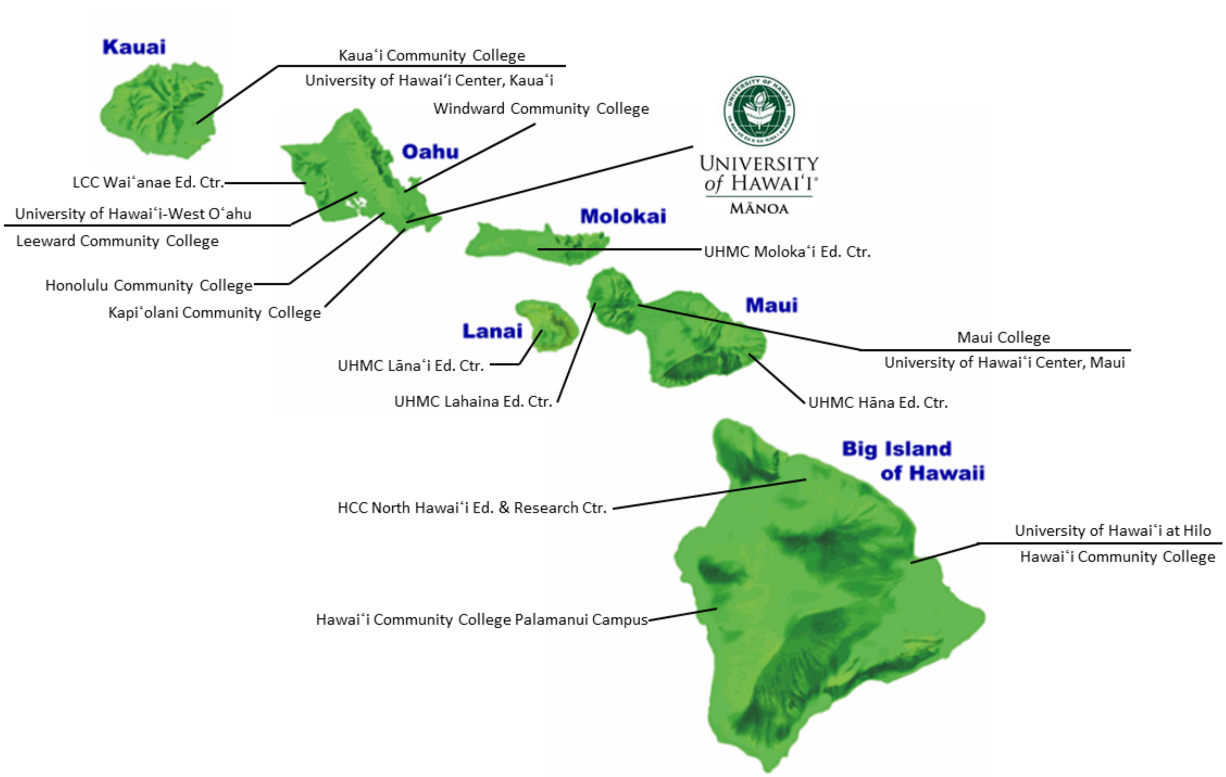
Honolulu, Hawaiʻi
December 5, 2025

Introduction

The following Management's Discussion and Analysis (MD&A) provides a narrative overview of the financial position and results of operations for the University of Hawaiʻi (the "University") for the year ended June 30, 2025, with selective comparative data for the year ended June 30, 2024. This analysis has been prepared by management and should be read in conjunction with the accompanying financial statements and notes thereto, which follow this section.

The University, founded in 1907 under the auspices of the Morrill Act, operates as a land-grant, sea-grant, and space-grant institution. It comprises a 10-campus system: one major research university (Mānoa), two baccalaureate campuses (Hilo and West Oʻahu), seven community colleges (Hawaiʻi, Honolulu, Kapiʻolani, Kauai, Leeward, Maui, and Windward), and nine educational centers distributed statewide.

As the sole public higher education system within the State, the University holds a unique competitive position and strategic value for Hawaiʻi. Furthermore, it is distinguished nationally as the only truly integrated system, seamlessly combining its universities and community colleges into a single cohesive structure. This integration, coupled with the University's deep Hawaiʻi, Asian and Pacific orientation, is a core distinguishing characteristic.



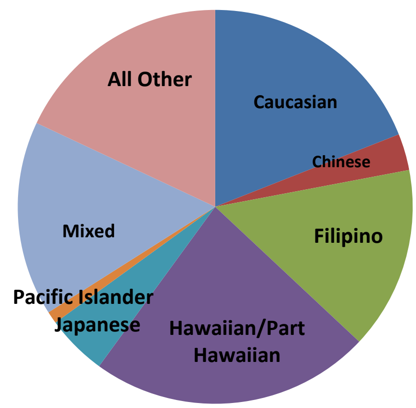
University of Hawaiʻi Quick Facts

Students		Academic Year 2025	Academic Year 2024
Undergraduate		46,397	45,389
Graduate		5,014	5,029
	Total	**51,411**	**50,418**

Type of Degrees Awarded	**712**
Certificates: Community Colleges	166
Certificates: University	132
Associate degrees	115
Bachelor's degrees	147
Master's degrees	94
Doctoral degrees	51
Professional degrees	7

Residency	
Hawaiʻi	81 %
Mainland	14 %
U.S Affiliated	1 %
Foreign	4 %

Student Diversity (full time Students)	
Caucasian	19 %
Chinese	3 %
Filipino	15 %
Hawaiian/Part Hawaiian	23 %
Japanese	5 %
Pacific Islander	1 %
Mixed	16 %
All Other	18 %



Total Revenues ($ in thousands)	Fiscal Year 2025	% of Total	Fiscal Year 2024
Net tuition and fees	$ 257,091	11 %	$ 267,438
Contracts and grants (including Pell grants)	702,256	30 %	593,242
State appropriations	673,015	28 %	611,673
Transfer from State for fringe benefits	359,614	15 %	329,117
Sales and services	120,590	5 %	107,444
Capital State appropriations	157,558	7 %	197,105
Others	86,933	4 %	100,043
Total	**$ 2,357,057**	**100 %**	**$ 2,206,062**

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 outflows 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, this 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 illustrates 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.

Related Entities

The University maintains close relationships with the University of Hawaiʻi Foundation (the "Foundation") and the Research Corporation of the University of Hawaiʻi (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.

The Foundation prepares stand-alone financial statements in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). Under FASB ASC, 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.

Change in Accounting Principle

Effective July 1, 2024, the University adopted the provisions of GASB Statement No. 101, *Compensated Absences*. This Statement updated the recognition and measurement guidance for compensated absences. This Statement requires recognition of a liability for compensated absences that is attributed to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled.

The adoption of GASB Statement No. 101 resulted in a reduction of $71.4 million to beginning net position to $128.8 million.

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 of resources, and net position at June 30, 2025 and 2024 are summarized as follows (in thousands of dollars):

	2025	2024	2025 vs 2024 Change
Current assets			
Cash and operating investments	$ 1,003,396	$ 915,471	$ 87,925
Receivables, net	176,558	166,124	10,434
Other current assets	26,488	28,813	(2,325)
Total current assets	1,206,442	1,110,408	96,034
Noncurrent assets			
Endowment and other investments	130,834	122,888	7,946
Capital assets, net	2,280,217	2,212,888	67,329
Other noncurrent assets	676,584	655,696	20,888
Total assets	4,294,077	4,101,880	192,197
Deferred outflows of resources			
Deferred outflows on net pension and OPEB liability and other	481,912	403,855	78,057
Total deferred outflows of resources	481,912	403,855	78,057
Total assets and deferred outflows of resources	$ 4,775,989	$ 4,505,735	$ 270,254
Current liabilities	$ 377,287	$ 329,701	$ 47,586
Noncurrent liabilities			
Revenue bonds payable	368,088	395,098	(27,010)
Net pension liability and other postemployment benefits	3,010,783	3,147,820	(137,037)
Other noncurrent liabilities	203,369	85,016	118,353
Total liabilities	3,959,527	3,957,635	1,892
Deferred inflows of resources			
Deferred inflows on net pension and OPEB liability and other	355,375	347,955	7,420
Total deferred inflows of resources	355,375	347,955	7,420
Net position			
Net investment in capital assets	1,879,304	1,804,712	74,592
Restricted			
Nonexpendable	10,493	10,493	-
Expendable	661,671	587,716	73,955
Unrestricted	(2,090,381)	(2,202,776)	112,395
Total net position	461,087	200,145	260,942
Total liabilities, deferred inflows of resources, and net position	$ 4,775,989	$ 4,505,735	$ 270,254

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 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, 2025 and 2024, working capital amounted to $829.2 million and $780.7 million, respectively. The University is committed to maintaining a prudent level of working capital to fund operations, including pre-funding extramural grants which are mostly paid on a cost reimbursement basis. Based on the $1.8 billion operating expenses (excluding depreciation) for the year ended June 30, 2025, the working capital at year-end represents approximately 158 days of operating funds, as compared to 163 days of operating funds in 2024.

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 $1.2 billion and $1.1 billion at June 30, 2025 and 2024, respectively. Total current assets increased by $96.0 million, or 8.6% at June 30, 2025, as a result of a $84.5 million increase in operating investments and a $10.4 million increase in net receivables. As interest rates remained high during fiscal year 2025, the University opted to increase their holdings of government securities and treasury notes. The increase in the net receivable balance is primarily attributable to a $11.9 million increase in amounts due from the State of Hawaiʻi related to increases in fringe expense for generally funded employees.

- 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 Hawaiʻi, the current portion of long-term liabilities, and other current liabilities. Total current liabilities were $377.3 million and $329.7 million at June 30, 2025 and 2024, respectively. Total current liabilities increased by $47.6 million, or 14.4% for the year ended June 30, 2025, as a result of a $38.6 million increase in the current portion of long-term 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 Hawaiʻi ("ASUH") endowment, and unspent bond proceeds. The aggregate investment balance remained relatively consistent in fiscal years 2025 and 2024.

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 2025 and 2024, the University instituted a 4.10% and 4.05% distribution rate, respectively, on restricted and unrestricted endowments. The total restricted and unrestricted distributions available to the University amounted to $3.5 million and $3.0 million in fiscal years 2025 and 2024, respectively.

Total endowment and other investments were $130.8 million and $122.9 million in fiscal years 2025 and 2024, respectively. Total endowment and other investments increased by $7.9 million, or 6.4%, at June 30, 2025, as a result of endowment investment purchases and sales.

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, 2025 and 2024, total capital assets, net of accumulated depreciation, were $2.28 billion and $2.21 billion, respectively. Total capital assets represented approximately 53.1% and 54.0% of the University's total assets in fiscal years 2025 and 2024, respectively. Capital asset additions totaled $226.5 million and $200.1 million in fiscal years 2025 and 2024, respectively. Transfers from capital improvement projects totaled $110.5 million and $116.5 million in fiscal years 2025 and 2024, respectively.

Capital asset additions increased by $26.4 million in fiscal year 2025 in comparison to fiscal year 2024, due to increased spending on facilities.

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 2025 and 2024 or in progress as of June 30, 2025 and 2024 include:

- **Leeward Community College Product Development Center Renovation** – The $17.2 million renovation is a cooperative project between the University and the Department of Agriculture's Agribusiness Development Corporation. The 16,000 square foot facility includes a commercial grade kitchen, flexible classroom space, processing & manufacturing rooms, laboratories, and a public loft space. The product development center takes agricultural items that would normally be wasted and turn them into value added food products that can be marketed and sold. The project was completed in April 2024.

- **UH-Mānoa Student Success Center** – The $62 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, receive academic advising and tutoring. Sinclair's central location will provide students a safe place to interact. The project is estimated to be completed in August 2026.

- **UH-Mānoa Bachman Hall Renovation** – The UH-Mānoa Bachman Hall has been renovated. Improvements to the 72-year Bachman Hall included a new central HVAC system, a new roof, and a new life safety system. Renovations were made to the windows, floors, ceilings, restrooms and walls, along with mechanical, electrical, plumbing and telecom. The $25.2 million project was completed in February 2024.

- **Hoʻola Early Phase Clinical Research Center** – The University of Hawaiʻi and the National Institutes of Health are building a clinical research center in the annex portion of the University of Hawaiʻi Cancer Center building. The $14.1 million renovation will provide the people of Hawaiʻi 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. Phase I of the project was completed in March 2024. Phase II has commenced with completion estimated to be in January 2026.

- **Kapiʻolani Community College Culinary Institute of the Pacific, Phase 2** – Phase 2 of the Culinary Institute of the Pacific at Kapiʻolani Community College includes a restaurant, an innovation center, an auditorium, and parking. The $30 million design build project was completed in March 2025.

- **UH-Maui College Hospitality Academy Training Center** – The UH-Maui College is completely renovating their Multipurpose Building into a Hospitality Training Center. The $5.8 million renovation of the building includes upgrades to the HVAC, electrical and plumbing systems, and will create mock hotel rooms so students in the Hospitality and Tourism program will have hands-on experience in a hotel setting. The project was completed in January 2025.

- **University of Hawaiʻi at Mānoa Athletics Renovation** – The $13.5 million renovation to the University of Hawaiʻi at Mānoa Athletics lower campus Cooke Field began in October 2023. The renovation will include a NCAA compliant 400-meter eight-lane synthetic track and NCAA-compliant soccer field. The Rainbow Wahine soccer team will be able to come back to Mānoa, instead of playing at the Waipiʻo Peninsula Soccer Stadium. The total project is estimated to be completed in July 2026.

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 Hawaiʻi 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 2025 and 2024, 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 2025 and 2024, $161.6 million and $144.2 million, respectively, were appropriated.

- **Revenue bonds** – The University has previously issued revenue bonds to finance capital projects. These bonds are carried as liabilities of the University. Total revenue bond liabilities were $395.1 million and $421.4 million for fiscal years 2025 and 2024, respectively. The University has appropriated funds, by statute, from the State of Hawaiʻi 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 $8.1 million and $8.8 million in fiscal years 2025 and 2024, respectively. The University also receives a portion of the State of Hawaiʻi's cigarette tax revenues, by statute, for the University's Cancer Center to be used for research and operating expenses and capital expenditures. Cigarette tax revenues of $6.6 million and $6.9 million were used to cover debt service for the bonds that financed the University's Cancer Center in fiscal years 2025 and 2024, respectively. Refer to Note 9 for more information regarding the University revenue bonds.

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, 2025 and 2024 is summarized as follows (in thousands of dollars):

	2025	2024
Net investment in capital assets	$ 1,879,304	$ 1,804,712
Restricted – Nonexpendable	10,493	10,493
Restricted – Expendable	661,671	587,716
Unrestricted	(2,090,381)	(2,202,776)
Total net position	$ 461,087	$ 200,145

Net investment in capital assets is the University's capital assets, 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 increased by $74.6 million, or 4.1%, in fiscal year 2025, primarily due to a net increase in capital assets of $67.3 million, and a $22.2 million retirement of debt related to revenue bonds.

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.

Net position that is not subject to externally imposed restrictions governing their use is classified as unrestricted for financial reporting purposes. At June 30, 2025 and 2024, unrestricted net position amounted to deficits of $2.09 billion and $2.20 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 $67.7 million and $61.6 million were designated for endowment activities at June 30, 2025 and 2024, respectively.

The negative unrestricted net position for the years ended June 30, 2025 and 2024 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):

	2025	2024
Unrestricted net position	$ (2,090,381)	$ (2,202,776)
Pension	1,476,298	1,525,858
OPEB	1,426,192	1,557,797
Adjusted net unrestricted position	$ 812,109	$ 880,879

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, 2025 and 2024, summarized to match revenues supporting core activities with expenses associated with core activities, are as follows (in thousands of dollars):

	2025	2024	2025 vs 2024 Change
Revenues			
Operating			
Tuition and fees	$ 405,881	$ 403,996	$ 1,885
Less: Scholarship allowances	(148,790)	(136,558)	(12,232)
Grants and contracts	629,987	534,804	95,183
Sales and services	120,591	107,444	13,147
Other revenue	120	441	(321)
Total operating revenues	1,007,789	910,127	97,662
Nonoperating			
State appropriations and transfers for fringe benefits	1,032,629	940,790	91,839
Federal Pell grant and federal non-operating revenues	72,270	58,438	13,832
Net investment income	61,868	55,403	6,465
Private gifts	5,161	2,387	2,774
Total nonoperating revenues	1,171,928	1,057,018	114,910
Total revenues supporting core activities	2,179,717	1,967,145	212,572
Expenses			
Operating			
Compensation and benefits	1,301,632	1,263,751	37,881
Supplies, services and cost of goods sold	320,671	225,254	95,417
Telecom and utilities	73,831	73,809	22
Scholarships and fellowships	36,713	29,150	7,563
Other expense	121,252	96,302	24,950
Total operating expenses	1,854,099	1,688,266	165,833
Nonoperating revenues (expenses)			
Transfers from State, net	17,740	30,882	(13,142)
Interest expense	(11,999)	(12,689)	690
Total nonoperating revenues, net	5,741	18,193	(12,452)
Expenses associated with core activities before depreciation	1,848,358	1,670,073	178,285
Gain from core activities before depreciation and amortization	331,359	297,072	34,287
Depreciation and amortization	147,212	148,809	(1,597)
Expenses associated with core activities including depreciation	1,995,570	1,818,882	176,688
Gain from core activities	184,147	148,263	35,884
Other nonoperating activity			
Capital appropriations and grants	159,147	207,798	(48,651)
Other expenses, net	(10,978)	(4,479)	(6,499)
Other nonoperating income, net	148,169	203,319	(55,150)
Increase in net position	332,316	351,582	$ (19,266)
Net position			
Beginning of year, as previously reported	200,145	(151,437)	
Restatement due to change in accounting principle (see Note 1)	(71,374)	-	
Beginning of year, as restated	128,771	-	
End of year	$ 461,087	$ 200,145	

Revenues Supporting Core Activities

The University has a diversified stream of revenues to support its operations. No single source generated more than 31% of the total 2025 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 2025 and 2024. Scholarship allowances amounted to $148.8 million and $136.6 million in fiscal years 2025 and 2024, respectively.

One of the largest sources of revenue continues to be grants and contracts. Total grants and contracts revenue increased by $95.2 million, or 17.8%, in fiscal year 2025. There has been an increasing trend in extramural awards in recent years, however, the year-over-year changes in reported revenues typically are attributed to the timing of work performed as revenue is recognized when the related expenses are incurred. In fiscal year 2025, Federal Pell grant revenues increased $15.9 million, or 30.3%, due to increased federal funding received.

Sales and services revenues are mainly comprised of bookstores, student and faculty housing, food services, parking, and athletics. In fiscal year 2025, sales and services revenues increased by $13.1 million, or 12,2%, which was largely due to an increase of $11.1 million in other sales and service revenue.

The State continues to provide strong financial support to the University as the sole public higher education system within the State. In fiscal year 2025, general state appropriations and transfers from the State for fringe benefits increased by $61.3 million, or 10.0%, and $30.5 million, or 9.3%, respectively, from fiscal year 2024. The State continues to provide strong financial support to the University as the sole public higher education system within the State. The increase in fiscal year 2025 was attributable to an increase in State revenues as well as the implementation of higher fringe rates used to calculate payroll-related liabilities.

Net transfers from State amounted to $17.7 million and $30.9 million in fiscal years 2025 and 2024, 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's Cancer Center cigarette stamp tax collections. The State also made a $10 million transfer to the University for the construction of a child care facility in fiscal year 2024.

The University's net investment income of $61.9 million in fiscal year 2025 represents an increase of $6.5 million, or 11.7%, from fiscal year 2024. The fiscal year 2025 increase was primarily due to the $3.7 million increase of interest and dividend income and $2.9 million of unrealized gains on endowment and operating investments, as a result of rising interest rates and an overall improvement of 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 70.2% and 76.3% were related to compensation and benefits during fiscal years 2025 and 2024, respectively.

Compensation and benefits increased by $37.9 million, or 3.0%, in fiscal year 2025. The fiscal year 2025 increase was attributable to a $101.4 million increase in payroll expenses due to hiring of additional employees, annual raises, and the implementation of GASB Statement No. 101, offset by a $19.0 million decrease in pension adjustments due to the GASB 75 requirement previously established to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive liabilities and a $18.2 million decrease in OPEB adjustments.

Supplies, services, and cost of goods sold expense includes service fees, printing and binding, advertising, dues and subscriptions, non-capital property acquisitions, cost of goods sold for resale items, and other miscellaneous operating costs. Such expenses increased by $95.4 million, or 42.4%, in fiscal year 2025. The fiscal year 2025 increase was primarily attributable to an increase in other service expenses, due to an increase in student activity and spending related to increased extramural awards.

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 increased by $19.8 million, or 11.8%, in fiscal year 2025 due to an increase in the scholarship allowances of $12.2 million.

Operating expenses includes travel expenses, repairs and maintenance, rental expenses, and other operating expenses. Other operating expenses increased by $25.0 million, or 25.9%, in fiscal year 2025. The increase in fiscal year 2025 is primarily due to a $5.0 million increase in rental expenses and a $6.0 million increase in repairs and maintenance.

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 remained relatively consistent, decreasing by just $1.6 million, or 1.07%, during fiscal year 2025.

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 2025, capital appropriations decreased by $48.7 million, or 23.4%. The decrease in fiscal year 2025 was attributable to a $39.5 million decrease in capital appropriations allotted to the University by the State. In fiscal year 2025, $157.6 million was allotted by the State, while in fiscal year 2024, $197.1 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, 2025 and 2024 is as follows (in thousands of dollars):

	2025	2024	2025 vs 2024 Change
Cash received from operations	$ 1,038,957	$ 876,232	$ 162,725
Cash payments for operations	(1,678,034)	(1,444,579)	(233,455)
Net cash used in operating activities	(639,077)	(568,347)	(70,730)
Net cash provided by noncapital financing activities	739,401	674,138	65,263
Net cash used in capital and related financing activities	(65,908)	(64,605)	(1,303)
Net cash used in investing activities	(30,992)	(55,052)	24,060
Net increase (decrease) in cash	3,424	(13,866)	17,290
Cash			
Beginning of year	142,511	156,377	(13,866)
End of year	$ 145,935	$ 142,511	$ 3,424

The net cash used in operating activities increased by $70.7 million, or 12.4%, in fiscal year 2025. The increase in fiscal year 2025 was primarily attributable to increases in payments to employees and payments to suppliers of $99.9 million and $97.9 million, respectively, offset by a $148.9 million increase cash received from grants and contracts.

The net cash provided by noncapital financing activities increased by $65.3 million, primarily due to a $53.9 million increase in State appropriations.

The net cash used in capital and related financing activities remained relatively consistent, increasing by just $1.3 million in 2025.

The net cash used in investing activities decreased by $24.1 million in fiscal year 2025, primarily due to an increase in proceeds from sales and maturities and investments of $197.5 million, offset by a $179.7 million increase in the purchase of investments.

Looking Forward

Mission and Strategic Direction

As the sole provider of public higher education, the University is dedicated to serving as a primary driver of a vibrant, sustainable, and resilient future for Hawaiʻi. The University is committed to being grounded in traditional Hawaiian values (aloha and kuleana) while operating as a forward-looking economic engine that drives innovation and high-impact research relevant to Hawaiʻi, the Pacific, and the world.

This vision is formalized in the UH System Strategic Plan 2023-2029 – Hawaiʻi's University for Today and Tomorrow. The plan defines the institution's path forward through foundational principles and four strategic imperatives:

Foundational Principles:

- Hawaiian place of learning
- Statewide need
- Diversity and equity
- Sustainability
- Stewardship of resources

Strategic Imperatives (Kuleana):

- Fulfill kuleana (responsibility) to Native Hawaiians and Hawaiʻi
- Develop successful students for a better future
- Meet Hawaiʻi's workforce needs of today and tomorrow
- Diversify Hawaiʻi's economy through UH innovation and research

Key Leadership Transitions

The University system is experiencing significant executive transitions, impacting several critical leadership roles:

- **President**: Wendy Hensel assumed the role of the 16th President of the University in January 2025, succeeding the retiring David Lassner.

- **UH Mānoa Provost**: Vassillis Syrmos, formerly the Vice President for Research and Innovation ("VPRI"), was appointed as interim provost of UH Mānoa following the departure of Michael Bruno on June 30, 2025. Chad Walton has been named the interim VPRI.

- **Budget & Finance/CFO**: Kalbert Young, Vice President of Budget & Finance and Chief Financial Officer, will depart at the end of the calendar year 2025 to lead the Employees' Retirement System. Luis Salaveria has been selected as the successor to this position in November 2025.

- **Community Colleges and UH-West Oʻahu**:

    - Della Teraoka, Vice President for the UH Community Colleges, is retiring at the end of December 2025. UH-Maui College Chancellor, Lui Hokoana, has been appointed interim Vice President, effective January 1, 2026, while retaining his Chancellor role.

    - Effective January 1, 2026, Carlos Pañaloza, Chancellor of Leeward Community College, will concurrently serve as interim Chancellor of UH-West Oʻahu, succeeding Maenette Benham.

- Matt Elliott was selected as the next UH-Mānoa athletics director.

Academic Recognition and Rankings

The University of Hawaiʻi continues to be recognized for its academic excellence, value and global impact, as highlighted by recent national and international rankings:

- **Global Standing (QS World University Rankings 2026)**: The flagship Mānoa campus maintained its strong presence among top universities worldwide, recognized for its excellence in academics, research, faculty and sustainability.

- **Community College System (WalletHub 2025)**: The UH Community College System was ranked the 11th best in the nation among 41 statewide systems, based on metrics including tuition, graduation and transfer rates, and post-graduation earnings.

- **U.S. News and World Report 2026 Best Colleges Rankings**:

    - UH-Mānoa: Ranked No. 169 in National Universities and No. 92 among top U.S. Public Schools.

    - Nursing: The Nancy Atmospera-Walch School of Nursing was ranked the No. 118 best undergraduate nursing program.

    - Engineering: The College of Engineering placed No. 150 among the best undergraduate engineering programs (offering doctoral degrees).

    - UH-Hilo Nursing: The School of Nursing was ranked No. 186 best undergraduate nursing program.

    - UH-West O'ahu: Placed No. 3 for best colleges for veterans and top public schools, and No. 8 overall among Regional Colleges in the West.

Federal Policy Monitoring

The University is closely monitoring potential policy adjustments at the federal level and federal government shutdown that may impact research funding, financial aid, and related operations. Updates on the most recent changes and impact are included on the following website: https://www.hawaii.edu/federal-updates/.

Enrollment and Tuition

The University of Hawaiʻi ("UH") System achieved its third consecutive year of enrollment growth in Fall 2025, reaching a total of 51,411 students, the highest level recorded since 2017. This 2.0% increase from the prior year is a significant positive indicator of momentum, supporting future tuition revenue projections and overall institutional health.

Key contributing factors to this trend include a 2.1% rise in first-time freshmen and a record 6.9% increase in high school students enrolled in university programs. However, a 3.5% decline in undergraduate transfer students requires ongoing strategic monitoring and targeted efforts to support internal mobility across the UH system.

This period of enrollment success occurred within a robust state-level economic environment. Hawaiʻi's seasonally adjusted unemployment rate for August 2025 was 2.7%, a figure that significantly outpaces the national rate of 4.3% for the same month.

Fall census headcount comparisons are as follows:

	Fall 2025	% Change	Fall 2024	% Change	Fall 2023
Mānoa	20,404	1.9	20,028	4.0	19,256
Hilo	2,649	(0.7)	2,668	(4.1)	2,781
West Oʻahu	2,897	2.9	2,814	(1.7)	2,863
Community Colleges	25,461	2.2	24,908	3.6	24,033
Total	51,411	2.0	50,418	3.0	48,933

On January 19, 2023, the Board of Regents approved a four-year tuition plan covering academic years ("AY") 2024-2025 through AY 2027-2028. This schedule emphasizes accessibility by freezing rates for several key segments while implementing targeted increases to support operational needs:

- **UH Community Colleges**: Tuition fees at all UH Community Colleges will remain frozen for the entire four-year period.
- **Graduate Level**: General graduate-level tuition rates across the system will remain frozen for the entirety of the four academic years.
- **Undergraduate – UH Four-Year Campuses**:
    - AY 2024-2025: Undergraduate resident tuition rates will be frozen (no increase).
    - AY 2025-2026: A 2% incremental increase will apply to resident undergraduate tuition rates. Nonresident rates will see an equivalent dollar increase.
    - AY 2026-2027: A further 2% incremental increase will apply to resident undergraduate tuition rates. Nonresident rates will see an equivalent dollar increase.
- **Specific Exception – UH-Mānoa William S. Richardson School of Law ("WSRSL"):**
    - The WSRSL tuition rate will experience a 2% increase in each of the three years, beginning in AY 2024-2025. This targeted adjustment is intended to generate revenue to support the Law School's operations.

Research and Innovation

The University's extramural fund awards, which include a vital mix of research and non-research programs, provide substantial financial stability and balance to the institution. Non-research projects – intended for training, workforce development, outreach, community services, and clinical trials – account for approximately 40% to 50% of the total portfolio.

Extramural awards in fiscal year 2025 totaled a record $734.0 million. This achievement marks the fourth time the UH System has surpassed the $500 million threshold and represents the highest level in UH history, reflecting the sustained hard work and dedication of our research faculty and support staff. This performance supports the University of Hawaiʻi at Mānoa's national standing, as the flagship campus was ranked by the National Science

Foundation ("NSF") as 92nd among 660 public and private universities for research and development expenditures in fiscal year 2023.

Highlights of the awards across the UH System for fiscal year 2025 was as follows:

- **UH-Mānoa**: $570.4 million
  - Highlights include major contributions from the School of Ocean and Earth Science and Technology ("SOEST"), which received $210.1 million; the College of Natural Sciences, with $75.5 million; and the John A. Burns School of Medicine ("JABSOM"), with $74.7 million.
- **UH System Offices**: $98.7 million
- **UH Community College System (including Maui College)**: $31.3 million
- **UH-Hilo**: $23.9 million
- **UH-West Oʻahu**: $9.7 million

Facilities and Infrastructure

The continuous improvement and modernization of the University's physical assets are fundamental to delivering 21st century facilities that support the strategic goals related to learning, teaching and research. The University continues to implement its rolling six-year Capital Improvement Program ("CIP") Plan for fiscal years 2022-2027 (the "6-Year CIP Plan").

The 6-Year CIP Plan provides a coordinated, long-term strategy focused on responsible financial management and elevating the overall quality of spaces across the University. Its core priorities are:

1. **Programmatic Focus**: Prioritizing modernization of classrooms, laboratories, and student spaces to enhance the learning and research environment.
2. **Data-Driven Decisions**: Leveraging data and analytics on facility use and conditions to prioritize upgrades to core infrastructure (interior/exterior structures, roofs, mechanical and electrical systems, and circulation pathways) based on programmatic utility and condition.
3. **Space Quality Over Expansion**: Concentrating on upgrading existing space rather than expanding the footprint, ensuring financial responsibility and elevating the quality of current facilities.

The State of Hawaiʻi continues to demonstrate strong financial support for the University's capital program, appropriating a total of $209,206,000 for fiscal year 2026 and $67,004,000 for fiscal year 2027. This funding is provided through a combination of General Obligation ("GO") bond funds and Revenue Bonds.

- **Residential Housing Funds**: A portion of the appropriation, amounting to $30,750,000 in fiscal year 2026 and $28,500,000 in fiscal year 2027, is strictly reserved for residential housing facilities on the UH-Mānoa campus. Use of these Revenue Bond funds is contingent upon UH receiving legislative authorization to issue the bonds in the respective fiscal year.

The University is actively utilizing P3 models to meet the demand for modern, reasonably priced housing:

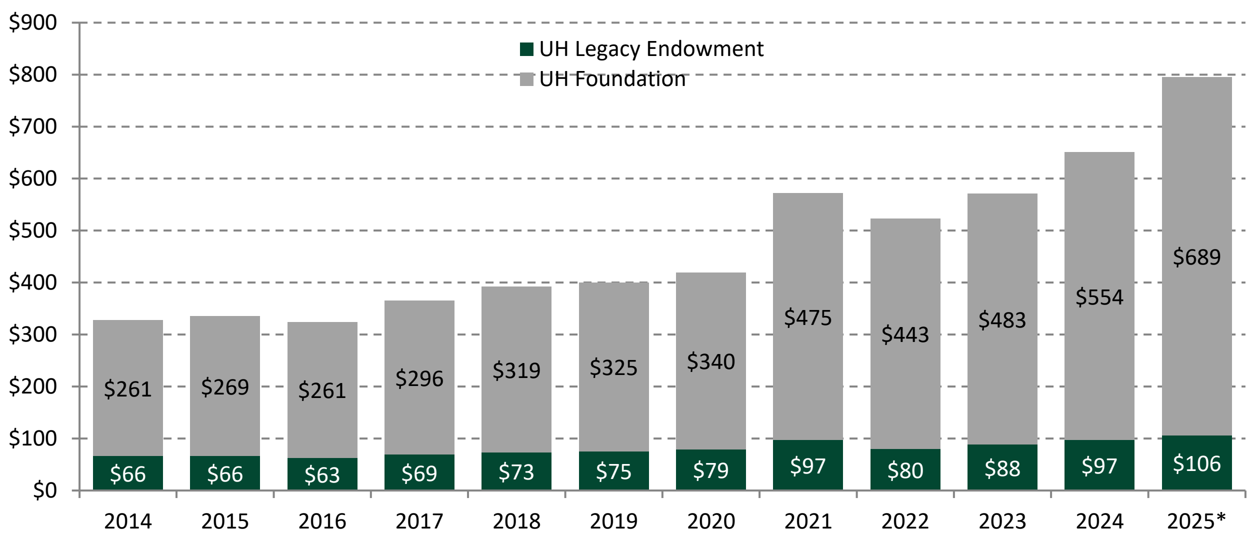
- **The Walter Dods, Jr. RISE Center (formerly Atherton Project)**: Developed in partnership with the UH Foundation and Hunt Development Group. This world-class mixed-use space houses over 370 students and includes an innovation and entrepreneurship center. Total construction costs were approximately $79 million, and the housing component was completed for the Fall 2023 semester.

- **Hale Haukani (formerly NOAA Project)**: This mixed-use development provides family-oriented rental housing for UH students, faculty, and staff as well as space for the Mānoa Children's Center. Being completed by Collegiate Housing Foundation and Greystar Real Estate Partners, it will contain approximately 316 individual units (558 beds), including studios, two-, three-, and four-bedroom units. Total construction costs are approximately $170 million, and the housing component was completed for the Fall 2025 semester.

Fundraising

The UH Foundation achieved a remarkable fundraising year in fiscal year 2025, raising $171.7 million, significantly exceeding its goal of $105.0 million. This success comes as the Foundation prepares to launch the public phase of its ambitious $1 billion Comprehensive Campaign for the University of Hawaiʻi. This campaign has been in a quiet phase since July 1, 2018. As of June 30, 2025, the Foundation had already secured $822.4 million, or 82%, of the total $1 billion goal.

Both the Legacy Endowment and the UH Foundation's overall investment performance continue to show strong gains, benefiting from favorable – though volatile – market conditions.



*estimated/unaudited

State General Fund Appropriations

The University's financial outlook is closely linked to the state and national economies. Current uncertainty, including a perceived weakening of the national economy, directly impacts Hawaiʻi's tourism-based economy. Furthermore, ever-shifting federal guidelines may affect research grants and indirect cost reimbursement rates, potentially introducing volatility to the University's revenue streams.

State General Fund revenues showed continued growth up to the last fiscal year, but projections indicate a decline for fiscal year 2026:

- **Fiscal year 2024 Revenue**: $9.56 billion
- **Fiscal year 2025 Revenue**: $9.97 billion (a 4.2% increase)

The Council on Revenues is projecting a 4.7% decline for fiscal year 2026. This anticipated drop is attributed to the weakening national economy combined with a non-recurring $315 million collection in estate tax collections recorded in fiscal year 2025. Additionally, state income tax changes from Act 46, Session Laws of Hawaiʻi 2024, continue to exert downward pressure on revenue projections.

Despite the broader revenue concerns, the University received positive budget news during the most recent legislative session:

- The State Legislature increased the General Fund operating budget to the University by $5.6 million for fiscal year 2026, resulting in a total fiscal year 2026 General Fund appropriation of $655.5 million.
- Tuition revenues are also projected to see a slight increase of approximately $10.6 million, or 2.9%.

University fund balances continue to remain strong. However, recognizing the uncertainty stemming from federal policy changes, the federal government shutdown, and the state of the local economy, the University is preparing to strategically manage these balances by pooling a portion of its tuition reserves to establish the Strategic Investment and Risk Diffusion ("SIRD") Fund, specifically designed to comply with Board of Regent reserve policy and address the concerns to mitigate financial risks.

University of Hawaiʻi
State of Hawaiʻi
(A Component Unit of the State of Hawaiʻi)
Statement of Net Position – University of Hawaiʻi
June 30, 2025
(All dollars reported in thousands)

Assets and Deferred Outflows of Resources	
Current assets	
Cash and cash equivalents	$ 145,935
Operating investments, at fair value	857,461
Due from State of Hawaiʻi	18,766
Accounts receivable, net	157,450
Current portion of notes receivable, net	342
Other current assets	26,488
Total current assets	1,206,442
Noncurrent assets	
Due from State of Hawaiʻi	654,300
Endowment and other investments	130,834
Notes receivable, net	2,612
Capital assets, net	2,280,217
Other noncurrent assets	19,672
Total noncurrent assets	3,087,635
Total assets	4,294,077
Deferred outflows of resources	
Deferred outflows on net pension liability, OPEB liability and other	481,912
Total deferred outflows of resources	481,912
Total assets and deferred outflows of resources	$ 4,775,989
Liabilities, Deferred Inflows of Resources, and Net Position	
Current liabilities	
Accounts payable	$ 69,136
Accrued payroll and fringe benefits	70,753
Advances from sponsors	66,034
Unearned revenue	30,221
Due to State of Hawaiʻi	4,051
Due to the Research Corporation of the University of Hawaiʻi, net	20,344
Current portion of long-term liabilities	111,125
Other current liabilities	5,623
Total current liabilities	377,287
Noncurrent liabilities	
Compensated absences	132,928
Accrued workers' compensation	14,314
Revenue bonds payable	368,088
Equipment financing obligations	1,430
Subscription payable	6,858
Net pension liability	1,659,607
Other postemployment benefits	1,351,176
Other noncurrent liabilities	47,839
Total noncurrent liabilities	3,582,240
Total liabilities	3,959,527
Deferred inflows of resources	
Deferred inflows on net pension, OPEB liability and other	355,375
Total deferred inflows of resources	355,375
Commitments and contingencies	
Net position	
Net investment in capital assets	1,879,304
Restricted	
Nonexpendable	10,493
Expendable	661,671
Unrestricted	(2,090,381)
Total net position	461,087
Total liabilities, deferred inflows of resources, and net position	$ 4,775,989

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

University of Hawaiʻi
State of Hawaiʻi
(A Component Unit of the State of Hawaiʻi)
Statement of Financial Position – University of Hawaiʻi Foundation
June 30, 2025
(All dollars reported in thousands)

Assets	
Cash and cash equivalents	$ 12,386
Assets whose use is limited or restricted	11,464
Contributions receivable, net	67,256
Prepaid expenses and other receivables	5,814
Property and equipment, at cost, net of accumulated depreciation and amortization of $3,824	90,009
Other assets, at cost	3,872
Investments	887,848
Beneficial interest in trusts held by others	28,268
Total assets	$ 1,106,917
Liabilities and Net Assets	
Accounts payable	$ 12,994
Liabilities under split-interest agreements	13,774
Amounts held for others	3,682
Long-term debt	92,871
Other liabilities	1,434
Total liabilities	124,755
Commitments and contingencies	
Net assets	
Without donor restrictions	27,225
With donor restrictions	954,937
Total net assets	982,162
Total liabilities and net assets	$ 1,106,917

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

University of Hawaiʻi
State of Hawaiʻi
(A Component Unit of the State of Hawaiʻi)
Statement of Revenues, Expenses, and Changes in Net Position – University of Hawaiʻi
Year Ended June 30, 2025
(All dollars reported in thousands)

Operating revenues	
Student tuition and fees	$ 405,881
Less: Scholarship allowances	148,790
Net student tuition and fees	257,091
Federal appropriations, grants and contracts	500,263
State and local grants and contracts	75,695
Nongovernmental sponsored programs	54,029
Sales and services of educational departments, other	29,326
Auxiliary enterprises	
Bookstores	14,154
Student housing, net of scholarship allowances of $1,652	29,300
Other auxiliary enterprises revenues	47,811
Other operating revenues	120
Total operating revenues	1,007,789
Operating expenses	
Compensation and benefits	1,301,632
Supplies, services, and cost of goods sold	320,671
Depreciation and amortization	147,212
Telephone and utilities	73,831
Scholarships and fellowships	36,713
Travel expenses	33,769
Repairs and maintenance	37,737
Rental expenses	15,346
Other operating expenses	34,400
Total operating expenses	2,001,311
Operating loss	(993,522)
Nonoperating revenues (expenses)	
State appropriations	673,015
Federal Pell grants	68,769
Federal nonoperating revenues (coronavirus)	3,501
Private gifts	5,161
Net investment income	61,868
Interest expense	(11,999)
Net transfers from State of Hawaiʻi	362,638
Loss on disposal of capital assets	(11,707)
Other, net	275
Net nonoperating revenues before capital and endowment additions	1,151,521
Capital – state appropriations	157,558
Capital – federal grants/subsidies	801
Capital – gifts and grants	2,283
Net transfers to State of Hawaiʻi for capital assets	(1,495)
Transfers from State of Hawaiʻi, Tobacco settlement	8,095
Transfers from State of Hawaiʻi, University of Hawaiʻi Cancer Center	6,621
Net transfers to other State agencies	454
Total other revenues	174,317
Total net nonoperating revenues	1,325,838
Change in net position	332,316
Net position	
Beginning of year, as previously reported	200,145
Restatement due to change in accounting principle (see Note 1)	(71,374)
Beginning of year, as restated	128,771
End of year	$ 461,087

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

University of Hawaiʻi
State of Hawaiʻi
(A Component Unit of the State of Hawaiʻi)
Statement of Activities – University of Hawaiʻi Foundation
Year Ended June 30, 2025
(All dollars reported in thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions	$ 471	$ 141,032	$ 141,503
Fees, honoraria, royalties and other	9,359	671	10,030
Investment gain, net	16,679	73,876	90,555
Administrative fees	11,493	(11,493)	-
Fundraising events and projects	479	1,115	1,594
Net assets released from restrictions	73,351	(73,351)	-
Total revenue	111,832	131,850	243,682
Expenses			
Program services			
Extension and public services	1,769	-	1,769
Academic support	10,425	-	10,425
Research	9,245	-	9,245
Student aid and services	18,188	-	18,188
Faculty and staff support	4,107	-	4,107
Capital projects	3,386	-	3,386
Athletics	4,445	-	4,445
Special programs	21,617	-	21,617
Other	169	-	169
Total program services	73,351	-	73,351
Supporting services			
Administrative, management, and fiscal services	14,654	-	14,654
Development	11,024	-	11,024
Total supporting services	25,678	-	25,678
Total expenses	99,029	-	99,029
Change in net assets	12,803	131,850	144,653
Net assets at beginning of year	14,422	823,087	837,509
Net assets at end of year	$ 27,225	$ 954,937	$ 982,162

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

University of Hawaiʻi
State of Hawaiʻi
(A Component Unit of the State of Hawaiʻi)
Statement of Cash Flows – University of Hawaiʻi
Year Ended June 30, 2025
(All dollars reported in thousands)

Cash flows from operating activities	
Student tuition and fees	$ 256,154
Grants and contracts	652,839
Other revenues	129,964
Payments to employees	(1,141,665)
Payments to suppliers and other	(499,656)
Payments for scholarships and fellowships	(36,713)
Net cash used in operating activities	(639,077)
Cash flows from noncapital financing activities	
State appropriations	661,073
Gifts and grants for other than capital purposes	77,433
Net transfers from State of Hawaiʻi	3,025
Other disbursements	(2,130)
Net cash provided by noncapital financing activities	739,401
Cash flows from capital and related financing activities	
Capital appropriations	158,564
Capital gifts and grants	2,544
Purchases of capital assets	(204,418)
Proceeds from sale of capital assets	674
Principal paid on capital debt and equipment financing arrangements	(22,216)
Interest paid on capital debt and equipment financing arrangements	(15,772)
Transfer from State of Hawaiʻi for	
Tobacco Settlement	8,095
University of Hawaiʻi Cancer Center	6,621
Net cash used in capital and related financing activities	(65,908)
Cash flows from investing activities	
Interest and dividends on investments, net	35,390
Proceeds from sales and maturities of investments	710,683
Purchase of investments	(777,065)
Net cash used in investing activities	(30,992)
Net increase in cash and cash equivalents	3,424
Cash and cash equivalents	
Beginning of year	142,511
End of year	$ 145,935

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

University of Hawaiʻi
State of Hawaiʻi
(A Component Unit of the State of Hawaiʻi)
Statement of Cash Flows – University of Hawaiʻi
Year Ended June 30, 2025
(All dollars reported in thousands)

Reconciliation of operating loss to net cash used in operating activities	
Operating loss	$ (993,522)
Adjustments to reconcile operating loss to net cash used in operating activities	
On behalf payments by State for fringe benefits	359,614
Depreciation and amortization expense	147,212
Pension and other postretirement healthcare benefit expense	(181,165)
Bad debt expense, net	5,082
Changes in operating assets and liabilities	
Accounts receivable	(3,406)
Due from the Research Corporation of the University of Hawaiʻi, net	17,749
Notes receivable	(266)
Prepaid expenses and other assets	(1,531)
Accounts payable	9,274
Accrued payroll and fringe benefits	(47,063)
Accrued workers' compensation liability	22,566
Advances from sponsors	22,789
Other, net	3,590
Net cash used in operating activities	$ (639,077)
Supplemental disclosure of noncash investing and financing activities	
Net transfers from other State agencies	$ 661
Accounts payable for capital assets	39,942

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

1. Organization and Summary of Significant Accounting Policies

Financial Reporting Entity

The accompanying financial statements of the University of Hawaiʻi (the "University") include the activities of the University of Hawaiʻi at Mānoa ("UH-Mānoa"), University of Hawaiʻi at Hilo ("UH-Hilo"), University of Hawaiʻi at West Oʻahu ("UH-West Oʻahu"), University of Hawaiʻi at Maui College, University of Hawaiʻi 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 Hawaiʻi (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, 2025, the net position of the Research Corporation was $14,056. 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 Hawaiʻi 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 17.

The Foundation's accounting policies conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to not-for-profit organizations as promulgated by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). 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 Hawaiʻi Foundation, 1314 South King Street, Suite B, Honolulu, HI 96814.

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 Hawaiʻi (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

Cash and time certificates of deposits included in investments 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.

The title to investment securities is vested in the name of U.S. 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 University'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 assumptions. 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 Hawaiʻi 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.

Due to 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 to the Research Corporation, net" represents management fees and funds due to the Research Corporation for project expenditures.

Leases

Lessee
The University has a policy to recognize a lease liability and a right-to-use (“ROU”) lease asset (“ROU asset”) in its financial statements. The University recognizes lease liabilities with an initial, individual value of $100 or more for land and building leases and $25 or more for equipment and others, 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.

ROU 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 ROU assets into service. ROU 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 ROU 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 periods covered by an option to extend, if it is reasonably certain the option will be exercised or to terminate if it is reasonably certain that the option will not be exercised. 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.

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

ROU 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.

Lessor
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 periods covered by an option to extend, if it is reasonably certain the option will be exercised or to terminate if it is reasonably certain that the option will not be exercised. Lease receipts included in the measurement of the lease receivable are 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.

Subscription-Based Information Technology Arrangements ("SBITA")
The University has a policy to recognize subscription liabilities and right-to-use subscription assets in the financial statements. The University recognizes subscription liabilities with an initial, individual value of $500 or more with a subscription term greater than one year. Variable payments based on future performance of the University, or usage of the underlying IT asset, or number of user seats are not included in the measurement of the subscription liability, rather, those variable payments are recognized as outflows of resources (expenses) in the period the obligation for those payments is incurred.

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

Subscription assets are recorded at the amount of the initial measurement of the subscription liabilities, plus any payments made to the SBITA vendor before the commencement of the subscription term and capitalizable initial implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term.

Costs associated with a SBITA, other than the subscription payments, are accounted for as follows:

- **Preliminary Project Stage:** Outlays are expensed as incurred.
- **Initial Implementation Stage:** Outlays are capitalized as an addition to the subscription asset.
- **Operation and Additional Implementation Stage:** Outlays are expensed as incurred unless they meet specific capitalization criteria.

Subscription assets are reported in capital assets and subscription liabilities are reported with long-term liabilities on the Statement of Net Position.

Subscription assets are amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying IT asset.

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

- The University uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the University generally uses its estimated incremental borrowing rate as the discount rate for the SBITA.

- The subscription term includes periods covered by an option to extend, if it is reasonably certain the option will be exercised or to terminate if it is reasonably certain that the option will not be exercised. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and the purchase option price that the University is reasonably certain to exercise.

The University monitors changes in circumstances that would require a remeasurement of its subscription liability.

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 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 postemployment benefits other than pension ("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 University'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. The deferred inflow of resources related to leases was initially measured as the amount of the lease receivable. Subsequently, the deferred inflows of resources related to leases are recognized as revenue over the lease term.

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.

Compensated Absences

It is the University's policy to permit employees to accumulate earned but unused vacation, compensatory time, and sick leave benefits, as well as participate in the leave donation pool and the direct sharing programs (collectively, "compensated absences"). A liability is recognized only for leave that is (a) attributable to services already rendered, (b) accumulates, and (c) is more likely than not to be used, paid, or settled. The liability for vacation and compensatory time leave is measured using the pay or salary rates in effect at the financial statement date, including shortage differentials. The measurement also includes fringe benefits associated with payments made for vacation leave. The liability for sick leave that is more likely than not to be used, paid or settled through cash or noncash means is measured using the historical average use approach. This method is based upon the University's historical experience with sick leave usage through payouts over the last five years, and considers past trends to determine the amount of sick leave expected to be used or paid in the future. The liability for the leave donation pool is measured using the average rate of entitled employees utilizing the leave donation as of the financial statement date. The liability for the direct sharing program is measured using the rate of the employee utilizing the leave as of the financial statement date. All leave is accrued when incurred in the financial statements and presented under the caption compensated absences in the Statement of Net Position.

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 Employees' Retirement System of the State of Hawai‘i ("ERS"), and additions to/deductions from the ERS's fiduciary net position have been determined on the same basis as they are reported 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 Hawaiʻi 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.

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 14 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**

  - <u>Nonexpendable</u> – Net position subject to externally imposed stipulations that it be maintained permanently by the University, which includes the University's permanent endowment funds.

  - <u>Expendable</u> – 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, 2025 amounted to $672,164, of which $592,754 was 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.

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 had been prorated between fiscal years, the difference would not be material.

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, compensated absences, net pension liabilities, postemployment benefit liabilities, AROs, 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 Statement of Net Position (see Note 9).

The University records its estimated pension liability and 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 12 and 13.

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 14.

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.

Recently Issued and/or Adopted Accounting Pronouncements

GASB Statement No. 101

During fiscal year 2025, the University implemented GASB 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. This Statement requires recognition of a liability for compensated absences that (1) is attributed to services already rendered; (2) accumulates; and (3) is more likely than not to be used for time off or otherwise paid or settled. Implementation of this Statement had a significant effect on the University's financial statements for the year ended June 30, 2025.

(All dollars reported in thousands)

Upon implementation of this Statement, the beginning net position balance has been restated to reflect the cumulative effect of the Statement. The impact of the changes is summarized in the table below:

Beginning Net Position (as previously reported)	Adjustment for GASB 101	Beginning Net Position (as restated)
$200,145	$(71,374)	$128,771

GASB Statement No. 102

During fiscal year 2025, the University implemented GASB Statement No. 102, *Certain Risk Disclosures*. The primary objective of the Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability.

GASB Statement No. 103

The GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025. The University has not determined the effect this Statement will have on its financial statements.

GASB Statement No. 104

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025. 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, 2025, classified as cash and cash equivalents and operating investments, was $182,935 with corresponding bank balances of $152,335. The portion of bank balances covered by the Federal Deposit Insurance Corporation ("FDIC") or by collateral held by the State Director of Budget & Finance in the name of the University totaled $115,335 at June 30, 2025.

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 ("FIFO") method.

(All dollars reported in thousands)

As a result of market fluctuations, the fair 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, 2025.

- **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.

The Hawaiʻi Uniform Prudent Management of Institutional Funds Act ("HUPMIFA"), established under Hawaiʻi 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 2025, the University's spending rate policy provided for annual distributions at 4.10% of the trailing five-year moving average of the endowment fair value.

At June 30, 2025, the University's operating investments were comprised of the following:

	Fair Value	Cost
Cash and money market funds	$ 4,997	$ 4,997
Time certificates of deposit	37,000	37,000
Fixed income securities	857,961	854,702
Equity securities	86,790	50,708
Other investments	1,547	1,547
Total operating investments	988,295	948,954
Less: Current portion	857,461	852,634
Total noncurrent investments	$ 130,834	$ 96,320

(All dollars reported in thousands)

Changes in the University's operating investments for the year ended June 30, 2025 were as follows:

	Fair Value	Cost Basis	Net Change in Unrealized Gain (Loss)	Net Realized Gain
University Endowment Pool				
End of year	$ 105,436	$ 74,215	$ 31,221	
Beginning of year	96,568	73,464	23,104	
Net change	8,868	751	8,117	$ 2,133
Associated Students of the University of Hawai'i				
End of year	12,643	9,350	3,293	
Beginning of year	11,463	9,290	2,173	
Net change	1,180	60	1,120	27
School of Medicine				
End of year	411	411	-	
Beginning of year	2,351	2,351	-	
Net change	(1,940)	(1,940)	-	-
University Bond System				
End of year	10,796	10,796	-	
Beginning of year	11,032	10,982	50	
Net change	(236)	(186)	(50)	108
Operating investments				
End of year	857,461	852,634	4,827	
Beginning of year	772,960	782,283	(9,323)	
Net change	84,501	70,351	14,150	641
Other				
End of year	1,548	1,548	-	
Beginning of year	1,475	1,475	-	
Net change	73	73	-	-
Total investments				
End of year	988,295	948,954	39,341	
Beginning of year	895,849	879,845	16,004	
Net change	$ 92,446	$ 69,109	$ 23,337	$ 2,909

(All dollars reported in thousands)

Net investment income for the year ended June 30, 2025 was as follows:

Summary of net investment income	
Net change in unrealized net gain	$ 23,337
Net realized gain	2,909
	26,246
Interest and dividend income	36,267
Investment income before management fees	62,513
Less: Management fees	645
Net investment income	$ 61,868

The University's operating investments reported at fair value on a recurring basis have been categorized based on the fair value hierarchy in Note 1 at June 30, 2025 as follows:

	Balance	**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	$ 4,997	$ 4,997	$ -	$ -
Time certificates of deposit	37,000	-	-	37,000
Fixed income securities	857,961	654,557	203,404	-
Equity securities	86,790	86,790	-	-
Other investments	1,547	-	-	1,547
Total investments	$ 988,295	$ 746,344	$ 203,404	$ 38,547

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.

(All dollars reported in thousands)

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, 2025, along with credit quality ratings, is summarized below:

		Credit Quality Rating						
		U.S. Govt-Exempt	AAA	AA	A	BBB	BB or Lower	Unrated
U.S. Treasury	$ 653,394	$ 653,394	$ -	$ -	$ -	$ -	$ -	$ -
U.S. government agencies	196,237	5,441	-	190,796	-	-	-	-
Corporate bonds	8,330	-	200	712	2,474	4,618	326	-
Total fixed income securities	$ 857,961	$ 658,835	$ 200	$ 191,508	$ 2,474	$ 4,618	$ 326	$ -

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.

At June 30, 2025, the composition of the University's fixed income investments and maturities is summarized below:

		Investment Maturities (in Years)			
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasury	$ 653,394	$ 282,495	$ 366,418	$ 1,907	$ 2,574
U.S. government agencies	196,237	61,258	128,771	56	6,152
Corporate bonds	8,330	301	4,521	2,111	1,397
Total fixed income securities	$ 857,961	$ 344,054	$ 499,710	$ 4,074	$ 10,123

(All dollars reported in thousands)

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, 2025, 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 $46,698 at June 30, 2025 is summarized as follows:

U.S. government	$ 102,984
State and local government	17,192
Private agencies	20,660
Student tuition and fees	9,578
Other	7,036
	$ 157,450

At June 30, 2025, private agency receivables from the Foundation were $16,527. Private grant revenue from the Foundation approximated $25,310 during fiscal year 2025.

The University has an agreement with the Foundation to receive fundraising and alumni services through December 31, 2027. The annual compensation under this agreement amounted to $3,000 for fiscal year 2025. The service expense was paid in full as of the year ended June 30, 2025, and is reported in supplies, services, and cost of goods sold in the Statement of Revenues, Expenses, and Changes in Net Position.

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 $78,083 in 2025 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, 2025, the University awarded $118,267 in Direct Loan programs. These awards 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.

(All dollars reported in thousands)

6. Other Current Assets

Other current assets at June 30, 2025 were comprised of:

Accrued interest receivable	$ 6,720
Inventories	6,520
Investment trade settlements receivable	212
Short term lease receivable	2,032
Prepaid expenses	11,004
	$ 26,488

The inventories and the methods of valuation at June 30, 2025 are summarized below:

University of Hawaiʻi Bookstore merchandise inventory		$ 3,210
University of Hawaiʻi Chemistry Stockroom	Cost applied on the first-in, first-out basis.	1,172
University of Hawaiʻi Facilities Management Warehouse	Cost applied on the first-in, first-out basis.	1,049
University of Hawaiʻi 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.	937
University of Hawaiʻi other inventory	Lower of cost or market using the weighted average cost method.	152
		$ 6,520

(All dollars reported in thousands)

7. Capital Assets

A summary of capital assets, including ROU leased and subscription assets, at June 30, 2025 is as follows:

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Nondepreciable capital assets					
Land	$ 75,878	$ -	$ -	$ -	$ 75,878
Construction-in-progress	231,910	172,990	4,708	(110,478)	289,714
Total capital assets not being depreciated	307,788	172,990	4,708	(110,478)	365,592
Depreciable capital assets					
Land improvements	195,709	621	-	5,040	201,370
Infrastructure	320,300	182	-	10,329	330,811
Buildings	3,087,943	4,267	11,841	91,316	3,171,685
Equipment	436,264	27,646	17,883	3,793	449,820
Library materials	184,253	1,138	-	-	185,391
Total capital assets being depreciated	4,224,469	33,854	29,724	110,478	4,339,077
Less: Accumulated depreciation	2,324,225	146,882	23,137	-	2,447,970
Leased assets					
Buildings	8,426	5,180	-	-	13,606
Total leased assets	8,426	5,180	-	-	13,606
Less: Accumulated amortization					
Buildings	3,570	232	-	-	3,802
Subscription assets	-	14,521	-	-	14,521
Less: Accumulated amortization	-	807	-	-	807
Capital assets, net	$ 2,212,888	$ 64,910	$ 11,295	$ -	$ 2,280,217

Capital assets consist of land, land improvements, infrastructure, buildings, equipment, library materials, and construction-in-progress (“CIP”). 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 $146,882 during fiscal year 2025.

(All dollars reported in thousands)

8. Due from and Due to the State of Hawaiʻi

Amounts due from and due to the State of Hawaiʻi at June 30, 2025 were as follows:

	Due from	Due to
State appropriations for current operations	$ 18,766	
State capital appropriations – noncurrent	654,300	
Total due from State of Hawaiʻi	$ 673,066	
Advance		$ 4,051
Total due to State of Hawaiʻi		$ 4,051

9. Long-Term Liabilities

Long-term liability activities at June 30, 2025 are summarized as follows:

	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Current Portion
Revenue bonds payable	$ 395,610	$ -	$ 22,150	$ 373,460	$ 23,210
Add: Unamortized premiums	25,832	-	4,194	21,638	3,800
Total revenue bonds payable	421,442	-	26,344	395,098	27,010
Other liabilities					
Workers' compensation	18,134	6,075	4,901	19,308	4,994
Compensated absences	190,800	66,920	51,021	206,699	73,771
Net pension liability (Note 12)	1,613,838	237,314	191,545	1,659,607	-
Postemployment health care/life insurance benefits (Note 13)	1,533,982	2,907	185,713	1,351,176	-
Equipment financing obligations	1,564	-	66	1,498	68
Subscription payable	-	12,140	-	12,140	5,282
Total other liabilities	3,358,318	325,356	433,246	3,250,428	84,115
Total long-term liabilities	$ 3,779,760	$ 325,356	$ 459,590	$ 3,645,526	$ 111,125

(All dollars reported in thousands)

Revenue Bonds Payable

The University's revenue bonds payable at June 30, 2025 is as follows:

	Series	Date Issued	Authorized	Outstanding Balance
Hilo College of Pharmacy and Law School Expansion and Modernization (interest rate, 1.05% to 4.69%)	2015A	September 24, 2015	$ 8,575	$ 6,850
Frear Hall Construction, Student Housing System at Mānoa, Food Service System and Student Housing System at Hilo (interest rate, 3.00% to 5.00%)	2015B(R)	September 24, 2015	47,010	38,185
University Health & Wellness Center (interest rate, 5.00%)	2015E(R)	April 20, 2016	67,400	47,880
Sinclair Library Basement Renovation (interest rate, 2.00% to 5.00%)	2017A	December 28, 2017	3,990	2,425
University Health & Wellness Center (interest rate, 3.00%)	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, Food Service System and Student Housing System at Hilo (interest rate, 3.00%)	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, 5.00%)	2017F	December 28, 2017	52,275	40,200
Various acquisition and construction projects (interest rate, 2.10% to 3.85%)	2017G	December 28, 2017	20,745	15,200
Parking facilities at Mānoa (interest rate, 0.54% to 3.20%)	2020A	October 28, 2020	10,045	8,330
University of Hawaiʻi Cancer Center (interest rate, 3.00% to 5.00%)	2020B	October 28, 2020	44,555	31,470
University of Hawaiʻi Cancer Center (interest rate, 2.27% to 3.20%)	2020C	October 28, 2020	54,300	54,300
Various acquisition and construction projects (interest rate, 3.00% to 5.00%)	2020D	October 28, 2020	77,135	63,705
Various acquisition and construction projects (interest rate, 3.20%)	2020E	October 28, 2020	31,130	31,130
			$ 450,945	$ 373,460

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), and 2020E ($31,130, taxable refunding) Bonds (collectively, the "Series 2020 Bonds") 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.

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 $390 at June 30, 2025. The coupon interest rates of the Series 2020 Bonds range from 0.54% to 5.00% (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 $2,783 at June 30, 2025. The coupon interest rates for the Series 2017 Bonds range from 2.00% to 5.00% (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 $3,018 at June 30, 2025. 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 0.81% to 5.00% (first interest payment due on April 1, 2016) with the last maturity on October 1, 2044.

(All dollars reported in thousands)

The University receives funds from the State of Hawaiʻi 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 Hawaiʻi Tobacco Settlement Special Fund for debt service amounted to $8,095 in 2025.

The revenue bonds are paid from certain unrestricted revenues in annual installments, including semi-annual interest payments ranging from $12 to $8,144 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 ("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% 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.

At June 30, 2025, future maturities of revenue bonds are as follows:

	Principal	Interest
Years ending June 30,		
2026	$ 23,210	$ 14,701
2027	23,320	13,584
2028	25,280	12,526
2029	26,290	11,509
2030	26,800	10,375
2031–2035	130,775	33,704
2036–2040	100,495	11,127
2041-2045	17,290	523
	$ 373,460	$ 108,049

(All dollars reported in thousands)

Bond Premiums

Activity related to the premiums on revenue bonds for the year ended June 30, 2025 is as follows:

	Series	Beginning Balance	Additions	Reductions	Ending Balance
Student Housing	2015B(R)	$ 2,969	$ -	$ 362	$ 2,607
John A. Burns School of Medicine	2015E(R)	2,995	-	538	2,457
Sinclair Library basement renovation	2017A	228	-	34	194
John A. Burns School of Medicine	2017B	112	-	29	83
Student Housing	2017D	53	-	10	43
Various construction projects	2017F	5,203	-	585	4,618
University of Hawaiʻi Cancer Center	2020B	4,551	-	1,110	3,441
Various construction projects	2020D	9,721	-	1,526	8,195
Total bond premiums		$ 25,832	$ -	$ 4,194	$ 21,638

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 the underlying assets at various locations owned by the University. The terms of the arrangements range from 2 to 41 years. The calculated interest rates used vary depending on the length of the lease. For the year ended June 30, 2025, the University recognized $2,303 in lease revenue and $965 in interest revenue. Deferred inflows related to leases totaled $19,593 for the year ended June 30, 2025.

A summary of changes in lease receivable for the year ended June 30, 2025 is as follows:

Beginning Balance	Additions	Deletion	Ending Balance	Due Within One Year	Due in More Than One Year
$ 27,735	$ 4,583	$ 10,840	$ 21,478	$ 2,032	$ 19,446

(All dollars reported in thousands)

Lease receivable is due as follows:

Years ending June 30,	Principal	Interest	Total
2026	$ 2,032	$ 92	$ 2,124
2027	1,933	87	2,020
2028	1,740	53	1,793
2029	1,735	28	1,763
2030	1,244	5	1,249
2031-2035	4,993	26	5,019
2036-2040	1,823	23	1,846
2041-2045	2,163	30	2,193
2046-2050	1,520	29	1,549
2051-2055	704	33	737
2056-2060	915	43	958
2061-2064	676	32	708
	$ 21,478	$ 481	$ 21,959

11. Subscription Assets and Liability

The University has entered into SBITAs for various administrative and operational purposes. These subscriptions include services related to cloud-based software applications, data storage, and management services. Under the terms of these arrangements, the University does not take possession of the software at any time and the vendor provides ongoing services for the software's operation. The subscription periods vary, with initial non-cancellable terms ranging from four to five years. The calculated interest rate used vary depending on the inception and length of the subscription term.

As of June 30, 2025, the capitalized right-to-use assets related to the SBITAs approximated $14,521 and the total subscription liability approximated $12,140, of which approximately $5,282 is classified as current.

For the year ended June 30 2025, the University recognized $158 in interest expense related to these arrangements.

Principal and interest payments to maturity are as follows:

Years ending June 30,	Principal	Interest	Total
2026	$ 5,282	$ 513	$ 5,795
2027	2,359	379	2,738
2028	2,596	234	2,830
2029	1,903	100	2,003
	$ 12,140	$ 1,226	$ 13,366

12. 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 Hawaiʻi ("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 2.50% increase each year of their original retirement allowance without a ceiling. Retirees first hired as members after June 30, 2012 receive a 1.50% 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.

- Disability Benefits – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation. Ten years of credited service are 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 12.50% of average final compensation.

- Death Benefits – For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a monthly benefit of 30% 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% 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% 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% of their average final compensation. Ten years of credited service are 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% 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% 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 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% 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% 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% of their average final compensation plus refund of contributions and accrued interest. Ten years of credited service are 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% 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% of their average final compensation plus refund of their contributions and accrued interest. Ten years of credited service are 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% of average final compensation.

- 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% 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%, or 50% 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% 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% 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% 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 24.04% for fiscal year 2025. Contributions to the pension plan for the University for the year ended June 30, 2025 were $166,787.

The University is required to make all contributions for noncontributory members. Contributory members hired prior to July 1, 2012 are required to contribute 7.80% of their salary. Contributory members hired after June 30, 2012 are required to contribute 9.80% of their salary. Hybrid members hired prior to July 1, 2012 are required to contribute 6% of their salary. Hybrid members hired after June 30, 2012 are required to contribute 8% of their salary.

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

At June 30, 2025, the University reported a liability of $1,659,607 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2024, the University's proportion was 11.73%, which was an increase of 0.04% from its proportion at June 30, 2023.

There were no changes in actuarial assumptions as of June 30, 2023 to June 30, 2024. There were no changes between the measurement date, June 30, 2024, and the reporting date, June 30, 2025, that are expected to have a significant effect on the proportionate share of the net pension liability.

For the year ended June 30, 2025, the University recognized pension expense of $125,043.

(All dollars reported in thousands)

At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 48,272	$ 11,148
Net difference between projected and actual investment earnings on pension plan investments	38,486	-
Change in assumptions	-	9,767
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	49,321
Contributions subsequent to the measurement date	166,787	-
Total deferred inflows and outflows of resources	$ 253,545	$ 70,236

At June 30, 2025, the $166,787 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, 2026.

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

Years ending June 30,	
2026	$ (48,501)
2027	33,741
2028	23,118
2029	8,164
	$ 16,522

Actuarial Assumptions

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions adopted by the ERS's Board of Trustees on August 8, 2022, based on the 2021 experience study for the five-year period from July 1, 2016 through June 30, 2021:

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

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

Post-retirement mortality rates are based on the 2022 Public Retirees of Hawaii mortality table with 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.

(All dollars reported in thousands)

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.

The rate of returns based on ERS's investment consultant as of June 30, 2024 is summarized in the following table:

	Strategic Class Weights	Long-Term Expected Geometric Rate of Return
Classes		
Broad growth		
Public equity	20.00 %	7.20 %
Private equity	19.00 %	9.90 %
Liquid credit	4.00 %	6.50 %
Private credit	8.00 %	9.20 %
Real estate	9.00 %	6.30 %
Infrastructure	7.00 %	7.30 %
Timber/agriculture/infrastructure	3.00 %	5.30 %
Diversifying strategies		
Systematic trend following	8.00 %	3.80 %
Long U.S. treasuries	4.00 %	4.30 %
Intermediate government	14.00 %	4.00 %
Reinsurance	4.00 %	5.30 %
Total investments	100.00 %	

Discount Rate

The discount rate used to measure the net pension liability was 7.00%, 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.

(All dollars reported in thousands)

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, 2024, 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:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
The University's proportionate share of the net pension liability	$ 2,214,528	$ 1,659,607	$ 1,199,964

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. 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 2025 was paid by June 30, 2025. Excess payments of $7,048 are being applied to amounts due in fiscal year 2026.

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 $359,614 for fiscal year 2025.

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. A liability for sick leave is recognized in the accompanying financial statements for leave that is attributable to services already rendered, accumulates, and is more likely than not to be used, paid, or settled. 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.

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 $3,991 for fiscal year 2025.

13. 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 Hawaiʻi Employer-Union Health Benefits Trust Fund ("EUTF"), an agent, multiple-employer defined benefit plan that replaced the Hawaiʻi 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
201 Merchant Street, Suite 1700
Honolulu, Hawaii 96813

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% 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 ten years of service, the State makes no contributions. For those retiring with at least ten years, but fewer than 15 years of service, the State pays 50% of the base monthly contribution. For employees retiring with at least 15 years, but fewer than 25 years of service, the State pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100% 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 ten years of service, the State makes no contributions. For those retiring with at least ten years, but fewer than 15 years of service, the State pays 50% of the base monthly contribution. For those retiring with at least 15 years, but fewer than 25 years of service, the State pays 75% of the base monthly contribution. For employees retiring with at least 25 years of service, the State pays 100% 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.

(All dollars reported in thousands)

Employees Covered by Benefit Terms

At July 1, 2024, the following number of plan members was covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	40,158
Inactive plan members entitled to but not yet receiving benefits	7,381
Active plan members	49,427
Total plan members	96,966

Contributions

Contributions are governed by HRS Chapter 87A and may be amended through legislation. Contributions to the OPEB plan for the University were $152,482 the year ended June 30, 2025. 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, 2025, the University reported a net OPEB liability of $1,351,176 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of July 1, 2024 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, 2024, and the reporting date, June 30, 2025, that are expected to have a significant effect on the net OPEB liability.

For the year ended June 30, 2025, the University recognized OPEB expense of approximately $20,876. At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 8,981	$ 20,401
Net difference between projected and actual earnings on OPEB plan investments	29,067	-
Difference between expected and actual experience	-	245,145
Contributions subsequent to the measurement date	152,482	-
Total deferred inflows and outflows of resources	$ 190,530	$ 265,546

At June 30, 2025, the $152,482 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, 2026.

(All dollars reported in thousands)

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

Years ending June 30,	
2026	$ (80,557)
2027	(50,604)
2028	(51,037)
2029	(24,247)
2030	(20,289)
Thereafter	(764)
	$ (227,498)

Actuarial Assumptions

The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions adopted by the EUTF's Board of Trustees on January 9, 2023, based on the experience study covering the five-year period ended June 30, 2022 as conducted for the ERS:

Actuarial valuation date	July 1, 2024
Date of adoption	January 9, 2023
Five-year experience study end date	June 30, 2022
Inflation	2.50%
Payroll growth rate (including inflation)	3.75% to 6.75%
Investment rate of return	7.00%
PPO*	
Initial rates	6.20%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	4.25%
Number of years that the rate reaches the ultimate trend rate	20
HMO**	
Initial rates	6.20%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	4.25%
Number of years that the rate reaches the ultimate trend rate	20
Medicare Part B Contribution	
Initial rates	5.00%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	4.25%
Number of years that the rate reaches the ultimate trend rate	20
Dental	
Rate	4.00%
Vision	
Rate	2.50%
Life Insurance	
Rate	0.00%

* Blended rates for medical and prescription drugs.

** Includes prescription drug assumptions.

(All dollars reported in thousands)

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

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:

	Target Allocation	Long-Term Expected Real Rate of Return
Strategic Allocation (risk-based classes)		
Private equity	15.00 %	10.10 %
U.S. microcap	3.00 %	8.30 %
Global equity	30.00 %	6.00 %
Real assets	12.00 %	5.00 %
Private credit	10.00 %	7.80 %
TIPS	2.50 %	2.10 %
Long treasuries	5.00 %	2.60 %
Reinsurance	5.50 %	5.10 %
Alternative risk premia	5.00 %	3.80 %
Trend following	10.00 %	2.40 %
Trail risk / long volatility	2.00 %	(1.30)%
	100.00 %	

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. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all future benefit payments of current and inactive 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.

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.

(All dollars reported in thousands)

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, 2024.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning balance	$ 2,097,104	$ 563,122	$ 1,533,982
Service cost	38,262	-	38,262
Interest on the total OPEB liability	130,091	-	130,091
Employer contributions	-	135,144	(135,144)
Net investment income	-	70,473	(70,473)
Benefit payments	(66,817)	(66,817)	-
Difference between expected and actual experience in the measurement of total OPEB liability	(145,620)	-	(145,620)
Administrative expense	-	(68)	68
Other	-	(10)	10
Net changes	(44,084)	138,722	(182,806)
Ending balance	$ 2,053,020	$ 701,844	$ 1,351,176

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, 2024, 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:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
The University's proportionate share of the net OPEB liability	$ 1,742,051	$ 1,351,176	$ 1,036,844

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:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
The University's proportionate share of the net OPEB liability	$ 1,020,498	$ 1,351,176	$ 1,772,302

Payables to the OPEB Plan

There were no contributions payable to the EUTF as of June 30, 2025.

14. Asset Retirement Obligations

The University accounts for certain costs associated with the future and on-going dismantling and removal of three remaining telescopes on the summit of Mauna Kea in accordance with GASB Statement No. 83. Under GASB 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 Hawaiʻi 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 5 to 15 years.

The AROs were determined based on the most likely amount of what it would cost to perform all the dismantling and removal tasks. Estimates were based on decommissioning of the comparable Mauna Kea Caltech Submillimeter Observatory, which was decommissioned as of June 2025. The ARO also incorporates estimates provided by a licensed general contractor. Final decommissioning costs may exceed these estimates due to inflationary pressures, fluctuations in construction costs, or advancements in applicable technologies. The liability will be adjusted for inflation on an annual basis. Actual costs may be higher due to inflation or changes in construction costs or technology.

The ARO liability at June 30, 2025 was $40,000 and is included in other noncurrent liabilities in the University's Statement of Net Position. Deferred outflows of resources related to AROs amounted to $31,646 at June 30, 2025.

15. 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 Hawaiʻi ("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.

Act 164, SLH 2023 General Appropriations Act of 2023, Section 3, provided $161,637 in general fund appropriations 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 the year ended June 30, 2025.

(All dollars reported in thousands)

Net general and capital appropriations for the year ended June 30, 2025 were as follows:

General appropriations	
Act 164, SLH 2023, Appropriation Warrant No. 10 (07/01/2024)	$ 617,148
Act 164, SLH 2023, Appropriation Warrant No. 10 (07/09/2024)	32,745
Act 64, SLH 2023, Appropriation Warrant No. 35	310
Act 74, SLH 2023, Appropriation Warrant No. 37	330
Act 181, SLH 2023, Appropriation Warrant No. 49	246
Act 107, SLH 2024, Appropriation Warrant No. 77	210
Act 217, SLH 2024, Appropriation Warrant No. 108	351
Act 226, SLH 2024, Appropriation Warrant No. 109	1,000
Act 200, SLH 2024, Appropriation Warrant No. 102 and 102-A	1,000
Act 49, SLH 2024, Allotment Advice 25-030	30,154
Appropriation Transfer per EM24-01	2,335
	685,829
Total funds lapsed	(12,814)
Total general appropriations	$ 673,015
Capital appropriations	
Section 7 of Act 230, SLH 2024	$ 159,134
Total funds lapsed	(1,576)
Total capital appropriations	$ 157,558

Net transfers from the State for the year ended June 30, 2025 were as follows:

Fringe benefits	$ 359,614
Hawaiʻi Barrel Tax	1,336
School of Nursing	546
University of Hawaiʻi Cancer Center	1,142
	$ 362,638

16. 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 Hawaiʻi to the United States which were re-conveyed to the State upon Hawaiʻi'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.

The following coverage is obtained directly from third-party insurers:

- **General Liability Insurance** – The University has general liability insurance with a loss limit of $15,000 per occurrence and a $1,000 Self-Insured Retention ("SIR").

- **Management Liability Insurance** – The University has management liability insurance with a limit of $15,000 per claim and a $1,000 SIR.

The University is covered under the State's insurance program for the following:

- **Property Insurance** – The University has an insurance policy with various insurers for property coverage. The limit of loss per occurrence is $200,000, except for terrorism losses, which has a $100,000 per occurrence limit. There are two different types of deductibles for the property coverage. The deductible for losses such as windstorm, flood, tsunami, and earthquakes is 3% of replacement costs subject to a per occurrence minimum of $1,000. The deductible for all other losses, except terrorism, is $1,000 per occurrence. The deductible for terrorism is $10 per occurrence.

- **Crime Insurance** – The University also has a crime insurance policy for various types of coverages with a limit of loss of $10,000 per occurrence, with a $500 deductible per occurrence. Losses under the deductible amount are paid by the Risk Management Office of the Department of Accounting and General Services ("Risk Management Office"), and losses not covered by insurance are paid from the State's General Fund.

- **Cyber Liability Insurance** – The University is insured for various types of cyber-related activities with a loss limits ranging from $50 to $5,000 and deductibles ranging from $100 to $1,000 per claim. Coverage includes business interruption loss, dependent business loss, cyber extortion loss, data recovery costs, data and network liability, regulatory defense and penalties, payment card liabilities and costs, media liability, fraudulent instruction, funds transfer fraud, telephone fraud, and criminal reward.

Construction and Other Contracts

The University is committed under contracts awarded for construction and other services. These commitments amounted to approximately $377,341 as of June 30, 2025.

Collective Bargaining Agreements

The Hawaiʻi 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 September 23, 2025 is as follows:

- Unit 1 (nonsupervisory employees in blue collar positions) – 488
- Unit 2 (supervisory employees in blue collar positions) – 13
- Unit 3 (nonsupervisory employees in white collar positions) – 352
- Unit 4 (supervisory employees in white collar positions) – 41
- Unit 7 (faculty of the University and community colleges) – 3,435
- Unit 8 (personnel of the University and community colleges other than faculty) – 2,633
- Unit 9 (registered professional nurses) – 9
- Unit 10 (institutional, health and correctional workers) – 2

(All dollars reported in thousands)

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 appointees, and include faculty members, who are included in Unit 7, and administrative, professional and technical employees, who are included in Unit 8.

Employees in executive or managerial positions, as well as certain other personnel designated as excluded from collective bargaining pursuant to HRS Section 89-6(f), such as those 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, 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, 2025 through June 30, 2029. 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). A summary of salary and other adjustments, and their effective dates, over the course of the CBAs for each unit is below:

BU	7/1/2025	7/1/2025	7/1/2026	7/1/2027	7/1/2028
1	—	3.50%	3.79%	4%	4%
2	—	3.50%	3.79%	4%	4%
3	—	3.50%	EEs on Step C – Step L (as of 6/30/2026) move to next step; EEs on Step M as of 6/30/2026 receive 4% lump sum of pay rate as of 6/30/2026; EEs not admin assigned receive 4% lump sum of annual pay rate as of 6/30/2025	4%	EEs on Step C – Step L (as of 6/30/2028) move to next step; EEs on Step M as of 6/30/2028 receive 4% lump sum of pay rate as of 6/30/2026; EEs not admin assigned receive 4% lump sum of annual pay rate as of 6/30/2028 Plus 0.37%
4	—	3.50%	3.79%	4%	4%
7	—	3.50%	3.79%	4%	4%
8	—	3.50%	3.79%	4%	4%
9	\$1,500 (lump sum for EEs on Step L5 or SRNA as of 6/30/2025)	2.79%	3.29%	3.42%	3.43%
10	—	3.50%	3.79	4%	4%

(All dollars reported in thousands)

17. 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, *Fair Value Measurement*, 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, 2025 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	$ 101,165	$ 101,165	$ -	$ -	$ -
Fixed income securities	227,906	176,446	51,460	-	-
Foreign equities	172,891	75,594	-	-	97,297
Money market funds	16,419	16,419	-	-	-
Natural resources/real estate	18,988	-	-	5,906	13,082
Hedge funds	193,098	5,981	-	-	187,117
Private equity securities	157,381	-	-	106	157,275
Total investments	$ 887,848	$ 375,605	$ 51,460	$ 6,012	$ 454,771

Fair value for investments in certain alternative investments, including limited partnership investments in domestic and foreign equities, natural resources and real estate, hedge funds, and private equity securities, are 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 and real estate investments are not readily marketable and involve assumptions and methods that are reviewed by management. Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ form the value that would have been used had a ready market for such investments 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 management with the assistance of an outside consultant. The Foundation utilized the net asset value per share for certain investments in alternative structures as a practical expedient for the estimation of the fair value of these 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.

- **Foreign equities** – These investments can be redeemed on a monthly basis with notification provided between 5 and 30 days prior to redemption.

(All dollars reported in thousands)

- **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 $80,719 at June 30, 2025.

- **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.

Property and Equipment
The components of net property and equipment at June 30, 2025 were as follows:

Land	$ 7,927
Equipment	1,943
Buildings	83,434
Leasehold improvements	2,005
Furniture and fixtures	397
	95,706
Less: Accumulated depreciation and amortization	(5,697)
Property and equipment, net	$ 90,009

Long-term Debt
In November 2021, the Public Finance Authority (the "Authority") issued revenue bonds totaling $91,915 comprising Series 2021A-1 ($62,205, tax-exempt), Series 2021A-2 ($14,210, taxable) and Series 2021B ($15,500, 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 $3,390.

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, 2025, the Foundation is in compliance with the covenants in its debt agreements, including financial ratios and other restrictions.

(All dollars reported in thousands)

The Foundation's revenue bonds payable on June 30, 2025 is as follows:

Series	Interest Rate	Date Issued	Amount
2021A-1	4.00 %	November 1, 2021	$ 62,205
2021A-2	4.85 %	November 1, 2021	2,730
2021A-2	5.35 %	November 1, 2021	11,480
2021B	5.25 %	November 1, 2021	15,500
			91,915
Unamortized premium on bonds			3,012
Less: Unamortized debt issuance costs			(2,056)
Long-term debt, net unamortized debt issuance costs			$ 92,871

At June 30, 2025, future maturities of revenue bonds are as follows:

Years ending June 30,	
2026	$ -
2027	155
2028	260
2029	385
2030	510
Thereafter	90,605
	$ 91,915

For the year ended June 30, 2025, there were no capitalized interest costs recorded in property and equipment, net.

Required Supplementary Information Other Than Management's Discussion and Analysis

University of Hawaiʻi
State of Hawaiʻi
(A Component Unit of the State of Hawaiʻi)
Schedule of the Proportionate Share of the Net Pension Liability (Unaudited)
Last Ten Fiscal Years
(All dollars reported in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportionate share of the net pension liability	11.73 %	11.69 %	11.80 %	12.10 %	12.34 %	12.64 %	12.73 %	12.73 %	12.75 %	13.11 %
Proportion of the net pension liability	$ 1,659,607	$ 1,613,838	$ 1,529,823	$ 1,476,618	$ 1,889,437	$ 1,791,098	$ 1,695,800	$ 1,648,600	$ 1,704,470	$ 1,144,564
Covered payroll	$ 703,927	$ 628,584	$ 592,534	$ 575,216	$ 606,426	$ 603,076	$ 591,759	$ 587,203	$ 569,235	$ 564,736
Proportionate share of the net pension liability as a percentage of its covered payroll	235.76 %	256.74 %	258.18 %	256.71 %	311.57 %	296.99 %	286.57 %	280.75 %	299.43 %	202.67 %
Plan fiduciary net position as a percentage of total net pension liability	62.62 %	61.91 %	62.76 %	64.25 %	53.18 %	54.87 %	55.48 %	54.80 %	51.28 %	63.42 %

See accompanying report of independent auditors.

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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 169,197	$ 152,355	$ 142,821	$ 138,619	$ 147,213	$ 133,759	$ 115,001	$ 111,436	$ 98,865	$ 97,394
Contributions in relation to the contractually required contribution	169,197	152,355	142,821	138,619	147,213	133,759	115,001	111,436	98,865	97,394
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 703,927	$ 628,584	$ 592,534	$ 575,216	$ 609,194	$ 606,426	$ 603,076	$ 591,759	$ 587,203	$ 569,235
Contributions as a percentage of covered payroll	24.04 %	24.24 %	24.10 %	24.10 %	24.17 %	22.06 %	19.07 %	18.83 %	16.84 %	17.11 %

1. Changes of Benefit Terms

There were no changes of benefit terms in 2016 through 2025.

2. Changes of Assumptions

There were no significant changes in actuarial assumptions in 2025 or 2024.

In fiscal year 2023, the following changes were made to the actuarial assumptions for the June 30, 2022 actuarial valuation:

- The administrative expenses assumption was increased from 0.35% to 0.40%.
- The general wage inflation assumption represented the average increase in wages in the general economy and was used to index salaries for each cohort of new entrants in projections. The general productivity component of the general wage inflation assumption for general employees decreased from 1.00% to 0.50%, that now yields a nominal assumption of 3.00%.
- The assumed salary increase schedules increased for all employees. These schedules included an ultimate component for general wage inflation that may add on an additional increase for individual merit (which would include promotions) and then an additional component for step rates based on service. The assumed salary increase schedules, that are the same for general employees, increased to 4.66% from 4.41%.
- Retiree mortality was updated to the 2022 Public Retirees of Hawaii mortality tables. The rates were projected on a fully generational basis by the long-term rates of scale UMP (Ultimate Mortality Projection) from the year 2022 and with multiplier and setbacks based on plan and group experience.

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%.

See accompanying report of independent auditors.

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)

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	$ 38,262	$ 17,201	$ 28,628	$ 12,767	$ 41,952	$ 42,039	$ 40,189	$ 31,124
Interest	130,091	58,895	95,645	42,381	134,717	132,510	124,435	94,505
Difference between expected and actual experience	(145,620)	(5,794)	(129,403)	(17,988)	(123,339)	(1,103)	(36,795)	-
Changes of assumptions	-	-	(32,983)	-	(10,099)	10,650	22,269	-
Benefit payments	(66,817)	(32,755)	(44,095)	(19,368)	(61,958)	(63,458)	(60,589)	(46,725)
Net change in total OPEB liability	(44,084)	37,547	(82,208)	17,792	(18,727)	120,638	89,509	78,904
Total OPEB liability – beginning	2,097,104	2,059,557	2,141,765	2,123,973	2,142,700	2,022,062	1,932,553	1,853,649
Total OPEB liability – ending	$ 2,053,020	$ 2,097,104	$ 2,059,557	$ 2,141,765	$ 2,123,973	$ 2,142,700	$ 2,022,062	$ 1,932,553
Plan fiduciary net position								
Employer contributions	$ 135,144	$ 65,347	$ 63,192	$ 66,555	$ 138,452	$ 139,980	$ 119,714	$ 92,918
Net investment income	70,473	14,304	(9,149)	34,889	7,393	12,727	13,793	9,303
Benefit payments	(66,817)	(32,755)	(44,095)	(19,368)	(61,958)	(63,458)	(60,589)	(46,725)
OPEB plan administrative expense	(68)	(20)	(38)	(18)	(52)	(87)	(45)	(23)
Other	10	58	124	7	46	29,480	-	747
Net change in plan fiduciary net position	138,742	46,934	10,034	82,065	83,881	118,642	72,873	56,220
Plan fiduciary net position – beginning	563,122	516,188	506,154	424,089	340,208	221,566	148,693	92,473
Plan fiduciary net position – ending	701,864	563,122	516,188	506,154	424,089	340,208	221,566	148,693
Net OPEB liability – ending	$ 1,351,156	$ 1,533,982	$ 1,543,369	$ 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	34.19 %	26.85 %	25.06 %	23.63 %	19.97 %	15.88 %	10.96 %	7.69 %
Covered-employee payroll	$ 703,927	$ 628,584	$ 592,534	$ 575,216	$ 609,194	$ 606,426	$ 603,076	$ 591,759
Net OPEB liability as a percentage of covered-employee payroll	191.95 %	244.04 %	260.47 %	284.35 %	279.04 %	297.23 %	298.55 %	301.45 %

* Information for 2016–2017 is unavailable.

See accompanying report of independent auditors.

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

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 152,482	$ 135,144	$ 65,347	$ 103,889	$ 45,460	$ 144,567	$ 134,898	$ 135,072
Contributions in relation to the actuarially required contribution	152,482	135,144	65,347	63,192	66,555	138,452	139,980	119,714
Contributions excess	$ -	$ -	$ -	$ 40,697	$ (21,095)	$ 6,115	$ (5,082)	$ 15,358
University's covered-employee payroll	$ 703,927	$ 628,584	$ 592,534	$ 575,216	$ 609,194	$ 606,426	$ 603,076	$ 591,759
Contributions as a percentage of covered employee payroll	21.66 %	21.50 %	11.03 %	10.99 %	10.93 %	22.83 %	23.21 %	20.23 %

1. Changes of Benefit Terms

There were no changes of benefit terms in 2018 through 2025.

2. Changes of Assumptions

Actuarial assumption changes during the fiscal year 2025 included updating the healthcare trend assumptions to better anticipate short-term premium experience and the payroll growth rate. The actuarial methods and assumptions used to calculate the actuarially determined contribution for fiscal year 2025 are as follows:

Actuarial valuation date	July 1, 2024
Actuarial cost method	Entry age normal
Amortization method	Level percent, closed
Remaining amortization period	20 years
Asset valuation method	4-year smoothed market
Actuarial assumptions	
Investment rate of return	7.00%
Projected salary increases	3.75% to 6.75%
Healthcare inflation rates	
PPO**	Initial rate of 6.40%, declining rate of 4.25% after 22 years
HMO**	Initial rate of 6.40%, declining rate of 4.25% after 22 years
Dental	4.00%
Vision	2.50%
Medicare Part B	Initial rate of 5.00%, declining rate of 4.25% after 22 years

* Information for 2015–2017 is unavailable.

** Includes prescription drug assumptions.

See accompanying report of independent auditors.

Other Supplementary Information

Report of Independent Auditors on Supplemental Information

To the Board of Regents of the
University of Hawaiʻi

We have audited the basic financial statements of the University of Hawaiʻi as of and for the year ended June 30, 2025, and our report thereon dated December 5, 2025, which expressed an unmodified opinion, appears on pages 1 to 3. Our audit was conducted for the purpose of forming an opinion on the basic 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 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Accuity LLP

Honolulu, Hawaiʻi
December 5, 2025

University of Hawaiʻi
State of Hawaiʻi
(A Component Unit of the State of Hawaiʻi)
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, 2025
(All dollars reported in thousands) **Schedule I**

Condensed statement of net position	
Assets	
Current assets	$ 901,875
Noncurrent assets	1,659
Total assets	903,534
Deferred outflows of resources	
Deferred outflows on asset retirement obligation	18,523
Total deferred outflows of resources	18,523
Total assets and deferred outflows of resources	$ 922,057
Liabilities	
Current liabilities	$ 82,070
Noncurrent liabilities	41,554
Total liabilities	123,624
Net position	
Unrestricted	798,433
Total net position	798,433
Total liabilities and net position	$ 922,057
Condensed statement of revenues, expenses, and changes in net position	
Operating revenues	$ 517,418
Operating expenses	478,462
Operating income	38,956
Nonoperating revenues and transfers	56,369
Nonoperating expenses and transfers	(74,854)
Change in net position	20,471
Net position	
Beginning of year	777,962
End of year	$ 798,433

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), 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 Hawaiʻi 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 Hawaiʻi

State of Hawaiʻi

(A Component Unit of the State of Hawaiʻi)

Schedule of Series 2002A University Bond Proceeds Activity

Year Ended June 30, 2025

(All dollars reported in thousands) **Schedule II**

Beginning balance	$ 2,351
Additions	
Interest and investment income	89
Total additions	89
Deductions	
Payments – building, construction in progress, other	2,027
Management fees	2
Total deductions	2,029
Ending balance	$ 411

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 Kakaʻako. The financial information of the University of Hawaiʻi 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 Hawaiʻi
State of Hawaiʻi
(A Component Unit of the State of Hawaiʻi)
Schedule of Series 2006A Revenue Bond Proceeds Activity
Year Ended June 30, 2025
(All dollars reported in thousands) **Schedule III**

Beginning balance	$ 4,554
Additions	
Interest and investment income	208
Total additions	208
Deductions	
Management fees	4
Other	44
Total deductions	48
Ending balance	$ 4,714

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 Hawaiʻi 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 Hawaiʻi
State of Hawaiʻi
(A Component Unit of the State of Hawaiʻi)
Schedule of Series 2009A Revenue Bond Proceeds Activity
Year Ended June 30, 2025
(All dollars reported in thousands) **Schedule IV**

Beginning balance	$	1,765
Additions		
Interest and investment income		85
Total additions		85
Deductions		
Management fees		2
Total deductions		2
Ending balance	$	1,848

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 Hawaiʻi 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 Hawaiʻi
State of Hawaiʻi
(A Component Unit of the State of Hawaiʻi)
Schedule of Series 2010A Revenue Bond Proceeds Activity
Year Ended June 30, 2025
(All dollars reported in thousands) **Schedule V**

	2010A-1	2010A-2
Balance at June 30, 2024	$ 126	$ 353
Additions		
Interest and investment income	8	16
Total additions	8	16
Deductions		
Payments – building, construction in progress, other	-	-
Total deductions	-	-
Balance at June 30, 2025	$ 134	$ 369

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 Hawaiʻi Cancer Center. The financial information of the University of Hawaiʻi 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 Hawaiʻi
State of Hawaiʻi
(A Component Unit of the State of Hawaiʻi)
Schedule of Series 2010B Revenue Bond Proceeds Activity
Year Ended June 30, 2025
(All dollars reported in thousands) **Schedule VI**

	2010B-1	2010B-2
Balance at June 30, 2024	$ 484	$ 961
Additions		
Interest and investment income	25	50
Total additions	25	50
Deductions		
Management fees	-	1
Total deductions	-	1
Balance at June 30, 2025	$ 509	$ 1,010

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 Oʻahu campus, various energy conservation/efficiency projects on the community college campuses on Oʻahu and Maui, and the financing of costs of renovation and construction of other University projects. The financial information of the University of Hawaiʻi 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 Hawaiʻi
State of Hawaiʻi
(A Component Unit of the State of Hawaiʻi)
Schedule of Series 2015A Revenue Bond Proceeds Activity
Year Ended June 30, 2025
(All dollars reported in thousands) **Schedule VII**

Beginning balance	$	520
Additions		
Interest and investment income		26
Total additions		26
Deductions		
Payments – building, construction in progress, other		102
Management fees		-
Total deductions		102
Ending balance	$	444

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 Hawaiʻi Foundation is not reflected in this schedule.

University of Hawaiʻi
State of Hawaiʻi
(A Component Unit of the State of Hawaiʻi)
Schedule of Series 2017A Revenue Bond Proceeds Activity
Year Ended June 30, 2025
(All dollars reported in thousands) **Schedule VIII**

Beginning balance	$	1,907
Additions		
Interest and investment income		90
Total additions		90
Deductions		
Payments – building, construction in progress, other		573
Management fees		2
Total deductions		575
Ending balance	$	1,422

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 Hawaiʻi Foundation is not reflected in this schedule.

University of Hawaiʻi
State of Hawaiʻi
(A Component Unit of the State of Hawaiʻi)
Schedule of Series 2020A Revenue Bond Proceeds Activity
Year Ended June 30, 2025
(All dollars reported in thousands) **Schedule IX**

Beginning balance	$ 362
Additions	
Interest and investment income	17
Total additions	17
Deductions	
Payments – building, construction in progress, other	34
Management fees	-
Total deductions	34
Ending balance	$ 345

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 Hawaiʻi Foundation is not reflected in this schedule.

University of Hawaiʻi
State of Hawaiʻi
(A Component Unit of the State of Hawaiʻi)
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, 2025
(All dollars reported in thousands) **Schedule X**

Condensed statement of net position	
Assets and deferred outflows of resources	
Current assets	$ 166,025
Capital assets, net	345,123
Other assets	10,796
Total assets	521,944
Deferred outflows of resources	6,191
Total deferred outflows of resources	6,191
Total assets and deferred outflows of resources	$ 528,135
Liabilities	
Current liabilities	$ 39,909
Noncurrent liabilities	368,081
Total liabilities	407,990
Net position	
Net investment in capital assets	(33,220)
Restricted expendable	1,000
Unrestricted	152,365
Total net position	120,145
Total liabilities and net position	$ 528,135
Condensed statement of revenues, expenses, and changes in net position	
Operating revenues	
Bookstores	$ 15,497
Room and other rentals	33,008
Parking	9,099
Telecommunications	2,315
Other operating revenues	10,163
Total operating revenues	70,082
Operating expenses (including $27,376 in depreciation expense in 2025)	(86,034)
Operating loss	(15,952)
Nonoperating revenues	40,233
Nonoperating expenses	(12,398)
Change in net position	11,883
Net position	
Beginning of year	108,262
End of year	$ 120,145

University of Hawaiʻi
State of Hawaiʻi
(A Component Unit of the State of Hawaiʻi)
Condensed Statement of Cash Flows
University Bond System
As of and for the Year Ended June 30, 2025
(All dollars reported in thousands) **Schedule XI**

Condensed statement of cash flows	
Net cash flows provided by operating activities	$ 3,577
Net cash flows provided by non-capital financing activities	3,025
Net cash flows used in capital and related financing activities	(8,316)
Net cash flows provided by investing activities	587
Net decrease in cash and cash equivalents	(1,127)
Cash and cash equivalents	
Beginning of year	20,216
End of year	$ 19,089

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 Hawaiʻi Board of Regents adopted a supplemental resolution authorizing the issuance of University revenue bonds. In October 2020, the University 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.

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.