



**HĀLĀWAI PAPA ALAKA'I KŪIKAWĀ O KE KE'ENA KULEANA HO'OKIPA O HAWAII'  
SPECIAL BOARD MEETING OF THE HAWAII' TOURISM AUTHORITY**

**HĀLĀWAI KELEKA'A'IKE**  
**VIRTUAL MEETING**

**PŌ'ALIMA, 25 MALAKI, 2025 MA KA HOLA 11:00 A.M.**  
**TUESDAY, MARCH 25, 2025 AT 11:00 A.M.**

*E ho'olele 'iwa'ia ka hālāwai ma o ka Zoom.* Meeting will be live streaming via Zoom.

<https://us06web.zoom.us/j/83349658942>

*E noi 'ia 'oe e kainoa me kou inoa. E 'olu'olu, e ho'okomo i kou inoa piha akā hiki nō iā 'oe ke ho'ohana i ka inoa kapakapa e like me kou makemake. E noi 'ia 'oe e hā'awi mai i kāu helu leka uila. Hiki nō ke ho'opihapiha penei, [\\*\\*\\*\\*@\\*\\*\\*\\*mail.com](mailto:****@****mail.com)*

**You may be asked to enter your name. The Board requests that you enter your full name, but you may use a pseudonym or other identifier if you wish to remain anonymous. You may also be asked for an email address. You may fill in this field with any entry in an email format, e.g., [\\*\\*\\*\\*@\\*\\*\\*mail.com](mailto:****@***mail.com).**

**Kelepona / Call In: 1 346 248 7799**  
**Helu Hālāwai / Webinar ID: 83349658942**

*Hiki i ka lehulehu ke hō'ike mana'o ma o ka palapala a i 'ole ma o ka waha. E kau palena 'ia ka hō'ike mana'o waha (ma ke kino a i 'ole ma o ka Zoom) he 'elima minuke ka lō'ihī no kēlā me kēia kumuhana. E kāinoa no ka hō'ike mana'o waha ma ke pākaukau ho'okipa ma ka lumi hālāwai. E kāinoa no ka hō'ike mana'o waha ma o ka Zoom ma o ke pihi "Q&A."*

**Members of the public may provide written or oral testimony on agenda items. Oral testimony (in-person or via Zoom) will be limited to five minutes for each testifier per agenda item. Signup for oral testimony in-person will be at the registration table in the meeting room. Signup for oral testimony via Zoom will be accepted through the Q&A feature on Zoom.**

*E ho'ohui 'ia nā palapala hō'ike mana'o i hiki ma ka pū'olo hālāwai. No nā palapala hō'ike mana'o i hō'ea mai ma hope o ka pa'a o ka pū'olo hālāwai (he 48 hola ma mua o ka hālāwai), e kākā'ahi 'ia nā kope i ka papa alaka'i a e mākaukau no ka 'ike 'ia e ke anaina ma ka hālāwai. E leka uila 'ia nā palapala iā Carole Hagihara-Loo ma [carole@gohta.net](mailto:carole@gohta.net), a i 'ole, e lawe kino 'ia i ke ke'ena.*

**Written testimony received ahead of the preparation of the board packet will be included in the board packet. Written testimony received after the issuance of the board packet (48 hours ahead of the meeting) will be distributed to the board and available for public inspection at the meeting. Email written testimony to Carole Hagihara-Loo at [Carole@gohta.net](mailto:Carole@gohta.net) or hand-deliver or mail to the Hawaii' Tourism Authority office, 1801 Kalākaua Avenue, 1<sup>st</sup> Floor, Honolulu, HI 96815.**

**PAPA KUMUMANA'O**  
**AGENDA**

1. *Ho'omaka*  
**Call to Order**
2. *Kikolā*  
**Roll Call to Announce Name of Participating Board Members and to Identify Who Else is Present with Board Member if Location is Nonpublic**
3. *Wehena*  
**Opening Protocol**
4. *Hō'ike a Kūkā no Kā HTA Hō'ike Kālā Kū'oko'a*  
**Presentation and Discussion on the FY2024 HTA Independent Financial Report, Issued March 2025**
5. *Kūkākūkā No Nā Kumuhana Pili Limahana\*\*\**  
**Discussion and/or Action on Personnel Issues\*\*\***
6. *Ho'oku'u*  
**Adjournment**

\*\*\* *'Aha Ho'okō: Ua hiki i ka Papa Alaka'i ke mālama i kekahi hālāwai kūhelu i kū i ka Hawai'i Revised Statutes (HRS) § 92-4. E mālama 'ia kēia hālāwai kūhelu nei ma lalo o ka § 92-5 (a)(4), § 92-5 (a)(8) and §201B-4(a)(2) no ka pono o ko ka Papa Alaka'i kūkā a ho'oholo 'ana i nā nīnūnē a nīnau i pili i ko ka Papa Alaka'i kuleana me ko ka Papa Alaka'i loio. He hālāwai kūhelu kēia i 'ole paulele 'ia ka 'ikepili a i mea ho'i e mālama kūpono ai i ko Hawai'i 'ano, he wahi i kipa mau 'ia e nā malihini.*

\*\*\* **Executive Session:** The Board may conduct an executive session closed to the public pursuant to Hawai'i Revised Statutes (HRS) § 92-4. The executive session will be conducted pursuant to HRS § 92-5 (a) (2), § 92-5 (a)(4), § 92-5 (a)(8) and §201B-4(a)(2) for the purpose of consulting with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities; to consider hiring and evaluation of officers or employees, where consideration of matters affecting privacy will be involved; and to discuss information that must be kept confidential to protect Hawai'i's competitive advantage as a visitor destination.

*Ma lalo o ka māhele 531.5 o ka Budgetary Control Accounting Manual, Moku'āina 'o Hawai'i, he māhele ka 'aina awakea o ka hālāwai. E mau ana ka hālāwai ma loko nō o ka 'ai 'ana, 'a'ole ho'i ia he wā ho'omalolo.*

**Pursuant to Section 531.5, of the Budgetary Control Accounting Manual, State of Hawai'i, lunch is served as an integral part of the meeting, while the meeting continues in session, and not during a break.**

*Inā he lawelawe a mea like paha e pono ai ke kīnānā, e ho'oka'a'ike aku me Carole Hagihara-Loo ma (808)-973-2289 a ma ka leka uila e like me ka wikiwiki i hiki, 'a'ole ho'i a ma 'ō aku o ka 'ekolu lā ma mua o ka hālāwai. Inā 'ike 'ia he noi i ka lā ma mua o ka hālāwai, e ho'ā'o mākou e 'imi i ka lawelawe a mea like paha, 'a'ole na'e ho'i e hiki ke ho'ohiki 'ia ke kō o ua noi lā. Ua noa pū kēia ho'olaha ma nā kino 'oko'a e like me ka mea pono.*

**If you need an auxiliary aid/service or other accommodation due to a disability, contact Carole Hagihara-Loo at (808) 973-2289 or [carole@gohta.net](mailto:carole@gohta.net) as soon as possible, preferably no later than 3 days prior to the meeting. Requests made as early as possible have a greater likelihood of being fulfilled. Upon request, this notice is available in alternative/accessible formats.**

*E like nō me ka 'ōlelo o ke Kānāwai Hawai'i i ho'oholo 'ia māhele 92-32.7, e mālama ana ke Ke'ena Kuleana Ho'okipa o Hawai'i i kekahi wahi e hiki ai ka po'e o ka lehulehu ke noho a komo pū ma nā hālāwai ma o ka ho'ohana 'ana i ka 'enehana pāpaho (ICT). Aia ana kēia 'enehana pāpaho ma ka papahale mua o ka lumi ho'okipa i mua o ke Ke'ena Kuleana Ho'okipa o Hawai'i ma ka Hale 'Aha. 'O 1801 Kalākaua Avenue, Honolulu, Hawai'i, 96815 ka helu wahi.*

**In accordance with HRS section 92-3.7, the Hawai'i Tourism Authority will establish a remote viewing area for members of the public and board members to view and participate in meetings held using interactive conference technology (ICT). The ICT audiovisual connection will be located on the 1st Floor in the Lobby area fronting the Hawaii Tourism Authority at the Hawai'i Convention Center at 1801 Kalākaua Avenue, Honolulu, Hawai'i, 96815.**

**4**

**FY2024 HTA Independent Financial Report,  
Issued March 2025**



# Hawaii Tourism Authority

(A Component Unit of the State of Hawaii)

Financial and Compliance Audit

June 30, 2024

Submitted by  
The Auditor  
State of Hawaii



**Hawaii Tourism Authority**  
 (A Component Unit of the State of Hawaii)  
**Index**  
**June 30, 2024**

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	<b>Page(s)</b>
<b>Report of Independent Auditors</b>	
<b>Management’s Discussion and Analysis (Unaudited)</b> .....	4–10
<b>Financial Statements</b>	
Statement of Net Position – Governmental Activities .....	11–12
Statement of Activities – Governmental Activities .....	13
Balance Sheet – Governmental Funds .....	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	17
Notes to Financial Statements .....	18–39
<b>Required Supplementary Information Other than Management’s Discussion and Analysis (Unaudited)</b>	
Budgetary Comparison Schedules – Tourism Fund and Convention Center Special Fund .....	40
Notes to Required Supplementary Information .....	41–42
<b>Supplementary Information</b>	
Schedule of Expenditures of Federal Awards .....	43
Notes to Schedule of Expenditures of Federal Awards .....	44
<b>Single Audit Reports</b>	
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 <i>Government Auditing Standards</i>	
Report of Independent Auditors on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	
Schedule of Findings and Questioned Costs .....	50–54
Corrective Action Plan	
Summary Schedule of Prior Audit Findings	



## Report of Independent Auditors

The Auditor  
State of Hawaii

The Board of Directors  
Hawaii Tourism Authority

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hawaii Tourism Authority (the "Authority"), a component unit of the State of Hawaii, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the index.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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. We are required to be independent of the Authority, 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 opinions.

### Emphasis of Matter


As discussed in Note 1, the financial statements of the Authority are intended to present the financial position and changes in financial position of only that portion of the governmental activities and each major fund of the State of Hawaii that is attributable to the transactions of the Authority. They do not purport to, and do not present fairly the financial position of the State of Hawaii as of June 30, 2024, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. 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 Authority'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 opinions. 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 Authority'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 Authority'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 on pages 4 through 10 and budgetary comparison schedules for the Tourism Fund and Convention Center Special Fund on page 40 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary





information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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. As described in Note 2 to the schedule of expenditures of federal awards, the accompanying schedule of expenditures of federal awards was prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, and other matters. The purpose of that report is solely 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 the Authority's 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 Authority's internal control over financial reporting and compliance.

*Accuity* LLP

Honolulu, Hawaii  
March 13, 2025

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Management’s Discussion and Analysis (Unaudited)**  
**June 30, 2024**

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The Hawaii Tourism Authority (the “Authority”) was established on January 1, 1999 by Act 156, Session Laws of Hawaii 1998. The Authority is responsible for developing and implementing a strategic tourism marketing plan to enhance and promote the Hawaii brand. As management of the Authority, we offer readers of these basic financial statements, this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2024. This discussion and analysis is designed to assist the reader in focusing on the Authority’s significant financial matters and activities and to identify any significant changes in the Authority’s financial position. We encourage readers to consider the information presented here in conjunction with the basic financial statements as a whole.

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Authority’s basic financial statements. The Authority’s basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

***Government-wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the Authority’s finances. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, accounted for with an economic resources measurement focus using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the fiscal year’s revenues and expenses are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses are reported in these statements for some items that will result in cash flows in future fiscal periods. Government-wide financial statements are comprised of the following:

- The *Statement of Net Position*, which presents all of the Authority’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 financial position of the Authority is improving or deteriorating.
- The *Statement of Activities*, which presents information showing the Authority’s revenues and expenses for the fiscal year. Functional activities are highlighted in this statement, whereby direct and indirect functional costs are shown, net of related program revenue. This statement shows the extent to which the various functions depend on taxes and nonprogram revenues for support.

***Fund Financial Statements***

A fund is a grouping of related accounts, which is used to maintain control over resources that have been segregated for specific activities or objectives.

*Governmental Funds* – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Authority’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities of the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Authority’s near-term financing decisions. Both the governmental fund balance sheet

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Management’s Discussion and Analysis (Unaudited)**  
**June 30, 2024**

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and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation on pages 15 and 17, respectively, to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains three governmental funds (Tourism Fund, Convention Center Special Fund, and Tourism Emergency Special Fund). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of these funds.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Condensed Financial Information**

The following are summaries from the Authority’s government-wide financial statements as of and for the years ended June 30, 2024 and 2023:

**Condensed Statements of Net Position**  
**As of June 30, 2024 and 2023**  
(Amounts in thousands)

	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Current assets	\$ 85,513	\$ 117,991
Capital assets, net	189,543	180,462
Investments – noncurrent	-	2,471
Other assets	33,828	39,328
Total assets	<u>\$ 308,884</u>	<u>\$ 340,252</u>
<b>Deferred outflows of resources</b>		
Deferred outflows on net pension liability	\$ 221	\$ 576
Deferred outflows on net other postemployment benefits liability	77	227
Total deferred outflows of resources	<u>\$ 298</u>	<u>\$ 803</u>
<b>Liabilities</b>		
Current liabilities	\$ 12,168	\$ 43,116
Noncurrent liabilities	11,519	11,078
Total liabilities	<u>\$ 23,687</u>	<u>\$ 54,194</u>
<b>Deferred inflows of resources</b>		
Deferred inflows on net pension liability	\$ 293	\$ 571
Deferred inflows on net other postemployment benefits liability	451	536
Total deferred inflows of resources	<u>\$ 744</u>	<u>\$ 1,107</u>
<b>Net position</b>		
Net investment in capital assets	\$ 189,543	\$ 180,462
Restricted	95,208	105,292
Total net position	<u>\$ 284,751</u>	<u>\$ 285,754</u>

A reconciliation on page 15 facilitates the comparison between governmental funds and governmental activities.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Management’s Discussion and Analysis (Unaudited)**  
**June 30, 2024**

**Condensed Statements of Activities**  
**For the Years Ended June 30, 2024 and 2023**  
(Amounts in thousands)

	2024	2023
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 29,010	\$ 16,013
Federal grants	2,468	50,542
General revenues		
State allotted appropriations, net of lapses	70,109	-
Transient accommodations taxes	11,000	11,000
Other, net	1,253	2,062
Total revenues	<u>113,840</u>	<u>79,617</u>
<b>Expenses</b>		
Hawaii Convention Center management		
Contract	26,513	10,560
Depreciation	8,595	8,512
Other	730	514
Total Hawaii Convention Center management expenses	<u>35,838</u>	<u>19,586</u>
Tourism and marketing		
Contract	75,486	46,858
Payroll	2,252	2,324
Pension	428	335
Administrative and general	609	249
Postemployment	203	18
Other	27	199
Total tourism and marketing expenses	<u>79,005</u>	<u>49,983</u>
Total expenses	<u>114,843</u>	<u>69,569</u>
Transfers	-	15,000
Change in net position	(1,003)	25,048
<b>Net position</b>		
Beginning of year	285,754	260,706
End of year	<u>\$ 284,751</u>	<u>\$ 285,754</u>

A reconciliation on page 17 facilitates the comparison between governmental funds and governmental activities.

Per Act 001, Special Session 2021, effective January 1, 2022, the Tourism Special Fund (“TSF”) was sunset and discontinued the ability to expend any new funds. In its place, the State of Hawaii (“State”) appropriated Federal American Rescue Plan Act (“ARPA”) funds in fiscal years 2022 and 2023 to support the Authority’s fiscal years 2022 and 2023 operations. Those funds expired in June 2023, and the Authority returned the unspent balance to the State’s Department of Budget & Finance in July 2023. The Tourism Fund used these funding sources for its operations.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Management’s Discussion and Analysis (Unaudited)**  
**June 30, 2024**

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Effective July 1, 2023, per Section 5, Act 164, SLH 2023, the Governor approved the transfer of approximately \$60,000,000 and \$11,000,000 of general funds for the Tourism Fund and Convention Center Fund, respectively. Approximately \$640,000 of the funds lapsed on June 30, 2024.

The Legislature appropriated \$63,000,000 and \$34,000,000 for fiscal year 2025 to the Tourism Fund and Convention Center Fund, respectively, per Section 3, Act 230, SLH 2024.

The Authority has requested a \$70,000,000 recurring budget for the 2025-2027 fiscal biennium. For the Hawaii Convention Center, the Authority has requested \$52,000,000 for additional HCC repairs and maintenance projects scheduled for completion during the convention center's modified operating schedule in calendar year 2026 for the roof repair project.

The Authority was awarded an approximate \$14,000,000 federal grant, titled “Non-Competitive American Rescue Plan Act (“ARPA”) State Tourism Grant for the State of Hawaii,” administered by the Economic Development Administration (“EDA”), on December 8, 2021. Grant rules required the approval of the Grant Administration Plan (“GAP”) before the commencement of work. The EDA approved the Authority’s GAP on March 21, 2023. The Authority will share approximately \$7,200,000 of the grant with the Department of Land and Natural Resources to enhance and develop Hawaii’s outdoor recreational assets. All work must be completed by May 31, 2027, and money spent by September 30, 2027.

As stated in HRS 201B-9, the Governor declared a tourism emergency on August 19, 2023, in the sixth emergency proclamation related to the Maui wildfires. Afterward, the Authority developed a tourism response plan for Maui. Under HRS 201B-10, the authority budgeted up to \$5,000,000 of the Tourism Emergency Special Fund to support marketing campaigns and other destination management efforts to rejuvenate the Maui tourism economy.

In fiscal year 2023, per Act 248, SLH 2022, \$15,000,000 of general obligation bond funds were appropriated to the Authority for Convention Center temporary roof repairs.

In fiscal year 2025, per Section 3 of Act 230, SLH 2024, \$64,000,000 of general obligations bond funds were appropriated to the Authority for Convention Center roof repairs.

***Financial Analysis***

*Current Assets* decreased by approximately \$32,478,000, or 27.5%. In July 2023, the Authority exchanged approximately \$36,833,000 of unspent ARPA funds with the Department of Budget and Finance. Under the exchange, the Governor transferred approximately \$70,000,000 to the Authority. After current year spending, the exchange resulted in a net decrease in cash and amounts due from B&F of approximately \$26,189,000. Prepaid expenses and other assets decreased by approximately \$6,288,000 based on the timing of services provided by the Authority’s vendors.

*Investments – noncurrent* decreased approximately \$2,471,000, or 100%. The Governor declared a tourism emergency after the Maui Wildfire, pursuant to HRS 201B-9. Under HRS 201B-10, the Authority used the Tourism Emergency Special Fund to develop and implement a \$5,000,000 Maui tourism recovery plan. As a result, both current and non-current investments were sold to pay for the plan.

*Other Noncurrent Assets*, which primarily consists of cash held by HCC’s management company, ASM Global (“ASM”), decreased by approximately \$5,500,000, or 14.0%. In fiscal year 2024, HCC capital expenditures totaled approximately \$17,634,000. To keep the Center as a world-class facility, the Center has begun replacing old furniture, fixtures, and equipment, along with starting various capital improvement projects in the fiscal year. HTA expects capital expenditures to continue through fiscal year 2027.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Management’s Discussion and Analysis (Unaudited)**  
**June 30, 2024**

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*Current Liabilities* decreased by approximately \$30,948,000, or 71.8%. As of June 30, 2023, HTA had approximately \$36,833,000 of unspent American Rescue Plan Act (ARPA) funds, due to the Department of Budget and Finance (B&F). The funds were transferred to B&F in July 2023. Accounts payable, amounts due to other state agencies, and unearned revenue increased by approximately \$5,886,000, based on the timing of services provided by HTA’s vendors.

*Charges for Services* increased by approximately \$12,997,000, or 81.2%. The Center hosted 21 citywide events during the fiscal period, an increase of 200.0% from the previous year. With a new focus on generating a net profit from Center operations, the Center continues to fill in vacancies with local events.

*Federal Grant Revenue* is recognized as funds drawn down and spent, which decreased by approximately \$48,074,000, or 95.1%. The Authority’s funding for operations was federally funded in fiscal year 2023 and state funded in the current fiscal year. As a result, federal grant revenues significantly declined in the current fiscal year. Federal grant revenue recognized in the current fiscal year was for work completed for the state tourism grant administered by the EDA, for which drawdowns totaled approximately \$2,468,000.

*State Allotted Appropriations, Net of Lapses* increased by approximately \$70,109,000. Per Section 5, Act 164, SLH 2023, the Governor appropriated approximately \$71,000,000 of general funds for fiscal year 2024 HTA and HCC operations. On June 30, 2024, approximately \$640,000 of funds lapsed.

*Hawaii Convention Center Management Contract Expenses* increased by approximately \$15,953,000, or 151.1%. The Center’s shift in strategy to fill vacancies with local events succeeded in fiscal year 2024. HCC operating expenditures increased by approximately \$9,383,000. Financing for other Center costs, such as repairs and maintenance, increased by approximately \$6,569,000.

*Tourism and Marketing Contract Expenses* increased by approximately \$28,628,000, or 61.1%. The increase was primarily due to the following:

- As pursuant to HRS 201B-9-10, the Authority spent approximately \$4,506,000 on a \$5,000,000 tourism recovery plan for Maui after the wildfire.
- Per HRS 237D-6.5, the Legislature earmarked a portion of the Authority’s annual transient accommodation tax (“TAT”) allocation for the Center of Hawaiian Music and Dance (“CHMD”). Over multiple fiscal periods, the earmarks totaled approximately \$5,900,000. HB 862, Act 1, Special Legislative Session 2021, ended the annual TAT allocation to the Tourism Special Fund and the earmarks for the CHMD. In fiscal year 2024, the Authority remitted the funds to ASM.
- On December 8, 2021, the Economic Development Administration awarded the Authority an approximate \$14,000,000 Non-Competitive ARPA State Tourism Grant. The Authority developed a Grant Administration Plan before any work commenced. Grant expenditures for fiscal year 2024 totaled \$2,467,000.
- The remaining increase is based on the timing of services provided by the Authority’s vendors.

*Transfers* decreased by \$15,000,000, or 100%. In fiscal year 2023, the legislature appropriated \$15,000,000 of construction funds pursuant to Act 248, SLH 2022, for HCC roof repairs. HTA did not receive additional construction funding in fiscal year 2024.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Management's Discussion and Analysis (Unaudited)**  
**June 30, 2024**

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**Financial Analysis of the Authority's Individual Funds**

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

***Governmental Funds***

The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements.

As of the end of the current fiscal year, the Authority's governmental funds reported combined ending fund balances of approximately \$73,450,000, a decrease of approximately \$4,028,000 in comparison with the prior fiscal year-end. The Authority's entire fund balance is committed to indicate that it can only be used for specific purposes pursuant to formal action of the Authority's Board of Directors.

The Tourism Fund is used to account for functions related to the development and promotion of Hawaii's brand as a visitor destination. At the end of the current fiscal year, committed fund balance of the Tourism Fund was approximately \$8,924,000, a decrease of 57.5% from the prior fiscal year-end. As a measure of the Tourism Fund's liquidity, it may be useful to compare the committed fund balance to total fund expenditures. Committed fund balance represents 12.0% of total Tourism Fund expenditures, a decrease of 29.8% from the prior fiscal year.

The Convention Center Special Fund was established by Act 253 to receive all revenues generated from the operation of the Center and an allocated portion of the revenues received from the State's TAT. Funds collected by the Convention Center Special Fund are used to pay all expenses arising from the use and operation of the Center. In accordance with Act 253, the operations of the Convention Center Special Fund are included in the Authority's financial statements. At the end of the current fiscal year, the Convention Center Special Fund had a committed fund balance of approximately \$63,785,000.

The Tourism Emergency Special Fund was established by Hawaii Revised Statutes Section 201B-10. Monies in the Tourism Emergency Special Fund shall be used exclusively to provide for the development and implementation of emergency measures to respond to any tourism emergency including providing emergency assistance to tourists during the tourism emergency. As pursuant to HRS 201B-9-10, the Authority spent approximately \$4,506,000 on a \$5,000,000 tourism recovery plan for Maui after the wildfire. At the end of the current fiscal year, the Tourism Emergency Special Fund had a committed fund balance of approximately \$741,000.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Management’s Discussion and Analysis (Unaudited)**  
**June 30, 2024**

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**Capital Assets**

As of June 30, 2024, the Authority had approximately \$189,543,000 invested in capital assets as shown in the following table (amounts in thousands). There was a net increase (additions, deductions and depreciation) of approximately \$9,081,000 from the end of the prior fiscal year.

	<b>2024</b>	<b>2023</b>
<b>Capital assets</b>		
Land	\$ 131,497	\$ 131,497
Buildings and improvements	232,991	229,939
Furniture, fixtures and equipment	12,984	10,879
Construction in progress	<u>14,345</u>	<u>1,868</u>
Total capital assets	391,817	374,183
Less: Accumulated depreciation and amortization	<u>(202,274)</u>	<u>(193,721)</u>
Total capital assets, net	<u>\$ 189,543</u>	<u>\$ 180,462</u>

Additional information regarding the Authority’s capital assets can be found in Note 3 to the financial statements.

**Currently Known Facts, Decisions, or Conditions**

Since 2022, when the Tourism Special Fund was closed, the Authority has undergone multiple funding changes. Additionally, the legislature has reconstructed the Authority’s programs, adding six new programs and dividing the total funding into many categories under the Tourism Fund. Management and the users of our financial statements are still evaluating the effects of these changes.

The Authority is requesting consolidation of its programs into three programs in the 2025 legislature because accounting for six programs was becoming a costly administrative burden. These changes will make a comparable analysis of financial data difficult. The Authority is hoping that this situation will stabilize for fiscal year 2026.



**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Statement of Net Position – Governmental Activities**  
**June 30, 2024**

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<b>Current assets</b>	
Equity in cash and cash equivalents and investments	
in State Treasury	\$ 72,435,197
Cash in banks	772,159
Due from State Department of Budget and Finance	10,963,510
Accounts and other receivables	<u>1,342,454</u>
Total current assets	<u>85,513,320</u>
<b>Noncurrent assets</b>	
Capital assets	
Land	131,496,508
Construction in progress	14,344,505
Other capital assets, net	<u>43,702,102</u>
Capital assets, net of depreciation	189,543,115
Other noncurrent assets	<u>33,827,453</u>
Total noncurrent assets	<u>223,370,568</u>
Total assets	<u>308,883,888</u>
<b>Deferred outflows of resources</b>	
Deferred outflows on net pension liability	221,270
Deferred outflows on net other postemployment benefits liability	<u>77,241</u>
Total deferred outflows of resources	<u>298,511</u>
Total assets and deferred outflows of resources	<u>\$ 309,182,399</u>

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

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Statement of Net Position – Governmental Activities**  
**June 30, 2024**

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<b>Current liabilities</b>	
Vouchers payable	\$ 10,046,590
Accrued payroll	316,239
Accrued vacation	105,452
Unearned revenue	1,700,000
Total current liabilities	<u>12,168,281</u>
<b>Noncurrent liabilities</b>	
Accrued vacation, net of current portion	222,534
Net other postemployment benefits liability	4,924,308
Net pension liability	6,372,321
Total noncurrent liabilities	<u>11,519,163</u>
Total liabilities	<u>23,687,444</u>
<b>Deferred inflows of resources</b>	
Deferred inflows on net pension liability	293,103
Deferred inflows on net other postemployment benefits liability	450,847
Total deferred inflows of resources	<u>743,950</u>
<b>Net position</b>	
Net investment in capital assets	189,543,115
Restricted	95,207,890
Total net position	<u>284,751,005</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 309,182,399</u>

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

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Statement of Activities – Governmental Activities**  
**Year Ended June 30, 2024**

	<b>Functional Programs</b>		
	<b>Hawaii Convention Center Management</b>	<b>Tourism and Marketing</b>	<b>Total</b>
<b>Expenses</b>			
Contracts	\$ 26,512,752	\$ 75,486,342	\$ 101,999,094
Depreciation	8,595,498	-	8,595,498
Payroll	-	2,251,530	2,251,530
Pension	-	427,648	427,648
Administrative and general	-	608,709	608,709
Postemployment	-	203,365	203,365
Other	729,994	27,029	757,023
Total expenses	<u>\$ 35,838,244</u>	<u>\$ 79,004,623</u>	114,842,867
<b>Program revenues</b>			
Charge for services			29,010,186
Federal grants			<u>2,467,655</u>
Total program revenues			<u>31,477,841</u>
Net expenses			<u>83,365,026</u>
<b>General revenues</b>			
State allotted appropriations, net of lapses of \$639,379			70,108,889
Transient accommodations tax			11,000,000
Interest and investment income			1,175,463
Other			<u>78,000</u>
Total general revenues			<u>82,362,352</u>
Change in net position			<u>(1,002,674)</u>
<b>Net position</b>			
Beginning of year			<u>285,753,679</u>
End of year			<u>\$ 284,751,005</u>

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

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Balance Sheet – Governmental Funds**  
**June 30, 2024**

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	Tourism Fund	Convention Center Special Fund	Tourism Emergency Special Fund	Total Governmental Funds
<b>Assets</b>				
Equity in cash and cash equivalents and investments in State Treasury	\$ 10,108,121	\$ 62,327,076	\$ -	\$ 72,435,197
Cash in banks	-	-	772,159	772,159
Due from State Department of Budget and Finance	8,746,768	2,216,742	-	10,963,510
Other assets	-	1,342,454	-	1,342,454
Total assets	<u>\$ 18,854,889</u>	<u>\$ 65,886,272</u>	<u>\$ 772,159</u>	<u>\$ 85,513,320</u>
<b>Liabilities and Fund Balances</b>				
Liabilities				
Vouchers and contracts payable	\$ 7,914,240	\$ 2,101,656	\$ 30,694	\$ 10,046,590
Unearned revenue	1,700,000	-	-	1,700,000
Other accrued liabilities	316,239	-	-	316,239
Total liabilities	<u>9,930,479</u>	<u>2,101,656</u>	<u>30,694</u>	<u>12,062,829</u>
Fund balances				
Committed	<u>8,924,410</u>	<u>63,784,616</u>	<u>741,465</u>	<u>73,450,491</u>
Total liabilities and fund balances	<u>\$ 18,854,889</u>	<u>\$ 65,886,272</u>	<u>\$ 772,159</u>	<u>\$ 85,513,320</u>

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

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2024**

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Total fund balance – governmental funds	\$ 73,450,491
Amounts reported for governmental activities in the statement of net position are different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of	
Land	131,496,508
Construction in progress	14,344,505
Other	245,975,860
Accumulated depreciation and amortization	<u>(202,273,758)</u>
	189,543,115
Other assets are not available to pay or be used for current-period expenditures and are not recognized in governmental funds.	33,827,453
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of	
Accrued vacation payable	(327,986)
Net other postemployment benefits liability	(4,924,308)
Net pension liability	<u>(6,372,321)</u>
	(11,624,615)
Deferred outflows of resources are for future periods and are not reported in the funds. Those deferred outflows consist of	
Deferred outflows on net pension liability	221,270
Deferred outflows on net other postemployment benefits liability	<u>77,241</u>
	298,511
Deferred inflows of resources benefit future periods and are not reported in the funds. Those deferred inflows consist of	
Deferred inflows on net pension liability	(293,103)
Deferred inflows on net other postemployment benefits liability	<u>(450,847)</u>
	(743,950)
Net position of governmental activities	<u>\$ 284,751,005</u>

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

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances – Governmental Funds**  
**Year Ended June 30, 2024**

	<b>Tourism Fund</b>	<b>Convention Center Special Fund</b>	<b>Tourism Emergency Special Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
State allotted appropriations	\$ 59,748,268	\$ 11,000,000	\$ -	\$ 70,748,268
Transient accommodations tax	-	11,000,000	-	11,000,000
Hawaii Convention Center revenues	-	29,010,186	-	29,010,186
Interest and investment income	294,824	743,745	136,894	1,175,463
Federal grant revenue	2,467,655	-	-	2,467,655
Other	-	78,000	-	78,000
Total revenues	<u>62,510,747</u>	<u>51,831,931</u>	<u>136,894</u>	<u>114,479,572</u>
<b>Expenditures</b>				
Contract	70,980,170	38,721,449	4,506,172	114,207,791
Personnel	2,325,820	-	-	2,325,820
Administrative and general	608,709	-	-	608,709
Other	27,029	698,301	-	725,330
Total expenditures	<u>73,941,728</u>	<u>39,419,750</u>	<u>4,506,172</u>	<u>117,867,650</u>
Change in fund balances	<u>(11,430,981)</u>	<u>12,412,181</u>	<u>(4,369,278)</u>	<u>(3,388,078)</u>
<b>Other financing sources</b>				
Lapsed appropriations	(639,379)	-	-	(639,379)
Total other financing sources	<u>(639,379)</u>	<u>-</u>	<u>-</u>	<u>(639,379)</u>
Net change in fund balances	<u>(12,070,360)</u>	<u>12,412,181</u>	<u>(4,369,278)</u>	<u>(4,027,457)</u>
<b>Fund balances</b>				
Beginning of year	20,994,770	51,372,435	5,110,743	77,477,948
End of year	<u>\$ 8,924,410</u>	<u>\$ 63,784,616</u>	<u>\$ 741,465</u>	<u>\$ 73,450,491</u>

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

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures, and Changes in Fund Balances to the Statement of Activities**  
**Year Ended June 30, 2024**

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Total net change in fund balances – governmental funds	\$ (4,027,457)
Amounts reported for governmental activities in the statement of activities are different because	
Capital outlays are reported as expenditures in governmental funds; however, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are	
Capital asset additions	18,005,300
Capital asset deductions	(370,827)
Accumulated depreciation on disposals	42,458
Depreciation expense	<u>(8,595,498)</u>
Excess of capital outlay over depreciation expense	9,081,433
Other assets are not available to be used for current period expenditures and are not recognized in governmental funds.	(5,499,927)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	
Change in accrued vacation payable	11,163
Net pension activity	(386,437)
Net other postemployment benefits activity	<u>(181,449)</u>
	<u>(556,723)</u>
Change in net position of governmental activities	<u>\$ (1,002,674)</u>

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

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

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**1. Summary of Significant Accounting Policies**

**The Financial Reporting Entity**

The Hawaii Tourism Authority (the "Authority") was established on January 1, 1999 by Act 156, Session Laws of Hawaii 1998, and was placed within the State of Hawaii, Department of Business, Economic Development, and Tourism, for administrative purposes only. The Authority is responsible for developing a strategic tourism marketing plan and developing measures of effectiveness to assess the overall benefits and effectiveness of the marketing plan and progress toward achieving the Authority's strategic plan goals. In addition, effective July 1, 2000, control and management of the Hawaii Convention Center (the "Center") were transferred to the Authority from the Convention Center Authority ("CCA") by Executive Order No. 3817. Effective July 1, 2002, the Center, by statute, became the responsibility of the Authority. The Center, which opened to the general public in June 1998, is used for a variety of events including conventions and trade shows, public shows, and spectator events. The Center offers approximately 350,000 square feet of rentable space including 51 meeting rooms.

The Authority is governed by a board of directors comprising of 12 voting members, including those recommended by the State Legislature. The Governor of the State appoints the 12 voting members.

The accompanying basic financial statements of the Authority, a discretely presented component unit of the State of Hawaii ("State"), have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for governments as prescribed by the Governmental Accounting Standards Board ("GASB").

**Government-wide and Fund Financial Statements**

The government-wide financial statements, which are the statement of net position and the statement of activities, report information on the activities of the Authority. For the most part, the effect of interfund activity has been removed from these government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function. Resources that are dedicated internally are reported as general revenues rather than program revenues.

The Authority uses funds to report on its financial position and the results of its operations in its fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities.

Net position is restricted when determined by a formal action of the State Legislature.

The financial activities of the Authority are recorded in individual funds, each of which is deemed to be a separate accounting entity. The Authority uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.



**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

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**Governmental Funds**

Governmental funds are those through which the governmental functions of the Authority are financed. The Authority's major funds are as follows:

- **Tourism Fund** –The Tourism Fund is used to account for functions related to the development and promotion of the tourism industry.
- **Convention Center Special Fund** – The Convention Center Special Fund (“Convention Center Fund”) is used to account for functions related to the operation and management of the Center.
- **Tourism Emergency Special Fund** – The Tourism Emergency Special Fund (“Emergency Fund”) is used to account for functions related to the maintenance of a tourism emergency fund. Monies in the Emergency Fund shall be used exclusively to provide for the development and implementation of emergency measures to respond to any tourism emergency, including providing emergency assistance to tourists during the tourism emergency.

**Basis of Accounting**

The Governmental Funds financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

**Transient Accommodations Tax and General Funding**

In accordance with Sections 201B-11 and 237D-6.5, Hawaii Revised Statutes (“HRS”), the primary source of funding for the Authority's Convention Center Fund was the transient accommodations tax (“TAT”) collected by the State. The TAT is assessed at a rate of 10.25% on the gross rental proceeds derived from providing transient accommodations.

Effective July 1, 2007, funds shall be deposited into the Emergency Fund, established in Section 201B-10, in a manner sufficient to maintain a fund balance of \$5,000,000.

Act 001, Special Session of 2021 (“Act 001”), amended specific provisions of law effective July 1, 2021. Included were Sections 237D-6.5(b), HRS, *distribution of the TAT*, and 201B-11, HRS, *tourism special fund*. Effective July 1, 2021, the maximum amount of funding of TAT revenues that may be deposited into the Convention Center Fund is \$11,000,000.

Effective January 1, 2022, the Tourism Special Fund was sunset and discontinued the ability to expend any new funds. In its place, the State appropriated \$60,000,000 and \$35,000,000, respectively, in fiscal year 2022 and 2023 funds from the Federal American Rescue Plan Act for eligible expenses incurred by the Authority. Those funds expired in June 2023, and the Authority returned the unspent balance of approximately \$36,833,000 to the State's Department of Budget & Finance in July 2023.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

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Pursuant to Act 248, SLH 2022, \$15,000,000 of general obligation bond funds were provided to the Convention Center Fund for the temporary repairs of the Convention Center roof and other items. The Governor authorized the release of funds on February 22, 2023.

The 2023 State Legislature did not provide the Authority with an operating budget for fiscal year 2024. As such, the Governor approved the transfer of approximately \$60,000,000 and \$11,000,000, respectively, in general funds from Section 5 of Act 164, SLH 2023, to the Tourism Fund and Convention Center Fund on July 1, 2023. The actual amounts transferred for fiscal year 2024 for the Tourism Fund and Convention Center Fund were \$59,748,268 and \$11,000,000, respectively. The Tourism Fund lapsed approximately \$639,000 of the transferred funds.

**Investments**

The Authority's investments are reported at fair value within the fair value hierarchy established by GAAP.

**Interest Rate Risk**

The Authority's investment policy generally limits maturities on investments to not more than five years from the date of investment to limit its exposure to fair value losses arising from rising interest rates.

**Credit Risk**

The Authority's investment policy limits its investments to investments in U.S. Treasury obligations, certificates of deposit, U.S. government or agency obligations, commercial paper, federally insured savings accounts, and money market funds.

**Custodial Risk**

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Authority or the State will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's and the State's investments are held at broker/dealer firms that are protected by the Securities Investor Protection Corporation ("SIPC") up to a maximum amount. In addition, excess SIPC coverage is provided by the broker/dealer firms' insurance policies. The Authority and the State require the institutions to set aside, in safekeeping, certain types of securities to collateralize repurchase agreements. The Authority and the State monitor the fair value of these securities and obtain additional collateral when appropriate.

**Fair Value Measurements**

The Authority measures the fair value of assets and liabilities as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value, as follows:

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

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

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**Capital Assets**

Capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the statement of net position. Capital assets acquired by purchase are recorded at cost. Donated capital assets are valued at the estimated fair value on the date received. Maintenance, repairs, minor replacements, and renewals are charged to operations as incurred. Major replacements, renewals and betterments are capitalized. Capital assets are defined as assets with an initial individual cost of \$100,000 or more for buildings and improvements, and \$5,000 or more for furniture, fixtures and equipment, and are depreciated on the straight-line method over the estimated useful lives of the respective assets (buildings and improvements – 30 years; and furniture, fixtures and equipment – five to seven years). Depreciation is recorded on capital assets in the government-wide statement of activities.

**Accrued Vacation**

Employees hired on or before July 1, 2001 earn vacation at the rate of one and three-quarters working days for each month of service. Employees hired after July 1, 2001 earn vacation at rates ranging between one and two working days for each month of service, depending upon the employees' years of service and job classifications. Each employee is allowed to accumulate a maximum of 90 days of vacation as of the end of the calendar year. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are expected to be paid with expendable available financial resources.

**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 Hawaii ("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 other postemployment benefits ("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 Hawaii 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.

**Net Position and Fund Balance**

In the government-wide financial statements, net position is reported in two categories: net investment in capital assets and restricted net position. Restricted net position represents net position restricted by parties outside of the Authority (such as citizens, public interest groups, or the judiciary), or imposed by law through enabling legislation, and includes unspent proceeds of bonds issued to acquire or construct capital assets.

In the Fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

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The Authority classifies fund balance based primarily on the extent to which a government is bound to follow constraints on how resources can be spent in accordance with GAAP. Classifications include:

- **Restricted** – Balances that are restricted for specific purposes by external parties such as creditors, grantors, or other governments. Sources of these externally enforceable legal restrictions include creditors, grantors, or other governments.
- **Committed** – Balances that can only be used for specific purposes pursuant to constraints imposed by formal action (i.e., legislation) of the State’s Legislature, the highest level of decision-making authority. Legislation is required to modify or rescind a fund balance commitment.
- **Assigned** – Balances that are constrained by management to be used for specific purposes, as authorized by the HRS, but are not restricted or committed. For general fund only, encumbrance balances at fiscal year-end are classified as assigned.
- **Unassigned** – Residual balances that are not contained in the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance.

**Marketing Contractors**

During fiscal year 2024, the Authority contracted with the following seven major marketing contractors to provide tourism, planning, implementation, and other services to assist the Authority in executing its marketing mission:

- Hawaii Visitors and Convention Bureau – United States of America and Global Meetings and Conventions
- a.Link LLC, dba Hawaii Tourism Japan – Japan
- Aviareps Marketing Garden (Holdings) Ltd. – Korea
- The Walshe Group, dba Hawaii Tourism Oceania – Australia and New Zealand
- iTravLocal Ltd. – China
- VoX International Inc. – Canada
- Emotive Travel Marketing Limited – Europe

**Center Contract**

The Authority contracts with ASM Global (“ASM”), a private contractor, to manage and operate the Center. ASM is on a cost-reimbursement contract whereby it is reimbursed by the Authority for costs incurred in operating the Center. Through December 31, 2019, ASM held the responsibility for the Center’s sales and marketing efforts. Starting January 1, 2020, Act 026, Session Laws of Hawaii 2019, authorized contracts entered by the Authority for the marketing of the Center to be issued separately from the management, use, operation or maintenance of the facility. Effective January 1, 2020, the Authority amended ASM’s contract to reflect responsibilities for local sales.

The Authority extended its contract with ASM Global on September 20, 2024.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

---

Effective January 1, 2020, the Authority contracted with the Hawaii Visitors and Convention Bureau to be responsible for the Center's sales and marketing efforts as part of a global meetings and conventions program.

**Maui Wildfires**

In August 2023, wildfires intensified by heavy winds destroyed nearly all of Lahaina, Maui. As a result of these wildfires, the Governor declared that a tourism emergency exists in the State as described in HRS 201B-9. The declaration of a tourism emergency resulted in the Authority using monies from the Tourism Emergency Special Fund to respond to the tourism emergency.

**Intrafund and Interfund Transactions**

Transfers of financial resources within the same fund are eliminated. Transfers from funds receiving revenues to funds through which the resources are to be expended and funds disbursed to fiduciary funds are recorded as transfers.

**Use of Estimates**

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**Newly Issued Accounting Pronouncements**

***GASB Statement No. 99***

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

***GASB Statement No. 100***

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

***GASB Statement No. 101***

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

***GASB Statement No. 102***

The GASB issued 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

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

---

decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024. The Authority has not determined the effect this Statement will have on its financial statements.

***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 Authority 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 Authority has not determined the effect this Statement will have on its financial statements.

**2. Equity in Cash and Cash Equivalents and Investments in State Treasury and Deposits**

The State Director of Finance is responsible for the safekeeping of cash and investments in the State Treasury in accordance with State laws. The Director of Finance may invest any monies of the State which, in the Director's judgment, are in excess of the amounts necessary for meeting the immediate requirements of the State. Cash is pooled with funds from other State agencies and departments and deposited into approved financial institutions or in the State Treasury Investment Pool System. Funds in the investment pool accrue interest based on the average weighted cash balances of each account.

The State requires that depository banks pledge, as collateral, government securities held in the name of the State for deposits not covered by federal deposit insurance.

GAAP requires disclosures over common deposit and investment risks related to credit risk, interest rate risk, and foreign currency risk. Investments can be categorized by type, maturity and custodian to determine the level of interest rate, credit and custodial risk assumed by the Authority. However, as these funds are held in the State investment pool, the Authority does not manage these investments and the types of investments, and related interest rate, credit and custodial risks are not determinable at the Authority's level. The risk disclosures and fair value leveling table of the State's investment pool are included in the State's Annual Comprehensive Financial Report ("ACFR") which may be obtained from the Department of Accounting and General Services' ("DAGS") website:

<http://ags.hawaii.gov/accounting/annual-financial-reports/>.

Cash and short-term investments held outside of the State Treasury are primarily held in a financial institution in the State of Hawaii. The Authority considers all cash and investments with original maturities of three months or less to be cash equivalents.

At June 30, 2024, the Authority's deposits with DAGS totaled approximately \$72,435,000.

The bank balance of cash in bank was approximately \$772,000, of which \$250,000 was covered by federal deposit insurance.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

**3. Capital Assets**

The following is a summary of changes in capital assets during the year ended June 30, 2024:

	Balance at July 1, 2023	Additions	Deductions	Transfers	Balance at June 30, 2024
<b>Capital assets not being depreciated</b>					
Land	\$ 131,496,508	\$ -	\$ -	\$ -	\$ 131,496,508
Construction in progress	<u>1,868,278</u>	<u>15,811,020</u>	<u>(328,369)</u>	<u>(3,006,424)</u>	<u>14,344,505</u>
Total capital assets not being depreciated	<u>133,364,786</u>	<u>15,811,020</u>	<u>(328,369)</u>	<u>(3,006,424)</u>	<u>145,841,013</u>
<b>Capital assets being depreciated</b>					
Buildings and improvements	229,938,257	1,293,962	-	1,759,268	232,991,487
Furniture, fixtures and equipment	<u>10,879,357</u>	<u>900,318</u>	<u>(42,458)</u>	<u>1,247,156</u>	<u>12,984,373</u>
Total capital assets being depreciated	<u>240,817,614</u>	<u>2,194,280</u>	<u>(42,458)</u>	<u>3,006,424</u>	<u>245,975,860</u>
Less: Accumulated depreciation and amortization					
Buildings and improvements	(186,565,588)	(7,478,663)	-	-	(194,044,251)
Furniture, fixtures and equipment	<u>(7,155,130)</u>	<u>(1,116,835)</u>	<u>42,458</u>	<u>-</u>	<u>(8,229,507)</u>
Total accumulated depreciation and amortization	<u>(193,720,718)</u>	<u>(8,595,498)</u>	<u>42,458</u>	<u>-</u>	<u>(202,273,758)</u>
Total capital assets, net	<u>\$ 180,461,682</u>	<u>\$ 9,409,802</u>	<u>\$ (328,369)</u>	<u>\$ -</u>	<u>\$ 189,543,115</u>

Depreciation expense charged to the Hawaii Convention Center management function amounted to approximately \$8,595,000 for the year ended June 30, 2024.

**4. Other Assets**

Other assets primarily represent funds held by ASM for emergency capital improvements, repair or maintenance purchases, and various capital improvement projects. At June 30, 2024, funds held amounted to approximately \$33,827,000.

**5. Changes in Long-Term Liabilities**

The following is a summary of changes in long-term liabilities during the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Due Within One Year
Accrued vacation payable	\$ 339,149	\$ 156,744	\$ (167,907)	\$ 327,986	\$ 105,452
Net other postemployment benefits liability	4,807,895	213,993	(97,580)	4,924,308	-
Net pension liability	<u>6,062,838</u>	<u>423,347</u>	<u>(113,864)</u>	<u>6,372,321</u>	<u>-</u>
	<u>\$ 11,209,882</u>	<u>\$ 794,084</u>	<u>\$ (379,351)</u>	<u>\$ 11,624,615</u>	<u>\$ 105,452</u>

The accrued vacation liability attributable to the governmental activities will be liquidated by the Authority's governmental funds. All of the accrued vacation liability was paid by the Tourism Fund during the year ended June 30, 2024.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

---

**6. Retirement Benefits**

**Pension Plan**

***Plan Description***

Generally, all full-time employees of the State and counties are required to be members of the ERS, a cost-sharing multiple-employer defined benefit pension plan that administers the State'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 the ERS website: <http://ers.ehawaii.gov/resources/financials>.

***Benefits Provided***

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

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

The following summarizes the provisions relevant to the largest employee groups of the respective membership class. Retirement benefits for certain groups, such as police officers, firefighters, some investigators, sewer workers, judges, and elected officials, vary from general employees.

**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 is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 12.5% of average final compensation.



**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

---

- *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 is required for ordinary disability. Ordinary disability benefits are determined as 1.75% of average final compensation multiplied by the years of credited service but are payable immediately, without an actuarial reduction, and at a minimum of 30% 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.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

---

- *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 is required for ordinary disability.

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

Hybrid Class for Members Hired Prior to July 1, 2012

- *Retirement Benefits* – General employees' retirement benefits are determined as 2% 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 is required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 25% 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.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

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- *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 for fiscal year 2024 was 24% for all employees other than police and fire employees. Contributions to the pension plan from the Authority was approximately \$41,000 for the year ended June 30, 2024.

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

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

At June 30, 2024, the Authority reported a net pension liability of approximately \$6,372,000 for its proportionate share of the State’s net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the pension plan relative to projected contributions of all participants, actuarially determined. At June 30, 2023, the Authority’s proportion was 0.06%.

There were no changes in actuarial assumptions as of June 30, 2022 to June 30, 2023. There were no changes between the measurement date, June 30, 2023, and the reporting date, June 30, 2024, that are expected to have a significant effect on the proportionate share of the net pension liability.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

---

For the year ended June 30, 2024, the Authority recognized pension expense of approximately \$428,000. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 118,831	\$ (79,013)
Changes in assumptions	23,979	(42,127)
Net difference between projected and actual earnings on pension plan investments	-	(150,576)
Changes in proportion and differences between contributions and proportionate share of contributions	37,248	(21,387)
Contributions subsequent to the measurement date	41,212	-
	<u>\$ 221,270</u>	<u>\$ (293,103)</u>

At June 30, 2024, approximately \$41,000 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

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

<b>Years ending June 30,</b>	
2025	\$ 30,545
2026	127,823
2027	(187,585)
2028	(81,204)
2029	(2,624)
	<u>\$ (113,045)</u>

**Actuarial Assumptions**

The total pension liability in the June 30, 2023 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 annual including inflation

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

Post-retirement mortality rates are based on the 2022 Public Retirees of Hawaii mortality table with adjustments based on generational projections of the BB projection table for 2019 and full generational

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

---

projections in future years. Pre-retirement mortality rates are based on multiples of the Pub-2010 mortality table based on the occupation of the member.

The long-term expected rate of return on pension plan investments was determined using a “top down approach” of the Client-Constrained Simulation-based Optimization Model (a statistical technique known as “re-sampling with a replacement” that directly keys in on specific plan-level risk factors as stipulated by the ERS’s 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 target asset allocation and best estimates of long-term geometric strategic range of return for each major asset class are summarized in the following table:

<b>Classes</b>	<b>Strategic Class Weights</b>	<b>Long-term Expected Geometric Rate of Return</b>
<b>Broad growth</b>		
Global equity	20.0 %	7.9 %
Private equity	13.5 %	10.0 %
Credit	6.0 %	8.0 %
Core real estate	6.0 %	6.0 %
Timber/agriculture/infrastructure	5.0 %	7.2 %
Non-core real estate	4.5 %	7.9 %
Low volatility equity	4.0 %	7.1 %
Global options	4.0 %	5.8 %
<b>Diversifying strategies</b>		
Systematic trend following	10.0 %	4.7 %
Alternative risk premia	8.0 %	5.0 %
Long Treasuries	5.0 %	3.8 %
Reinsurance	4.0 %	7.0 %
Global macro	4.0 %	6.0 %
Intermediate government	4.0 %	3.2 %
TIPS	2.0 %	3.2 %
Total investments	<u>100.0 %</u>	

**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 State 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.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

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

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

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Authority’s proportionate share of the net pension liability	<u>\$ 8,483,452</u>	<u>\$ 6,372,321</u>	<u>\$ 4,623,942</u>

***Pension Plan Fiduciary Net Position***

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

***Payables to the Pension Plan***

The Authority’s employer contributions payable to the State for its allocation of the State payable to ERS was paid by June 30, 2024.

***Required Supplementary Information and Disclosures***

The State’s ACFR includes the required disclosures and required supplementary information on the State’s pension plan.

**Postemployment Health Care and Life Insurance Benefits**

***Plan Description***

The State provides certain health care and life insurance benefits to all qualified employees. Pursuant to Act 88, SLH 2001, the State contributes to the EUTF, an agent multiple-employer defined benefit plan that replaced the Hawaii 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 the EUTF at P.O. Box 2121, Honolulu, Hawaii 96805-2121.

For employees hired before July 1, 1996, the State pays the entire base monthly contribution for employees retiring with ten years or more of credited service, and 50% 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.

**Hawaii Tourism Authority**  
 (A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

---

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.

**Employees Covered by Benefit Terms**

At July 1, 2023, the State had the following number of plan members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	40,136
Inactive plan members entitled to but not yet receiving benefits	7,520
Active plan members	<u>48,709</u>
Total plan members	<u>96,365</u>

**Contributions**

Contributions are governed by HRS Chapter 87A and may be amended through legislation. Contributions to the OPEB plan from the Authority were approximately \$22,000 for the year ended June 30, 2024. 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, 2024, the Authority reported a net OPEB liability of approximately \$4,924,000. The net OPEB liability was measured as of July 1, 2023, 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, 2023, and the reporting date, June 30, 2024, that are expected to have a significant effect on the net OPEB liability.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

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For the year ended June 30, 2024, the Authority recognized OPEB expense of approximately \$203,000. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ (422,602)
Changes in assumptions	34,103	(28,245)
Net difference between projected and actual earnings on OPEB plan investments	21,221	-
Contributions subsequent to the measurement date	21,917	-
	<u>\$ 77,241</u>	<u>\$ (450,847)</u>

At June 30, 2024, the approximate \$22,000 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025.

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

<b>Years ending June 30,</b>	
2025	\$ (125,242)
2026	(134,749)
2027	(65,152)
2028	(66,159)
2029	(3,909)
Thereafter	(312)
	<u>\$ (395,523)</u>



**Hawaii Tourism Authority**  
 (A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

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***Actuarial Assumptions***

The total OPEB liability in the July 1, 2023 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:

Inflation	2.50%
Salary increases	3.75% to 6.75% including inflation
Investment rate of return	7.00%
Healthcare cost trend rates	
PPO*	Initial rate of 6.30% declining to a rate of 4.25% after 21 years
HMO*	Initial rate of 6.30% declining to a rate of 4.25% after 21 years
Part B and Base	
Monthly Contribution	Initial rate of 5.00% declining to a rate of 4.25% after 21 years
Dental	4.00%
Vision	2.50%
Life insurance	0.00%

\* Blended rates for medical and prescription drugs.

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

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global equity	27.50 %	7.60 %
Private equity	15.00 %	10.00 %
Real assets	12.00 %	4.30 %
Private credit	10.00 %	7.80 %
Trend following	10.00 %	2.40 %
Long Treasuries	5.50 %	2.40 %
Reinsurance	5.00 %	3.40 %
Alternative risk premia	5.00 %	3.30 %
TIPS	5.00 %	2.00 %
U.S. microcap	3.00 %	8.70 %
Tail risk / long volatility	2.00 %	(1.10)%
Global options	0.00 %	4.90 %
Total investments	<u>100.00 %</u>	

***Single Discount Rate***

The discount rate used to measure the net OPEB liability was 7.00%, based on the expected rate of return on OPEB plan investments of 7.00%. Beginning with the fiscal year 2019 contribution, the State’s funding policy is to pay the recommended actuarially determined contribution, which is based on layered, closed amortization periods. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active 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.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

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, 2023.

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Beginning balance	\$ 6,600,698	\$ 1,792,803	\$ 4,807,895
Service cost	48,020	-	48,020
Interest on the total OPEB liability	164,418	-	164,418
Difference between expected and actual experience	(16,176)	-	(16,176)
Employer contributions	-	182,428	(182,428)
Net investment income	-	39,932	(39,932)
Benefit payments	(91,442)	(91,442)	-
Administrative expense	-	(56)	56
Other	-	(142,455)	142,455
Net changes	<u>104,820</u>	<u>(11,593)</u>	<u>116,413</u>
Ending balance	<u>\$ 6,705,518</u>	<u>\$ 1,781,210</u>	<u>\$ 4,924,308</u>

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

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

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Authority's proportionate share of the net OPEB liability	<u>\$ 6,157,760</u>	<u>\$ 4,924,308</u>	<u>\$ 3,939,803</u>

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

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
Authority's proportionate share of the net OPEB liability	<u>\$ 3,823,225</u>	<u>\$ 4,924,308</u>	<u>\$ 6,333,655</u>

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

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***Payables to the OPEB Plan***

The Authority's employer contributions payable to the State for its allocation of the State payable to EUTF was paid by June 30, 2024.

***Required Supplementary Information and Disclosures***

The State's ACFR includes the required disclosures and required supplementary information on the State's OPEB plan.

**7. Commitments and Contingencies**

**Accumulated Sick Leave**

Sick leave accumulates at the rate of one and three-quarters working days for each month of service without limit, but may be taken only in the event of illness and is not convertible to pay upon termination of employment. However, an employee who retires or leaves government service in good standing with 60 days or more of unused sick leave is entitled to additional service credit in the ERS. At June 30, 2024, accumulated sick leave was approximately \$776,000.

**Deferred Compensation Plan**

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The plan, available to all state employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All plan assets are held in a trust fund to protect them from claims of general creditors. The State has no responsibility for loss due to the investment or failure of investment of funds and assets in the plan but does have the duty of due care that would be required of an ordinary prudent investor. Accordingly, the assets and liabilities of the State's deferred compensation plan are not reported in the accompanying basic financial statements.

**Contingencies**

The Authority may be subject to legal proceedings, claims and litigation arising in the normal course of operations for which it may seek the advice of legal counsel. Management estimates that the cost to resolve such matters, if any, would not be material to the financial statements. However, it is reasonably possible that such estimates may change within the near term.

**Insurance**

The State maintains certain insurance coverage to satisfy the bond indenture agreements as well as for other purposes, but is substantially self-insured for all other perils including workers' compensation. The State records a liability for risk financing and insurance related losses, including incurred but not reported, if it is determined that a loss has been incurred and the amount can be reasonably estimated. The State retains various risks and insures certain excess layers with commercial insurance companies. At June 30, 2024, the State recorded an estimated loss for workers' compensation, automobile, and general liability claims as long-term liabilities as the losses will not be liquidated with currently expendable available financial resources. The estimated losses will be paid from legislative appropriations of the State's general fund. The Authority's portion of the State's workers' compensation liability was not material at June 30, 2024.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Financial Statements**  
**June 30, 2024**

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**8. Subsequent Events**

Effective July 1, 2024, the State entered into multiple settlement agreements regarding the Temporary Hazard Pay with unions for periods covering dates in March 2020 through March 2022, for those employees who performed essential functions during the COVID-19 pandemic. Total accrued payroll for the fiscal year ended June 30, 2024, related to temporary hazard pay for the Authority was approximately \$240,000.

Act 049, SLH 2024 provided emergency appropriations for public employment cost items and cost adjustments for employees of certain collective bargaining units. Effective July 1, 2024, the State appropriated a total of \$458.8 million as a result of a negotiated settlement for employees who met certain requirements during the COVID-19 pandemic.

**Required Supplementary Information Other  
than Management's Discussion and Analysis  
(Unaudited)**

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Budgetary Comparison Schedules – Tourism Fund and**  
**Convention Center Special Fund (Unaudited)**  
**Year Ended June 30, 2024**

	Tourism Fund				Convention Center Special Fund			
	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance – Over (Under)	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance – Over (Under)
<b>Revenues</b>								
State allotted appropriations	\$ 60,000,000	\$ 60,000,000	\$ 59,748,268	\$ (251,732)	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000	\$ -
Transient accommodations tax	-	-	-	-	11,000,000	11,000,000	11,000,000	-
Hawaii Convention Center Operations	-	-	-	-	-	-	28,894,958	28,894,958
Interest	-	-	673,217	673,217	-	-	1,304,288	1,304,288
Total revenues	<u>60,000,000</u>	<u>60,000,000</u>	<u>60,421,485</u>	<u>421,485</u>	<u>22,000,000</u>	<u>22,000,000</u>	<u>52,199,246</u>	<u>30,199,246</u>
<b>Expenditures</b>	<u>60,000,000</u>	<u>60,000,000</u>	<u>59,108,889</u>	<u>(891,111)</u>	<u>11,000,000</u>	<u>11,000,000</u>	<u>26,336,782</u>	<u>15,336,782</u>
Excess of revenues over expenditures	-	-	1,312,596	1,312,596	11,000,000	11,000,000	25,862,464	14,862,464
<b>Other financing sources</b>								
Lapsed appropriations	-	-	(639,379)	(639,379)	-	-	-	-
Excess of revenues over expenditures and other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 673,217</u>	<u>\$ 673,217</u>	<u>\$ 11,000,000</u>	<u>\$ 11,000,000</u>	<u>\$ 25,862,464</u>	<u>\$ 14,862,464</u>

See report of independent auditors.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Required Supplementary Information (Unaudited)**  
**Year Ended June 30, 2024**

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**1. Budgeting and Budgetary Control**

The budget of the Authority is a detailed operating plan identifying estimated costs and results in relation to estimated revenues. The budget includes (1) the programs, services and activities to be provided during the fiscal year, (2) the estimated revenues available to finance the operating plan, and (3) the estimated spending requirements of the operating plan. The budget represents a process through which policy decisions are made, implemented and controlled. Revenue estimates are provided to the State Legislature at the time of budget consideration and are revised and updated throughout the fiscal year. Amounts reflected as budgeted revenues in the Budgetary Comparison Schedules – Tourism Fund and Convention Center Special Fund are those estimates as compiled and reviewed by the Authority.

The final legally adopted budget in the accompanying Budgetary Comparison Schedules – Tourism Fund and Convention Center Special Fund represents the original appropriations, transfers, and other legally authorized legislative and executive changes.

Budgetary control is maintained at the appropriation line item level as established in the appropriations act. The governor is authorized to transfer appropriations within a state agency; however, transfers of appropriations between state agencies generally require legislative authorization. Records and reports reflecting the detail level of control are maintained by and are available at the Authority. During the year ended June 30, 2024, there were no expenditures in excess of appropriations at the legal level of budgetary control.

To the extent not expended or encumbered, Tourism Fund appropriations generally lapse at the end of the fiscal year for which the appropriations were made. The State Legislature specifies the lapse dates and any other contingencies, which may terminate the authorizations for other appropriations.

The 2023 State Legislature did not provide the Authority with an operating budget for fiscal year 2024. As such, the Governor approved the transfer of \$60,000,000 and \$11,000,000, respectively, in general funds from Section 5 of Act 164, SLH 2023, to the Tourism Fund and Convention Center Fund on July 1, 2023. The actual amounts transferred for fiscal year 2024 for the Tourism Fund and Convention Center Fund were \$59,748,268 and \$11,000,000, respectively. The Tourism Fund lapsed approximately \$693,000 of the transferred funds on June 30, 2024.

Budgets adopted by the State Legislature for the Tourism Fund and Convention Center Special Fund are presented in the accompanying Budgetary Comparison Schedules – Tourism Fund and Convention Center Special Fund. The Authority's annual budget is prepared on the budgetary basis of accounting with several differences from the preparation of the statement of revenues, expenditures, and changes in fund balances, principally related to (1) encumbrance of purchase orders and contract obligations and (2) accrued revenues and expenditures.

See report of independent auditors.



**Hawaii Tourism Authority**  
 (A Component Unit of the State of Hawaii)  
**Notes to Required Supplementary Information (Unaudited)**  
**Year Ended June 30, 2024**

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Reconciliations of the budgetary to GAAP basis operating results of the Tourism Fund and Convention Center Special Fund for the year ended June 30, 2024 are as follows:

	<b>Tourism Fund</b>	<b>Convention Center Special Fund</b>
Excess of revenues and other sources over expenditures – actual (budgetary basis)	\$ 673,217	\$ 25,862,464
Reserve for encumbrances at fiscal year end	18,158,777	2,604,261
Expenditures for liquidation of prior fiscal year encumbrances	(10,642,971)	(3,542,112)
Revenues and expenditures for unbudgeted programs, net	<u>(20,259,383)</u>	<u>(12,512,432)</u>
Net change in fund balance – GAAP basis	<u>\$ (12,070,360)</u>	<u>\$ 12,412,181</u>

See report of independent auditors.

## **Supplementary Information**

**Hawaii Tourism Authority**  
 (A Component Unit of the State of Hawaii)  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2024**

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Federal Program or Pass-through Entity	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Amount Provided to Subrecipients
<b>U.S. Department of Commerce</b>				
Economic Development Cluster				
Economic Adjustment Assistance	11.307	N/A	\$ 2,467,655	\$ 967,655
Total U.S. Department of Commerce			<u>2,467,655</u>	<u>967,655</u>
<b>Total expenditures of federal awards</b>			<u>\$ 2,467,655</u>	<u>\$ 967,655</u>

See accompanying report of independent auditors  
 and notes to the schedule of expenditures of federal awards.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2024**

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Hawaii Tourism Authority (the "Authority") under programs of the federal government for the year ended June 30, 2024 and is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position or changes in net position of the Authority.

**2. Summary of Significant Accounting Policies**

Expenditures in the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. Indirect Cost Rate**

The Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

See accompanying report of independent auditors.

# **Single Audit Reports**



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

The Auditor  
State of Hawaii

The Board of Directors  
Hawaii Tourism Authority

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 governmental activities and each major fund of the Hawaii Tourism Authority (the “Authority”), a component unit of the State of Hawaii, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements and have issued our report thereon dated March 13, 2025.

**Report on Internal Control Over Financial Reporting**

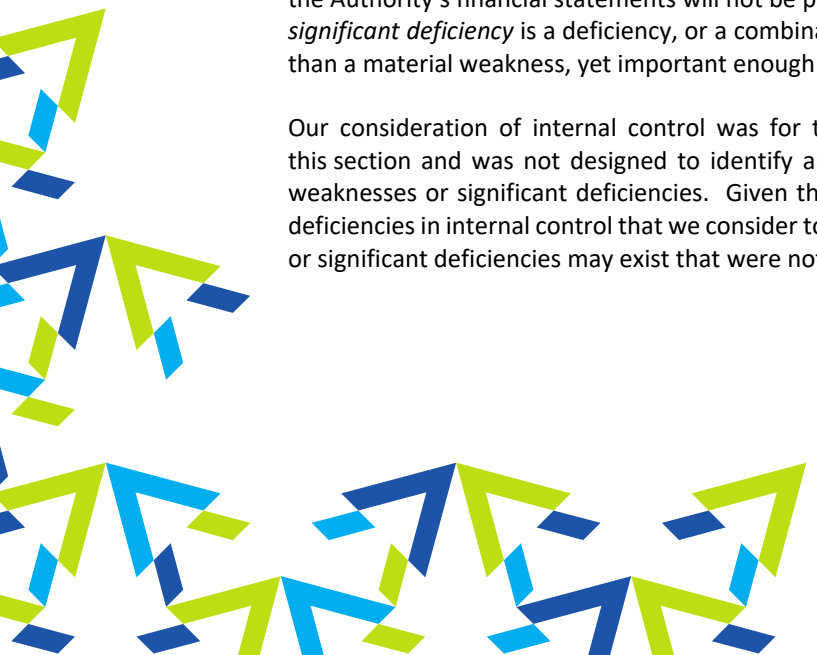
In planning and performing our audit of the financial statements, we considered the Authority’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial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

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## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Accuity* LLP

Honolulu, Hawaii  
March 13, 2025



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

The Auditor  
State of Hawaii

The Board of Directors  
Hawaii Tourism Authority

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

***Qualified Opinion on Major Federal Program***

We have audited the Hawaii Tourism Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2024. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion on Major Federal Program section of our report, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

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

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

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.


***Matters Giving Rise to Qualified Opinion on Economic Development Cluster***

As described in the accompanying schedule of findings and questions costs, the Authority did not comply with the reporting requirements for the Economic Development Cluster as described in Finding Nos. 2024-001 and 2024-002.

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Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to the Economic Development Cluster.

***Responsibilities of Management for Compliance***

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

**Other Matters**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



## Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *material weakness* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding Nos. 2024-001 and 2024-002 to be material weaknesses

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

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

*Accuity* LLP

Honolulu, Hawaii  
March 13, 2025

**Hawaii Tourism Authority**  
 (A Component Unit of the State of Hawaii)  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2024**

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

**Financial Statements**

Type of auditors’ report issued Unmodified

Internal control over financial reporting

- Material weakness(es) identified?      yes   X   no
- Significant deficiency(ies) identified?      yes   X   none reported

Noncompliance material to financial statements noted?      yes   X   no

**Federal Awards**

Internal control over major programs

- Material weakness(es) identified?   X   yes      no
- Significant deficiency(ies) identified?      yes   X   none reported

Type of auditors’ report issued on compliance for major programs Qualified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?   X   yes      no

Identification of major programs

<b>Assistance Listing</b>	
<b>Number</b>	<b>Name of Federal Program or Cluster</b>
11.307	Economic Development Cluster

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee?   X   yes      no

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2024**

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**Section II – Financial Statement Findings**

None noted.

**Hawaii Tourism Authority**  
 (A Component Unit of the State of Hawaii)  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2024**

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

		<b>Questioned Costs</b>
<b>Finding No. 2024-001:</b>	<b>Federal Funding Accountability and Transparency Act Reporting (Material Weakness)</b>	<b>\$ _____ –</b>
<b>Federal Agency:</b>	U.S. Department of Commerce	
<b>Assistance Listing Number and Title:</b>	11.307 Economic Development Cluster	
<b>Award Number:</b>	07-79-07800	

**Condition**

During our audit, we noted an instance in which the Hawaii Tourism Authority (the “Authority”) did not complete the reporting required by Section 2, *Full Disclosure of Entities Receiving Federal Funding*, of the Federal Funding Accountability and Transparency Act (“FFATA”) for a subgrant made during 2024.

<b>Transactions Tested</b>	<b>Subaward Not Reported</b>	<b>Report Not Timely</b>	<b>Subaward Amount Incorrect</b>	<b>Subaward Missing Key Elements</b>
2	2	0	0	0
<b>Dollar Amount of Tested Transactions</b>	<b>Subaward Not Reported</b>	<b>Report Not Timely</b>	<b>Subaward Amount Incorrect</b>	<b>Subaward Missing Key Elements</b>
\$7,200,000	\$7,200,000	\$0	\$0	\$0

**Criteria**

Section 2, *Full Disclosure of Entities Receiving Federal Funding*, of the FFATA requires an entity to report subcontracts made under federally-awarded contracts by the end of the month following the month in which the prime recipient awards any subgrant greater than or equal to \$30,000.

**Cause and View of Responsible Officials**

The lack of FFATA reporting may be attributed to general oversight by Authority management. Authority management noted that due to the lack of adequate staffing, the completion of non-routine reporting requirements such as those included in the FFATA were delayed.

**Effect**

Failure to file required reports reduces transparency on the use of program funds and represents an instance of noncompliance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2024**

---

**Context**

A sample of one subgrant and one amendment to the subgrant greater than or equal to \$30,000 totaling \$7,200,000 were selected for audit from a population of \$7,200,000 in subgrants greater than or equal to \$30,000 from the Economic Development Cluster Program. Our test found two instances in which a FFATA report was not completed in a timely manner. Our sample was a statistically valid sample.

**Repeat Finding**

This is not a repeat finding.

**Recommendation**

We recommend that Authority management understand all requirements for federal awards and ensure that required FFATA reports are completed in a timely and accurate manner.

**Hawaii Tourism Authority**  
 (A Component Unit of the State of Hawaii)  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2024**

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		Questioned Costs
<b>Finding No. 2024-002:</b>	<b>Reporting (Material Weakness)</b>	\$ _____ -
<b>Federal Agency:</b>	U.S. Department of Commerce	
<b>Assistance Listing Number and Title:</b>	11.307 Economic Development Cluster	
<b>Award Number:</b>	07-79-07800	

**Condition**

During our audit, we noted the Authority reported an excess amount of \$533,990 in federal expenditures in the semi-annual SF-425 federal financial report submitted for the period ended March 31, 2024. Furthermore, we noted that the excess expenditures as reported on the semi-annual SF-425 federal financial report pertained to items for which the associated goods or services were received by the Authority after the report period end date.

**Criteria**

Title 2 U.S. Code of Federal Regulations Part 200 requires that the determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs.

**Cause and View of Responsible Officials**

The lack of accurate reporting may be attributed to general oversight by Authority management when determining the actual amount of federally funded expenditures incurred during the reporting period. Authority management believes that the expenditures as reported in the semi-annual SF-425 federal financial report submitted for the period ended March 31, 2024 are accurate, however management will implement additional procedures as requested by the external auditor.

**Effect**

Failure to file accurate information in reports represents an instance of noncompliance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200. Entities must also maintain accurate records of financial information, which are submitted to the Federal Agencies in accordance with Title 2 U.S. Code of Federal Regulations Part 200.

**Context**

A sample of one semi-annual SF-425 federal financial report was selected for audit from a population of two reports for the Economic Development Cluster Program. Our test found that the report did not accurately state the federal share of expenditures incurred during the reporting period.

**Repeat Finding**

This is not a repeat finding.

**Recommendation**

We recommend that Authority management be more diligent in following their policies and procedures for the preparation and review of federal financial reports to ensure the accuracy of information submitted.



To: Accuity LLP

From: Isaac W. Choy, CPA  
VP of Finance, Hawai'i Tourism Authority

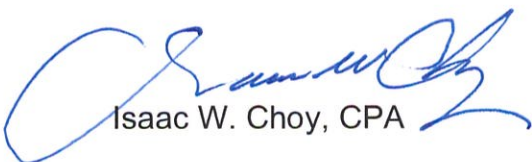
Subject: Corrective Action Plan for the Single Audit for Fiscal Year Ended June 30, 2024

Gentlemen and Gentlewomen,

Stated here is our corrective action plan for the audit of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2024, conducted in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance").

1. Finding 2024-01. Management submitted requests to the legislature for more personnel to address issues where non-routine compliance requirements can be monitored. Management has requested adequate staffing in this legislative session, as in past sessions, and will continue to do so.
2. Finding 2024-02. Although management feels that the reported expenditures on the SF-425 were accurate based on the form's instructions and the auditors have deemed that there were no improper payments, management will apply additional procedures as requested by the auditor as required by accounting standards.

Sincerely,



Isaac W. Choy, CPA



**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2024**

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There were no prior year findings or questioned costs.



The Auditor  
State of Hawaii

The Board of Directors  
Hawaii Tourism Authority

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Hawaii, Hawaii Tourism Authority (the “Authority”), a component unit of the State of Hawaii, for the year ended June 30, 2024, and have issued our report thereon dated March 13, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the U.S. Office of Management and Budget and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter with the Authority dated July 26, 2024. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Authority adopted Governmental Accounting Standards Board Statement No. 99, *Omnibus*, and Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, during the year ended June 30, 2024. The adoption of these statements did not have a material impact on the Authority’s financial statements. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

We identified the following significant risks of material misstatement as communicated in our engagement letter dated July 26, 2024:

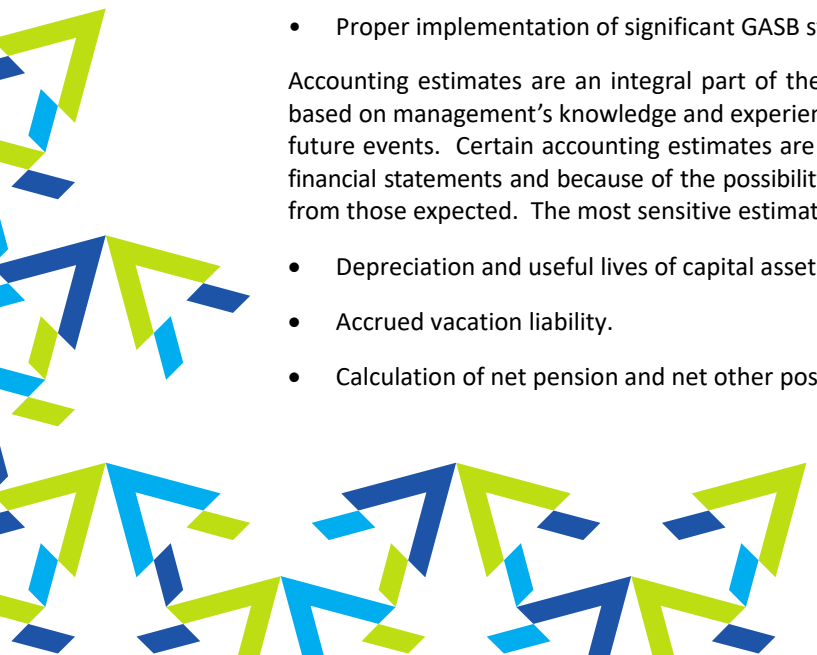
- Management override of controls.
- Improper revenue recognition due to fraud.
- Proper implementation of significant GASB statements, including disclosures.


Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority’s financial statements are:

- Depreciation and useful lives of capital assets.
- Accrued vacation liability.
- Calculation of net pension and net other postemployment benefits liabilities.

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accuityllp.com





We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

- *Note 1*, related to the Authority's funding sources.

The financial statement disclosures are neutral, consistent and clear.

***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

***Significant Unusual Transactions***

There were no significant unusual transactions identified during our audit.

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, a summary of which is included in the attached management representation letter. The attached schedules also summarize uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

***Difficult or Contentious Matters Encountered***

There were no difficult or contentious matters in which we consulted outside the engagement team.

***Management Representations***


We have requested certain representations from management that are included in the attached management representation letter dated March 13, 2025.

***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However,



these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In addition, the report of independent auditors' includes an Emphasis of Matter paragraph which indicates that the financial statements present only the financial position and changes in financial position of the Authority and do not purport to, and do not present fairly the financial position of the State of Hawaii as of June 30, 2024, and the changes in the financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Our opinion is not modified with respect to this matter.

We also issued the report of independent auditors on compliance for each major federal program and on internal control over compliance required by the Uniform Guidance for the year ended June 30, 2024. Based upon the results of our audit, we issued a qualified opinion on the Authority's major federal program due to noncompliance with the reporting requirements for the Economic Development Cluster.

We have identified certain matters in the design and operation of the Authority's internal control. These matters have been included in a separate Internal Control and Business Issues Report.

***Other Matters***

We applied certain limited procedures to management's discussion and analysis and budgetary comparison statements, which are required supplementary information ("RSI") that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of expenditures of federal awards ("SEFA"), which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the SEFA complies with the cash basis of accounting, a comprehensive basis of accounting other than GAAP. The method of preparing the supplementary information has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

***Restriction on Use***

This information is intended solely for the use of the Auditor and the directors and management of the Hawaii Tourism Authority and is not intended to be and should not be used by anyone other than these specified parties.

*Accuity* LLP

Honolulu, Hawaii  
March 13, 2025



March 13, 2025

Accuity LLP  
First Hawaiian Center  
999 Bishop St., Suite 2300  
Honolulu, HI 96813

This representation letter is provided in connection with your audit of the financial statements of Hawaii Tourism Authority (the "Authority"), which comprise the respective financial position of the governmental activities and each major fund as of June 30, 2024, and the respective changes in financial position for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of your report, the following representations made to you during your audit.

#### **Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 26, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the Authority required to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs, if any.
- 8) We agree with the adjusting and reclassifying journal entries you have proposed as attached to the representation letter, and they have been posted to the Authority's accounts, as deemed necessary. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is also attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP, as applicable.
- 10) Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.
- 11) In August 2023, wildfires intensified by heavy winds destroyed nearly all of Lahaina, Maui. As a result of these wildfires, the Governor declared that a tourism emergency exists in the State as described in HRS 201B-9. The declaration of a tourism emergency resulted in the Authority using monies from the Tourism Emergency Special Fund to respond to the tourism emergency. In the year ended June 30, 2024, the Authority expended approximately \$4.5 million on its tourism recovery plan for the fires.
- 12) Effective January 1, 2022, the Tourism Special Fund was sunset and discontinued the ability to expend any new funds. In its place, the State appropriated \$60,000,000 and \$35,000,000, respectively in fiscal year 2022 and 2023 funds from ARPA for eligible expenses incurred by the Authority. Those funds expired in June 2023, and the Authority returned the unspent balance of approximately \$36,833,000 to the State's Department of Budget & Finance in July 2023.
- 13) The 2023 State Legislature did not provide the Authority with an operating budget for fiscal year 2024. As such, the Governor approved the transfer of approximately \$60,000,000 and \$11,000,000, respectively, in general funds from Section 5 of Act 164, SLH 2023, to the Tourism Fund and Convention Center Fund on July 1, 2023. The actual amounts transferred for fiscal year 2024 for the Tourism Fund and Convention Center Fund were \$59,748,268 and \$11,000,000, respectively. The Tourism Fund lapsed approximately \$639,000 of the transferred funds.

#### **Information Provided**

- 14) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 15) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 16) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 17) We have no knowledge of any fraud or suspected fraud affecting the Authority involving:

- a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.
- 18) We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements communicated by employees, former employees, regulators, or others.
- 19) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 20) We have disclosed to you all known actual or possible litigation, claims, and assessments, if any, whose effects should be considered when preparing the financial statements.
- 21) We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions, including any side agreements.

**Government—specific**

- 22) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 23) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations, if any, have been implemented.
- 24) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 25) The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
- 26) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 27) We have appropriately identified, recorded, and disclosed all leases in accordance with GASBS No. 87 .
- 28) We have appropriately identified, recorded, and disclosed subscription-based information technology arrangements in accordance with GASBS No. 96 .
- 29) We have identified and disclosed to you all instances of identified fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 30) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 31) As part of your audit, you assisted with preparation of the financial statements and disclosures and schedule of expenditures of federal awards ("SEFA"). We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; accept responsibility for the results of the services and ensured that the data and records are complete, and we have sufficient information to oversee

the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures and schedule of expenditures of federal awards.

- 32) The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 33) The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 34) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 35) The financial statements include all component units (as applicable) as well as joint ventures (as applicable) with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 36) The financial statements include all fiduciary activities required by GASBS No. 84 , as amended.
- 37) The financial statements properly classify all funds and activities in accordance with Government Accounting Standards Board ("GASB") Statement No. 34, as amended.
- 38) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 39) Components of net position (net investment in capital assets; and restricted) and classifications of fund balance (committed) are properly classified and, if applicable, approved.
- 40) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 41) Provisions for uncollectible receivables have been properly identified and recorded.
- 42) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 43) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- 44) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 45) Special and extraordinary items are appropriately classified and reported, as applicable.
- 46) Deposits and investment securities and derivative instruments, if any, are properly classified as to risk and are properly disclosed.
- 47) Capital assets, including infrastructure and intangible assets, if any, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 48) We have appropriately disclosed the Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 49) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 50) We acknowledge our responsibility for the required supplementary information ("RSI"). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not



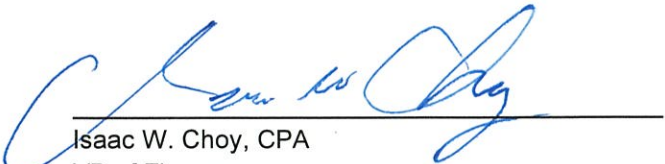
changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

51) With respect to federal award programs:

- a) We are responsible for understanding and complying with and have complied with, the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), including requirements relating to preparation of the schedule of expenditures of federal awards.
- b) We acknowledge our responsibility for preparing and presenting the SEFA and related disclosures in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards.
- j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the

compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.

- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditors' report.
- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
- u) We have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient.
- v) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- w) We have charged costs to federal awards in accordance with applicable cost principles.
- x) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- y) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- z) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
- aa) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.



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Isaac W. Choy, CPA  
VP of Finance

Client: HAWAII TOURISM AUTHORITY  
Engagement: Government Wide - 2024  
Current Period: June 30, 2024  
Workpaper: Adjusting Entry Report

Account	Description	Debit	Credit	Net Income Effect
<b>AJE 900</b>				
To properly reflect capital assets as of 6/30/24				
1420-361-00	Buildings and improvements	31,959.00	0.00	
1430-361-00	Furniture, fixtures, and equipment	693,995.00	0.00	
1410-361-00	Construction in Progress	1,768,141.00	0.00	
5000-361-21	Exp - Contract - Conv	0.00	2,494,095.00	
3950-000-00	Fund Balance Adjustment - GW	2,494,095.00	0.00	
3200-361-00	Net Assets - Invested in Cap	0.00	2,494,095.00	
<b>Total</b>		<b>4,988,190.00</b>	<b>4,988,190.00</b>	<b>2,494,095.00</b>
<b>AJE 901</b>				
(Client) GW EJE To accrue for vacation payable at year end				
3950-000-00	Fund Balance Adjustment - GW	339,149.00	0.00	
5100-348-20	Exp - Personnel - Tourism	0.00	11,163.00	
2200-348-00	Accrued Vacation	0.00	105,452.00	
2210-348-00	Accrued Vacation - Noncurrent	0.00	222,534.00	
<b>Total</b>		<b>339,149.00</b>	<b>339,149.00</b>	<b>11,163.00</b>
<b>AJE 902</b>				
(Client) GW EJE To properly record beginning capital assets balance				
1400-361-00	Land	131,496,508.00	0.00	
1420-361-00	Buildings and improvements	229,938,256.00	0.00	
1430-361-00	Furniture, fixtures, and equipment	10,879,358.00	0.00	
3200-361-00	Net Assets - Invested in Cap	0.00	372,314,122.00	
<b>Total</b>		<b>372,314,122.00</b>	<b>372,314,122.00</b>	<b>0.00</b>
<b>AJE 903</b>				
(Client) GW EJE To properly record CY capital asset additions and adjustments				
1420-361-00	Buildings and improvements	1,262,004.00	0.00	
1430-361-00	Furniture, fixtures, and equipment	206,323.00	0.00	
5000-361-21	Exp - Contract - Conv	0.00	1,468,327.00	
3950-000-00	Fund Balance Adjustment - GW	0.00	0.00	
<b>Total</b>		<b>1,468,327.00</b>	<b>1,468,327.00</b>	<b>1,468,327.00</b>
<b>AJE 904</b>				
(Client) GW EJE To properly record beginning accumulated depreciation				
3200-361-00	Net Assets - Invested in Cap	193,720,719.00	0.00	
1500-361-00	Accum Depn - Bldg and Improv	0.00	186,565,588.00	
1510-361-00	Accum Depn - FF&E	0.00	7,155,131.00	
<b>Total</b>		<b>193,720,719.00</b>	<b>193,720,719.00</b>	<b>0.00</b>
<b>AJE 905</b>				
(Client) GW EJE To properly record CY depreciation expense/adjustments				
5400-361-00	Depreciation	8,595,498.00	0.00	
1500-361-00	Accum Depn - Bldg and Improv	0.00	7,478,663.00	
1510-361-00	Accum Depn - FF&E	0.00	1,116,835.00	
<b>Total</b>		<b>8,595,498.00</b>	<b>8,595,498.00</b>	<b>(8,595,498.00)</b>
<b>AJE 906</b>				
(Client) GW EJE To reclass CY capital asset additions from Unrestricted Net Position to Invested in Capital Assets, net				
3950-000-00	Fund Balance Adjustment - GW	1,468,328.00	0.00	
3200-361-00	Net Assets - Invested in Cap	0.00	1,468,328.00	
<b>Total</b>		<b>1,468,328.00</b>	<b>1,468,328.00</b>	<b>0.00</b>
<b>AJE 907</b>				
(Client) GW EJE To reclass CY depreciation expense from Unrestricted Net Position to Net Investment in Capital Assets				
3200-361-00	Net Assets - Invested in Cap	8,647,082.00	0.00	
3950-000-00	Fund Balance Adjustment - GW	0.00	8,647,082.00	
<b>Total</b>		<b>8,647,082.00</b>	<b>8,647,082.00</b>	<b>0.00</b>
<b>AJE 908</b>				
(Client) GW EJE To record cash held by AEG as of year end				
1600-361-00	Cash Held by AEG	33,827,453.00	0.00	
5000-361-21	Exp - Contract - Conv	39,295,688.00	0.00	
3950-000-00	Fund Balance Adjustment - GW	0.00	39,295,688.00	
5000-361-22	Exp - Contract - Conv	0.00	33,827,453.00	
<b>Total</b>		<b>73,123,141.00</b>	<b>73,123,141.00</b>	<b>(5,468,235.00)</b>
<b>AJE 909</b>				
To properly record cash held at DAGS and others as of year end				
1610-361-00	Cash Held by DAGS	0.00	0.00	
1620-000-00	Cash Held by Others - Current	0.00	0.00	
5000-361-19	Exp - Contract - Conv	0.00	0.00	
5000-361-20	Exp - Contract - Conv	0.00	0.00	
3950-000-00	Fund Balance Adjustment - GW	0.00	0.00	
<b>Total</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>AJE 910</b>				
(Client) To record beg net pension liability at measurement date				
3950-000-00	Fund Balance Adjustment - GW	6,062,838.00	0.00	
2400-000-00	Net Pension Liability	0.00	6,062,838.00	
<b>Total</b>		<b>6,062,838.00</b>	<b>6,062,838.00</b>	<b>0.00</b>

<b>AJE 911</b>			
(Client) To record beginning deferred outflows of resources for pension employer contributions			
1900-000-00	Deferred Outflows - Pension	391,881.00	0.00
3950-000-00	Fund Balance Adjustment - GW	0.00	391,881.00
<b>Total</b>		<b>391,881.00</b>	<b>391,881.00</b>
<b>AJE 912</b>			
(Client) To record beginning net OPEB liability			
3950-000-00	Fund Balance Adjustment - GW	4,950,514.00	0.00
2300-000-00	Postemployment Liability	0.00	4,950,514.00
<b>Total</b>		<b>4,950,514.00</b>	<b>4,950,514.00</b>
<b>AJE 913</b>			
(Client) To record beginning deferred outflows of resources for OPEB employer contributions			
1800-000-00	Deferred Outflows - OPEB	182,428.00	0.00
3950-000-00	Fund Balance Adjustment - GW	0.00	182,428.00
<b>Total</b>		<b>182,428.00</b>	<b>182,428.00</b>
<b>AJE 914</b>			
(Client) To reverse deferred outflows of resources for OPEB employer contributions			
2300-000-00	Postemployment Liability	182,428.00	0.00
1800-000-00	Deferred Outflows - OPEB	0.00	182,428.00
<b>Total</b>		<b>182,428.00</b>	<b>182,428.00</b>
<b>AJE 915</b>			
(Client) To record deferred outflows of resources for OPEB employer contributions subsequent to MD			
1800-000-00	Deferred Outflows - OPEB	21,916.00	0.00
5600-348-00	OPEB Expense	0.00	21,916.00
5700-361-00	OPEB Expense	0.00	0.00
<b>Total</b>		<b>21,916.00</b>	<b>21,916.00</b>
<b>AJE 916</b>			
(Client) To record CY OPEB expense after amortization			
5600-348-00	OPEB Expense	60,746.00	0.00
5700-361-00	OPEB Expense	0.00	0.00
2300-000-00	Postemployment Liability	0.00	60,746.00
<b>Total</b>		<b>60,746.00</b>	<b>(60,746.00)</b>
<b>AJE 917</b>			
(Client) To record additions to deferred outflows of resources			
1800-000-00	Deferred Outflows - OPEB	10,628.00	0.00
2300-000-00	Postemployment Liability	0.00	10,628.00
<b>Total</b>		<b>10,628.00</b>	<b>10,628.00</b>
<b>AJE 918</b>			
(Client) To record beginning deferred inflows of resources			
3950-000-00	Fund Balance Adjustment - GW	535,695.00	0.00
2820-000-00	Deferred Inflows - OPEB	0.00	535,695.00
<b>Total</b>		<b>535,695.00</b>	<b>535,695.00</b>
<b>AJE 919</b>			
(Client) To record deductions to deferred inflows of resources			
2820-000-00	Deferred Inflows - OPEB	84,848.00	0.00
2300-000-00	Postemployment Liability	0.00	84,848.00
<b>Total</b>		<b>84,848.00</b>	<b>84,848.00</b>
<b>AJE 920</b>			
(Client) GW EJE To reclassify employer and member OPEB contributions from payroll expense for reporting purposes			
5600-348-00	OPEB Expense	21,916.00	0.00
5700-361-00	OPEB Expense	0.00	0.00
5100-348-18	Exp - Personnel - Tourism	0.00	21,916.00
5100-361-18	Exp - Personnel - Conv	0.00	0.00
<b>Total</b>		<b>21,916.00</b>	<b>21,916.00</b>
<b>AJE 921</b>			
(Client) To record beginning deferred inflows of resources			
3950-000-00	Fund Balance Adjustment - GW	571,120.00	0.00
2900-000-00	Deferred Inflows - Pension	0.00	571,120.00
<b>Total</b>		<b>571,120.00</b>	<b>571,120.00</b>
<b>AJE 922</b>			
(Client) To reverse deferred outflows of resources for pension employer contributions			
2400-000-00	Net Pension Liability	391,881.00	0.00
1900-000-00	Deferred Outflows - Pension	0.00	391,881.00
<b>Total</b>		<b>391,881.00</b>	<b>391,881.00</b>
<b>AJE 923</b>			
(Client) To record deferred outflows of resources for pension employer contributions			
1900-000-00	Deferred Outflows - Pension	41,211.00	0.00
5500-348-00	Pension	0.00	41,211.00
5500-361-00	Pension	0.00	0.00
<b>Total</b>		<b>41,211.00</b>	<b>41,211.00</b>
<b>AJE 924</b>			

(Client) To record pension expense after amortization			
5500-348-00	Pension	427,648.00	0.00
5500-361-00	Pension	0.00	0.00
2400-000-00	Net Pension Liability	0.00	427,648.00
<b>Total</b>		<b>427,648.00</b>	<b>427,648.00</b>
<b>(427,648.00)</b>			
<b>AJE 925</b>			
(Client) To record adjustment and additions to deferred outflows of resources			
1900-000-00	Deferred Outflows - Pension	0.00	4,301.00
2400-000-00	Net Pension Liability	4,301.00	0.00
<b>Total</b>		<b>4,301.00</b>	<b>4,301.00</b>
<b>0.00</b>			
<b>AJE 926</b>			
(Client) To record adjustment and deductions to deferred inflows of resources			
2900-000-00	Deferred Inflows - Pension	278,017.00	0.00
2400-000-00	Net Pension Liability	0.00	278,017.00
<b>Total</b>		<b>278,017.00</b>	<b>278,017.00</b>
<b>0.00</b>			
<b>AJE 927</b>			
(Client) To properly state the deferred outflows and inflows of resources balances as of year end			
2900-000-00	Deferred Inflows - Pension	0.00	0.00
1900-000-00	Deferred Outflows - Pension	0.00	0.00
<b>Total</b>		<b>0.00</b>	<b>0.00</b>
<b>0.00</b>			
<b>AJE 928</b>			
(Client) To reclassify employer and member contributions from payroll expense for reporting purposes			
5500-348-00	Pension	41,211.00	0.00
5500-361-00	Pension	0.00	0.00
5100-348-18	Exp - Personnel - Tourism	0.00	41,211.00
5100-361-18	Exp - Personnel - Conv	0.00	0.00
<b>Total</b>		<b>41,211.00</b>	<b>41,211.00</b>
<b>0.00</b>			
<b>AJE 929</b>			
(Client) To properly state CIP balance as of year end			
1410-361-00	Construction in Progress	1,868,278.00	0.00
3200-361-00	Net Assets - Invested in Cap	0.00	1,868,278.00
1410-361-00	Construction in Progress	14,042,879.00	0.00
5000-361-20	Exp - Contract - Conv	0.00	14,042,879.00
3950-000-00	Fund Balance Adjustment - GW	14,042,879.00	0.00
3200-361-00	Net Assets - Invested in Cap	0.00	14,042,879.00
<b>Total</b>		<b>29,954,036.00</b>	<b>29,954,036.00</b>
<b>14,042,879.00</b>			
<b>AJE 934</b>			
(Client) To record beginning deferred outflows of resources other than subsequent contributions			
1800-000-00	Deferred Outflows - OPEB	44,697.00	0.00
3950-000-00	Fund Balance Adjustment - GW	0.00	44,697.00
<b>Total</b>		<b>44,697.00</b>	<b>44,697.00</b>
<b>0.00</b>			
<b>AJE 935</b>			
(Client) To record CIP placed into service			
3200-361-00	Net Assets - Invested in Cap	328,369.00	0.00
3950-000-00	Fund Balance Adjustment - GW	0.00	328,369.00
5000-361-20	Exp - Contract - Conv	328,369.00	0.00
1410-361-00	Construction in Progress	0.00	328,369.00
1420-361-00	Buildings and improvements	1,759,268.00	0.00
1430-361-00	Furniture, fixtures, and equipment	1,247,156.00	0.00
1410-361-00	Construction in Progress	0.00	3,006,424.00
<b>Total</b>		<b>3,663,162.00</b>	<b>3,663,162.00</b>
<b>(328,369.00)</b>			
<b>AJE 936</b>			
(Client) To properly state the Deferred Outflows and Inflows of Resources balances MD20 as of 6/30/22			
2820-000-00	Deferred Inflows - OPEB	0.00	0.00
1800-000-00	Deferred Outflows - OPEB	0.00	0.00
<b>Total</b>		<b>0.00</b>	<b>0.00</b>
<b>0.00</b>			
<b>AJE 937</b>			
(Client) To record beginning Deferred Outflows of resources other than subsequent contrib MD21			
1900-000-00	Deferred Outflows - Pension	184,360.00	0.00
3950-000-00	Fund Balance Adjustment - GW	0.00	184,360.00
<b>Total</b>		<b>184,360.00</b>	<b>184,360.00</b>
<b>0.00</b>			
<b>AJE 938</b>			
(Client) GW EJE To properly record CY disposal of capital assets			
1510-361-00	Accum Depn - FF&E	42,458.00	0.00
1430-361-00	Furniture, fixtures, and equipment	0.00	0.00
3200-361-00	Net Assets - Invested in Cap	0.00	0.00
1420-361-00	Buildings and improvements	0.00	0.00
1430-361-00	Furniture, fixtures, and equipment	0.00	42,458.00
<b>Total</b>		<b>42,458.00</b>	<b>42,458.00</b>
<b>0.00</b>			
<b>GRAND TOTAL</b>		<b>712,814,496.00</b>	<b>712,814,496.00</b>
<b>3,199,095.00</b>			

**Client:** HAWAII TOURISM AUTHORITY  
**Engagement:** Convention Center Enterprise Special Fund - 2024  
**Current Period:** 06/30/2024  
**Workpaper:** Adjusting Entry Report

Account	Description	Debit	Credit	Net Income Effect
<b>AJE #300</b>				
(Client) to record accounts payable as of FYE				
5000-361-20	Exp - Contract-Conv	100,315.00	0.00	
2000-361-00	Accounts Payable	0.00	100,315.00	
3000-361-21	Reserve for Encum-Conv	100,315.00	0.00	
3100-361-21	Unreserved-Conv	0.00	100,315.00	
<b>Total</b>		<b>200,630.00</b>	<b>200,630.00</b>	<b>(100,315.00)</b>
<b>AJE #301</b>				
(Client) To properly record accrued investment income from B&F investment pool as of FYE				
1260-361-00	Due from B&F	138,481.00	0.00	
4200-361-00	Interest and Dividends	0.00	138,481.00	
<b>Total</b>		<b>138,481.00</b>	<b>138,481.00</b>	<b>138,481.00</b>
<b>AJE #307</b>				
To present HCC revenues and expenses on a gross basis				
5000-361-21	Exp - Contract-Conv	25,315,844.00	0.00	
4150-361-00	HCC Revenues	0.00	27,151,052.00	
1200-361-00	Accounts Receivable	1,566,180.00	0.00	
2000-361-00	Accounts Payable	0.00	233,200.00	
1210-361-00	Other Receivable	502,228.00	0.00	
<b>Total</b>		<b>27,384,252.00</b>	<b>27,384,252.00</b>	<b>1,835,208.00</b>
<b>AJE #308</b>				
To properly reflect capital expenditures as of 6/30/24				
5000-361-21	Exp - Contract-Conv	1,768,141.00	0.00	
2000-361-00	Accounts Payable	0.00	1,768,141.00	
1200-361-00	Accounts Receivable	0.00	725,954.00	
4150-361-00	HCC Revenues	725,954.00	0.00	
<b>Total</b>		<b>2,494,095.00</b>	<b>2,494,095.00</b>	<b>(2,494,095.00)</b>
<b>GRAND TOTAL</b>		<b>30,217,458.00</b>	<b>30,217,458.00</b>	<b>(620,721.00)</b>

**Client:** HAWAII TOURISM AUTHORITY  
**Engagement:** Convention Center Enterprise Special Fund - 2024  
**Current Period:** 06/30/2024  
**Workpaper:** Reclassifying Entry Report

<b>Account</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>	<b>Net Income Effect</b>
<b>RJE #405</b>				
To properly state the CCESF's cash balances				
1000-417-22	Cash-Conv	1,811,288.00	0.00	
1000-418-22	Cash-Conv	12,761,100.00	0.00	
0200-417-22	Due from B&F-Conv	0.00	1,811,288.00	
0200-418-22	Due from B&F-Conv	0.00	12,761,100.00	
<b>Total</b>		<u>14,572,388.00</u>	<u>14,572,388.00</u>	<u>0.00</u>
<b>GRAND TOTAL</b>		<u>14,572,388.00</u>	<u>14,572,388.00</u>	<u>0.00</u>



**Client:** HAWAII TOURISM AUTHORITY  
**Engagement:** Tourism Emergency Special Fund - 2024  
**Current Period:** 06/30/2024  
**Workpaper:** Adjusting Entry Report

Account	Description	Debit	Credit	Net Income Effect
<b>AJE 300</b>				
To record accounts payable as of 6/30/24				
3000-accuity	Reserve for Encumbrance - TESF	30,694.00	0.00	
5200-355-20	Exp - Contract-TESF	30,694.00	0.00	
2000-accuity	Accounts Payable	0.00	30,694.00	
3100-355-20	Unreserved-Emergency	0.00	30,694.00	
<b>Total</b>		<b>61,388.00</b>	<b>61,388.00</b>	<b>(30,694.00)</b>
<b>GRAND TOTAL</b>		<b>61,388.00</b>	<b>61,388.00</b>	<b>(30,694.00)</b>

**Client:** HAWAII TOURISM AUTHORITY  
**Engagement:** Tourism Emergency Special Fund - 2024  
**Current Period:** 06/30/2024  
**Workpaper:** Reclassifying Entry Report

Account	Description	Debit	Credit	Net Income Effect
<b>RJE 101</b>				
to properly state the TESF's cash and investments balances				
1000-355-20	Cash-Emergency	235,669.00	0.00	
1100-355-20	Investments	0.00	235,669.00	
<b>Total</b>		<u>235,669.00</u>	<u>235,669.00</u>	<u>0.00</u>
<b>RJE 102</b>				
to properly state the TESF's investment income and expense amounts				
4200-355-20	Interest and Dividends	42,310.00	0.00	
5200-355-20	Exp - Contract-TESF	10,963.00	0.00	
4210-355-20	Change in FV	0.00	53,273.00	
<b>Total</b>		<u>53,273.00</u>	<u>53,273.00</u>	<u>0.00</u>
<b>GRAND TOTAL</b>		<u>288,942.00</u>	<u>288,942.00</u>	<u>0.00</u>
None in the CY.				

Client: HAWAII TOURISM AUTHORITY  
Engagement: Tourism Special Fund - 2024  
Current Period: 06/30/2024  
Workpaper: Adjusting Entry Report

Account	Description	Debit	Credit	Net Income Effect
<b>AJE #100</b>				
(Client) - TSF - To record accounts payable as of				
FYE				
3000-348-20	Reserve for Encum-Tourism	7,526,747.00	0.00	
5000-348-20	Exp - Contract-Tourism	7,511,773.00	0.00	
5200-348-00	General and Administrative	4,974.00	0.00	
2000-348-00	Accounts Payable	0.00	7,526,747.00	
3100-348-20	Unreserved-Tourism	0.00	7,526,747.00	
5300-348-00	Other	10,000.00	0.00	
<b>Total</b>		<b>15,053,494.00</b>	<b>15,053,494.00</b>	<b>(7,526,747.00)</b>
<b>AJE #101</b>				
(Client) - TSF - To accrue for wages payable as of				
FYE				
5100-262-22	Exp - Personnel-TFF	76,239.00	0.00	
2100-348-00	Accrued Payroll	0.00	76,239.00	
<b>Total</b>		<b>76,239.00</b>	<b>76,239.00</b>	<b>(76,239.00)</b>
<b>AJE #102</b>				
(Client) - TSF - To record investment pool				
interest				
1260-348-00	Due from B&F	47,696.00	0.00	
4200-348-00	Interest and Dividends	0.00	47,696.00	
<b>Total</b>		<b>47,696.00</b>	<b>47,696.00</b>	<b>47,696.00</b>
<b>AJE #103</b>				
(Client) To record Temporary Hazard Pay as of				
6/30/24.				
5100-350-24	Exp - Personnel-Tourism	240,000.00	0.00	
2100-348-00	Accrued Payroll	0.00	240,000.00	
<b>Total</b>		<b>240,000.00</b>	<b>240,000.00</b>	<b>(240,000.00)</b>
<b>AJE #120</b>				
To properly include disbursements made after				
year-end in the accounts payable balance as of				
FYE				
3000-348-20	Reserve for Encum-Tourism	387,493.00	0.00	
5000-348-20	Exp - Contract-Tourism	387,493.00	0.00	
2000-348-00	Accounts Payable	0.00	387,493.00	
3100-348-20	Unreserved-Tourism	0.00	387,493.00	
<b>Total</b>		<b>774,986.00</b>	<b>774,986.00</b>	<b>(387,493.00)</b>
<b>AJE #121</b>				
To properly state deferred revenue as of				
6/30/24.				
4950-545-22	Revenue (Transfers)-TFF	1,700,000.00	0.00	
2200-545-22	Unearned Revenue-TFF	0.00	1,700,000.00	
<b>Total</b>		<b>1,700,000.00</b>	<b>1,700,000.00</b>	<b>(1,700,000.00)</b>
<b>AJE #122</b>				
To record unearned revenue for unspent EDA				
grant funds				
4000-545-22	Revenue-TFF	6,450,000.00	0.00	
0200-545-22	Due from B&F-TFF	0.00	6,450,000.00	
<b>Total</b>		<b>6,450,000.00</b>	<b>6,450,000.00</b>	<b>(6,450,000.00)</b>
<b>GRAND TOTAL</b>		<b>24,342,415.00</b>	<b>24,342,415.00</b>	<b>(16,332,783.00)</b>

**Client:** HAWAII TOURISM AUTHORITY  
**Engagement:** Tourism Special Fund - 2024  
**Current Period:** 06/30/2024  
**Workpaper:** Reclassifying Entry Report

Account	Description	Debit	Credit	Net Income Effect
<b>RJE #201</b>				
(Client) - TSF - To properly reclassify other and GA expenses				
5200-348-00	General and Administrative	225,061.00	0.00	
5300-348-00	Other	0.00	0.00	
5000-348-20	Exp - Contract-Tourism	0.00	225,061.00	
<b>Total</b>		<u>225,061.00</u>	<u>225,061.00</u>	<u>0.00</u>
<b>GRAND TOTAL</b>		<u>225,061.00</u>	<u>225,061.00</u>	<u>0.00</u>

ALG-CX-12.2: Audit Difference Evaluation Form

Governmental Unit: HAWAII TOURISM AUTHORITY Financial Statement Date: June 30, 2024  
 Completed by: See binder s/o. Date: See binder s/o.  
 Opinion Unit: Government Wide A Listing of Known Audit Differences Over: See w/p WU-07.

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	W/P Ref.	Financial Statement Effect—Amount of dr. (cr.) of:						
				Total Assets and deferred outflows	Total Liabilities and deferred inflows	Working Cap.	Fund Balance/Net Position	Revenues	Expen.	Change in Fund Balance/ Net Position
<b>GW SUD 1</b> dr. Vouchers Payable cr. Contract Expenditures <i>(to properly state GW contract expenses at 6/30/24)</i>	F	WU-08b	WU-08b		1,706,449	1,706,449	(1,706,449)		(1,706,449)	(1,706,449)
<b>GW SUD 2</b> dr. Prepaid Expenses cr. Contract Expenditures <i>(to properly state GW prepaid expenses)</i>	F, P	TSF EXP-03	TSF EXP-03	109,916		109,916	(109,916)		(109,916)	(109,916)
<b>GW SUD 3</b> dr. Accounts Receivable cr. Contract Expenditures <i>(to properly reflect capital expenditures as of 6/30/24)</i>	F	CCESF REV - 05	CCESF REV - 05	84,671		84,671	(84,671)		(84,671)	(84,671)
<b>GW SUD 4</b> dr. Contract Expenditures cr. Vouchers Payable <i>(to properly state GW contract expenses at 6/30/24)</i>	F	TSF AP-03	TSF AP-03		(1,340,000)	(1,340,000)	1,340,000		1,340,000	1,340,000
<b>Total</b>				194,587	366,449	561,036	(561,036)	0	(561,036)	(561,036)
<b>Financial statement caption totals</b>				309,182,399	(24,431,394)	73,345,039	(284,751,005)	(113,840,193)	114,842,867.00	1,002,674

ALG-CX-12.2: Audit Difference Evaluation Form

Governmental Unit: HAWAII TOURISM AUTHORITY Financial Statement Date: June 30, 2024  
 Completed by: See binder s/o. Date: See binder s/o.  
 Opinion Unit: TSF A Listing of Known Audit Differences Over: See w/p WU-07.

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	W/P Ref.	Financial Statement Effect—Amount of dr. (cr.) of:							
				Total Assets and deferred outflows	Total Liabilities and deferred inflows	Working Cap.	Fund Balance/Net Position	Revenues	Expen.	Change in Fund Balance/ Net Position	
<b>TF SUD 1</b>		<b>WU-08b</b>	<b>WU-08b</b>								
dr. Vouchers Payable	F				1,706,449	1,706,449					
cr. Contract Expenditures							(1,706,449)			(1,706,449)	(1,706,449)
<i>(to properly state TF contract expenses at 6/30/24)</i>											
<b>TF SUD 2</b>		<b>TSF EXP-03</b>	<b>TSF EXP-03</b>								
dr. Other Assets - Prepaid Expenses	F, P			109,916		109,916					-
cr. Contract Expenditures							(109,916)			(109,916)	(109,916)
<i>(to properly state TF prepaid expenses)</i>											
<b>TF SUD 3</b>		<b>TSF AP-03</b>	<b>TSF AP-03</b>								
dr. Contract Expenditures	F						1,340,000			1,340,000	1,340,000
cr. Vouchers Payable					(1,340,000)	(1,340,000)					
<i>(to properly state TF contract expenses at 6/30/24)</i>											
Total				109,916	366,449	476,365	(476,365)	0		(476,365)	(476,365)
Financial statement caption totals				18,854,889	(9,930,479)	8,924,410	(8,924,410)	(61,871,368)	73,941,728.00		12,070,360

ALG-CX-12.2: Audit Difference Evaluation Form

Governmental Unit: HAWAII TOURISM AUTHORITY Financial Statement Date: June 30, 2024  
 Completed by: See binder s/o Date: See binder s/o  
 Opinion Unit: CCESF A Listing of Known Audit Differences Over: See w/p WU-07.

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	W/P Ref.	Financial Statement Effect—Amount of dr. (cr.) of:							
				Total Assets and deferred outflows	Total Liabilities and deferred inflows	Working Cap.	Fund Balance/Net Position	Revenues	Expen.	Change in Fund Balance/ Net Position	
<b>CCESF SUD 1</b>		<b>CCESF REV - 05</b>	<b>CCESF REV - 05</b>								
dr. Other Assets - Accounts Receivable	F				84,671	84,671					
cr. Contract Expenditures <i>(to properly reflect capital expenditures as of 6/30/24)</i>							(84,671)			(84,671)	(84,671)
Total				0	84,671	84,671	(84,671)	0	(84,671)	(84,671)	
Financial statement caption totals				65,886,272	(2,101,656)	63,784,616	(63,784,616)	(51,831,931)	39,419,750.00	(12,412,181)	

Governmental Unit: HAWAII TOURISM AUTHORITY Financial Statement Date: June 30, 2023  
 Completed by: See binder s/o. Date: See binder s/o.  
 Opinion Unit: HTA - Government Wide A Listing of Known Audit Differences Over: See w/p WU-08b.

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	W/P Ref.	Financial Statement Effect—Amount of dr. (cr.) of:						
				Total Assets and deferred outflows	Total Liabilities and deferred inflows	Working Cap.	Fund Balance/Net Position	Revenues	Expenses	Change in Fund Balance/ Net Position
<b>PY SUD 1</b> dr. Contract Expenses cr. Vouchers Payable (to properly state GW A/P at 6/30/23)	F	WU-08b	WU-08b		(1,706,449)	(1,706,449)	1,706,449		1,706,449	1,706,449
<b>PY SUD 2</b> dr. Due to State - B&F cr. Federal Grant Revenue (to properly state GW due to B&F at 6/30/23)	F	WU-08b	WU-08b			1,706,449	1,706,449	(1,706,449)	(1,706,449)	(1,706,449)
<b>PY SUD 3</b> dr. Unearned Revenue cr. Cash in State Treasury (to properly state GA cash and unearned revenue at 6/30/23)	F	TF C-02	TF C-02	(6,450,000)	6,450,000					
<b>Total</b>				(6,450,000)	6,450,000	0	0	(1,706,449)	1,706,449	0
<b>Financial statement caption totals</b>				341,054,414	(55,300,735)	74,874,559	(285,753,679)	(94,616,889)	69,569,462	(25,047,427)



ALG-CX-12.2: Audit Difference Evaluation Form

Governmental Unit: HAWAII TOURISM AUTHORITY Financial Statement Date: June 30, 2023  
 Completed by: See binder s/o. Date: See binder s/o.  
 Opinion Unit: HTA - Tourism Fund A Listing of Known Audit Differences Over: See w/p WU-08b.

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	W/P Ref.	Financial Statement Effect—Amount of dr. (cr.) of:							
				Total Assets and deferred outflows	Total Liabilities and deferred inflows	Working Cap.	Fund Balance/Net Position	Revenues	Expenses	Change in Fund Balance/ Net Position	
<b>PY SUD 1</b>											
dr. Contract Expenses	F	WU-08b	WU-08b				1,706,449			1,706,449	1,706,449
cr. Vouchers Payable					(1,706,449)						
(to properly state TF A/P at 6/30/23)											
<b>PY SUD 2</b>											
dr. Due to State B&F	F	WU-08b	WU-08b		1,706,449						
cr. Federal Grant Revenue							(1,706,449)	(1,706,449)			(1,706,449)
(to properly state TF due to B&F at 6/30/23)											
<b>PY SUD 3</b>											
dr. Unearned Revenue	F	TF C-02	TF C-02		6,450,000						
cr. Cash in State Treasury				(6,450,000)							
(to properly state TF cash and unearned revenue at 6/30/23)											
<b>Total</b>				-6,450,000	6,450,000	0	0	(1,706,449)	1,706,449		0
Financial statement caption totals				63,466,485	(42,471,715)		(20,994,770)	(41,886,875)	50,193,592		8,306,717



# Hawaii Tourism Authority

(A Component Unit of the State of Hawaii)

**Internal Control and Business Issues Report**

**Year Ended June 30, 2024**





The Auditor  
State of Hawaii

The Board of Directors  
Hawaii Tourism Authority

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the Hawaii Tourism Authority (the "Authority"), a component unit of the State of Hawaii, as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting ("internal control") as a basis for designing our auditing 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 internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

We are pleased to present for your consideration, comments and observations identified during the course of our audit that were not required to be reported in our Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* compliance audit report. This letter is intended solely for the information and use of the Auditor, State of Hawaii, Board of Directors, management and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

If you would like any further information or would like to discuss any of the issues raised, please do not hesitate to contact us.

*Accuity* LLP

Honolulu, Hawaii  
March 13, 2025

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**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Index**  
**Year Ended June 30, 2024**

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	<b>Page(s)</b>
Current Year Comments and Observations .....	1-2

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Current Year Comments and Observations**  
**Year Ended June 30, 2024**

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**Comment No. 24-01: Contract Administration – Control Deficiency**

During our current year audit, we were made aware of concerns raised by Hawaii Tourism Authority (the “Authority”) management regarding the discounted or complimentary usage of event space, food and beverage and other ancillary services at the Hawaii Convention Center (the “Center”) by among others, individuals affiliated with the Authority or organizations with whom individuals affiliated with the Authority are associated.

The Authority maintains policies and procedures which govern to whom fee concessions can be provided. Authority management identified certain situations in which an organization received discounted or complimentary services which did not appear to comply with the Authority’s internal policies and procedures. The underlying supporting documentation did not adequately explain why the organization was entitled to the discounted or complimentary services.

Failure to comply with policies and procedures regarding the authorization of discounted or complimentary event space, food and beverage and other ancillary services at the Center could lead to misuse of physical and financial resources and lost revenues.

**Recommendation**

We recommend that the Authority review and update its internal policies and procedures over discounted and/or complimentary event space, food and beverage and other ancillary services at the Center. The updated policies should ensure that requests are reviewed and approved by an appropriate member of Authority management, the approval is evidenced, and the reasoning for any discounts or fee waivers are appropriately documented. The Authority should communicate its updated policies and procedures to Center management to ensure that the Center only processes valid requests.

We were informed that during fiscal 2025, the Authority has implemented an additional control whereby the Vice President of Finance will review and approve all contracts for events held at the Center, with this review also assessing the propriety of any fee concessions granted on such events.

**Comment No 24-02: Prior Year Unadjusted Audit Differences – Control Deficiency**

During our current year audit, we noted the following matters related to the amounts as previously reported in the Authority’s financial statements as of and for the year ended June 30, 2023:

- A difference of approximately \$1.70 million between vouchers payable as reported in the Authority’s financial statements and the amount reflected in the detailed listing of vouchers payable as of June 30, 2023.
- The Authority reported approximately \$6.45 million in equity in cash and cash equivalents and investments and unearned revenue in its financial statements as of June 30, 2023. The amounts were associated with proceeds from the Authority’s Economic Development Cluster (“EDC”) federal program. However, underlying source documentation provided by the State of Hawaii Department of Accounting and General Services indicated that although such amounts were allotted to the Authority, no cash associated with the EDC grant proceeds was transferred to the Authority during the year ended June 30, 2023.

The matters as noted above resulted in the proposition of multiple unadjusted audit differences to properly state the amounts reported in the Authority’s financial statements as of and for the years ended June 30, 2024 and 2023.

**Hawaii Tourism Authority**  
(A Component Unit of the State of Hawaii)  
**Current Year Comments and Observations**  
**Year Ended June 30, 2024**

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**Recommendation**

We recommend that management review the propriety of year-end client proposed financial reporting entries and ensure that such entries accurately reflect the balances stated in the associated underlying source documentation.

The Auditor  
State of Hawaii

The Board of Directors  
Hawaii Tourism Authority

We have audited the accompanying special-purpose financial statements of Hawaii Convention Center (the “Center”) for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter with the Center dated July 26, 2024 and Contract No. 72374 with you dated July 8, 2024. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Center are described in Note 2 to the special-purpose financial statements. The Center adopted Financial Accounting Standards Board Accounting Standards Update (“ASU”) No. 2016-13, *Financial Instruments – Credit Losses*, and related amendments effective July 1, 2023. The adoption of this ASU did not have a material impact on the special-purpose financial statements. No other new accounting policies were adopted, and the application of existing policies was not changed during the year ended June 30, 2024.


We noted no transactions entered into by the Center during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the special-purpose financial statements in the proper period.

We identified the following significant risks of material misstatement as communicated in our engagement letter dated July 26, 2024:

- Improper revenue recognition due to fraud.
- Management override of controls.

Accounting estimates are an integral part of the special-purpose financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the special-purpose financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Center’s special-purpose financial statements were:

- Allowance for credit losses.
- Future revenues.



We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the special-purpose financial statements taken as a whole.

Certain special-purpose financial statement disclosures are particularly sensitive because of their significance to special-purpose financial statement users. The most sensitive disclosures affecting the special-purpose financial statements were:

- *Note 2* related to the basis of presentation.
- *Note 5* related to the Center's sales and marketing.
- *Note 6* related to the Center's capital improvements.

The special-purpose financial statement disclosures are neutral, consistent and clear.

***Difficulties Encountered in Performing the Audit***

Except for delays in receiving certain information, we encountered no significant difficulties in dealing with management in performing and completing our audit.

***Significant Unusual Transactions***

There were no significant unusual transactions identified during our audit.

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, a summary of the adjusting and reclassifying entries are included in the attached management representation letter. The following material misstatements as included in the attached management representation letter and as detected as a result of audit procedures were corrected by management:

HCC Facilities AJE 100 through AJE 105

HCC Facilities RJE 200 through RJE 203

HCC Sales and Marketing AJE 300 and 302

The attached schedule also summarizes the uncorrected misstatements of the special-purpose financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the special-purpose financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period special-purpose financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the special-purpose financial statements under audit.

***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the special-purpose financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

***Management Representations***

We have requested certain representations from management that are included in the attached management representation letter.





***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Center’s special-purpose financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Center’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In addition, the independent auditors’ report includes an emphasis of matter paragraph which indicates that the special-purpose financial statements are prepared by the Center on the basis of the provisions of the contract agreement between the Hawaii Tourism Authority (the “Authority”) and ASM Global, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the contract agreement referenced above. Our opinion is not modified with respect to this matter.

***Other Matters***

With respect to the supplementary information accompanying the special-purpose financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with the basis of the provisions of the contract agreement between the Authority and ASM Global, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the special-purpose financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves.

***Restriction on Use***

This information is intended solely for the use of the Auditor, State of Hawaii, the Board of Directors and management of the Authority, and ASM Global, and is not intended to be and should not be used by anyone other than these specified parties.

*Accuity* LLP

Honolulu, Hawaii  
March 14, 2025



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March 14, 2025

Accuity LLP  
First Hawaiian Center  
999 Bishop St., Suite 2300  
Honolulu, HI 96813

This representation letter is provided in connection with your audit of the special-purpose financial statements of the Hawaii Convention Center ("Center"), which comprise the statement of assets, liabilities, and net assets as of June 30, 2024 and 2023, and the related statements of revenue, expenses and changes in net assets and cash flows for the years then ended, and the related notes to the special-purpose financial statements, for the purpose of expressing an opinion as to whether the special-purpose financial statements are presented fairly, in all material respects, in accordance with the provisions of the contract agreement between the Hawaii Tourism Authority and ASM Global (the "Agreement").

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of your report, the following representations made to you during your audit.

### **Special-purpose financial statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 26, 2024, including our responsibility for the preparation and fair presentation of the special-purpose financial statements.
- 2) The special-purpose financial statements referred to above are fairly presented in conformity with the Agreement.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the Agreement.



- 7) All events subsequent to the date of the special-purpose financial statements for which the Agreement requires adjustment or disclosure have been adjusted or disclosed.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the special-purpose financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter. In addition, you have proposed adjusting and reclassifying journal entries that have been posted to the Center's accounts. We are in agreement with those adjustments and reclassifications.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with the Agreement.
- 10) Significant estimates and material concentrations have been properly disclosed in accordance with the Agreement.
- 11) Guarantees, whether written or oral, under which the Center is contingently liable, have been properly recorded or disclosed in accordance with the Agreement.

### **Information Provided**

- 12) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the special-purpose financial statements, such as records, documentation, and other matters.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the Center from whom you determined it necessary to obtain audit evidence.
- 13) All material transactions have been recorded in the accounting records and are reflected in the special-purpose financial statements.
- 14) We have disclosed to you the results of our assessment of the risk that the special-purpose financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the Center and involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the special-purpose financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the Center's special-purpose financial statements communicated by employees, former employees, analysts, regulators, or others.
- 17) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the special-purpose financial statements.
- 18) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the special-purpose financial statements.
- 19) We have disclosed to you the names of all of the Center's related parties and all the related party relationships and transactions, including any side agreements.
- 20) The Center has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

- 21) In regard to the special-purpose financial statement preparation services performed by you, we have—
- a) Assumed all management responsibilities.
  - b) Designated Noelle Liew, Director of Finance, who has suitable skill, knowledge, or experience to oversee the services.
  - c) Evaluated the adequacy and results of the services performed.
  - d) Accepted responsibility for the results of the services.
  - e) Ensured that the entity's data and records are complete and received sufficient information to oversee the services.
- 22) In September 2024, ASM received notice of the extension of their contract to manage the Center from the Hawaii Tourism Authority.
- 23) In 2024, the Center adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, and related amendments. This ASU applies to a broad range of financial instruments, including financial assets measured at amortized cost, including loans, held-to-maturity debt securities, net investments in leases, and trade accounts receivable as well as certain off-balance sheet exposures, such as loan commitments. This ASU requires financial assets measured at cost to be presented at net amount expected to be collected or liabilities be recognized for expected off balance sheet credit losses. The measurement of expected credit losses is based on relevant information about past events, including historical experiences, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts or the expected off balance sheet credit losses. Judgement must be used in determining the relevant information and estimation methods that are appropriate in the circumstances. The adoption of the ASU did not have a significant effect on the Center's special-purpose financial statements. We have made the appropriate disclosures in the special-purpose financial statements.
- 24) We acknowledge our responsibility for presenting the supplementary schedule of changes in net assets and schedule of revenue, expenses and changes in net assets in accordance with the Agreement, and we believe the supplementary schedule of changes in net assets and schedule of revenue, expenses and changes in net assets, including its form and content, is fairly presented in accordance with the Agreement. The methods of measurement and presentation of the supplementary schedule of changes in net assets and schedule of revenue, expenses and changes in net assets have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

DocuSigned by:

*Teri Orton*

1F8FE3EF29334E4...

Teri Orton, General Manager

*Noelle Liew*

Noelle Liew, Director of Finance

Client: HAWAII TOURISM AUTHORITY  
Engagement: HCC Facilities - 2024  
Current Period: 06/30/2024  
Workpaper: Adjusting Journal Entries

Account	Description	Workpaper Reference	Debit	Credit	Net Income Effect	Workpaper ID
<b>AJE #100</b>		<b>FA-01</b>				
To remove fixed asset balances from the HCC special-purpose financial statements as fixed assets belong to HTA						
90100-Accuity	Capitalized Expenses - Reim w/CIP Funds		12,818,486.00	0.00		
17022.FC	Building Improvements		0.00	2,146,978.00		
17024.FC	Furniture & Fixtures		0.00	59,700.00		
17025.FC	Machinery & Equipment		0.00	988,246.00		
17026.FC	Computer Equipment		0.00	56,032.00		
17030.FC	Work In Progress		0.00	9,567,530.00		
<b>Total</b>			<b>12,818,486.00</b>	<b>12,818,486.00</b>	<b>(12,818,486.00)</b>	
<b>AJE #101</b>		<b>REV-04</b>				
To properly state the funds received from State for the current period						
29060.FC	CY Funds Received From State		324,536,112.00	0.00		
29134.FC	Equity		0.00	324,536,112.00		
<b>Total</b>			<b>324,536,112.00</b>	<b>324,536,112.00</b>	<b>(324,536,112.00)</b>	
<b>AJE #102</b>		<b>REV-05</b>				
To properly state funds remitted to HTA/State for the current period						
29134.FC	Equity		215,427,396.00	0.00		
29050.FC	CY Funds Remitted to State		0.00	215,427,396.00		
<b>Total</b>			<b>215,427,396.00</b>	<b>215,427,396.00</b>	<b>215,427,396.00</b>	
<b>AJE #103</b>		<b>AP-04</b>				
To accrue for invoices related to the year ended 6/30/24						
90100-Accuity	Capitalized Expenses - Reim w/CIP Funds		1,768,141.00	0.00		
78005.FC	Electricity		0.00	39,619.00		
21101.FC	Accrued A/P Invoice		0.00	2,045,357.00		
29050.FC	CY Funds Remitted to State		316,835.00	0.00		
<b>Total</b>			<b>2,084,976.00</b>	<b>2,084,976.00</b>	<b>(2,045,357.00)</b>	
<b>AJE #104</b>		<b>AP-04</b>				
To properly reflect capital expenses as of 6/30/24.						
90100-Accuity	Capitalized Expenses - Reim w/CIP Funds		693,995.00	0.00		
90100.FC	Expenses - Reimb w/CIP Funds		0.00	693,995.00		
<b>Total</b>			<b>693,995.00</b>	<b>693,995.00</b>	<b>0.00</b>	
<b>AJE #105</b>		<b>REV-05</b>				
To reverse duplicate May Net income and properly state the CY funds remitted to the State as of 6/30/2024.						
21101.FC	Accrued A/P Invoice		1,189,085.00	0.00		
29050.FC	CY Funds Remitted to State		0.00	1,189,085.00		
<b>Total</b>			<b>1,189,085.00</b>	<b>1,189,085.00</b>	<b>1,189,085.00</b>	
<b>AJE #110</b>		<b>REV-04</b>				
Client proposed - To properly accrued for funds to be received from the State as of 6/30/24						
12045.FC	A/R-Due From State/HTA		5,948,568.00	0.00		
29060.FC	CY Funds Received From State		0.00	5,948,568.00		
<b>Total</b>			<b>5,948,568.00</b>	<b>5,948,568.00</b>	<b>5,948,568.00</b>	
<b>AJE #111</b>		<b>AP-01</b>				
Client Proposed - To properly reflect building improvements, prepaids, expenses and accrued expenses as of 6/30/24.						
75105.FC	Maintenance Agreements		20,359.00	0.00		
21101.FC	Accrued A/P Invoice		0.00	20,359.00		
12060.FC	A/R-Clearing		68,771.00	0.00		
78005.FC	Electricity		0.00	68,771.00		
90100-Accuity	Capitalized Expenses - Reim w/CIP Funds		31,959.00	0.00		
14025.FC	Prepaid Miscellaneous Expenses		0.00	28,599.00		
75070.FC	Elevator Escalator		0.00	3,360.00		
<b>Total</b>			<b>121,089.00</b>	<b>121,089.00</b>	<b>19,813.00</b>	
<b>GRAND TOTAL</b>			<b>562,819,707.00</b>	<b>562,819,707.00</b>	<b>(116,815,093.00)</b>	

**Client:** HAWAII TOURISM AUTHORITY  
**Engagement:** HCC Facilities - 2024  
**Current Period:** 06/30/2024  
**Workpaper:** Reclassifying Journal Entries

Account	Description	Difference	Workpaper Reference	Debit	Credit	Net Income Effect	Workpaper ID
<b>RJE #200</b>		<b>Permanent</b>	<b>C-02</b>				
To reclassify funds borrowed by the Operations Facilities Fund from the CIP restricted fund							
10001.FC	Cash-Operating Facility			2,200,000.00	0.00		
10050.FC	Cash-CIP/R&M MMS			0.00	2,200,000.00		
<b>Total</b>				<u><b>2,200,000.00</b></u>	<u><b>2,200,000.00</b></u>	<b>0.00</b>	
<b>RJE #201</b>		<b>Permanent</b>	<b>EQ-01</b>				
To reclassify the Restricted Net Assets related to the CIP bank account							
29134.FC	Equity			33,827,453.00	0.00		
ACCUITY.FC	Restricted Net Assets			0.00	33,827,453.00		
<b>Total</b>				<u><b>33,827,453.00</b></u>	<u><b>33,827,453.00</b></u>	<b>0.00</b>	
<b>RJE #202</b>		<b>Permanent</b>	<b>AR-02</b>				
To properly state AR for the overstated FestPac Anticipated amounts as on 6/30/2024.							
21065.FC	A/P-Refund Overpayments			463,586.00	0.00		
12060.FC	A/R-Clearing			0.00	463,586.00		
<b>Total</b>				<u><b>463,586.00</b></u>	<u><b>463,586.00</b></u>	<b>0.00</b>	
<b>RJE #203</b>		<b>Permanent</b>	<b>EQ-01</b>				
To properly reflect restricted balances as of 6/30/24.							
ACCUITY.FC	Restricted Net Assets			1,800,100.00	0.00		
29134.FC	Equity			0.00	1,800,100.00		
<b>Total</b>				<u><b>1,800,100.00</b></u>	<u><b>1,800,100.00</b></u>	<b>0.00</b>	
<b>GRAND TOTAL</b>				<u><b>38,291,139.00</b></u>	<u><b>38,291,139.00</b></u>	<b>0.00</b>	

**Client:** HAWAII TOURISM AUTHORITY  
**Engagement:** HCC Sales & Marketing - 2024  
**Current Period:** 06/30/2024  
**Workpaper:** Adjusting Journal Entries

Account	Description	Workpaper Reference	Debit	Credit	Net Income Effect	Workpaper ID
<b>AJE 300</b>		<b>INC-02</b>				
	To properly state funds received from the State for the current period					
29060.SM	CY Funds Received From State		85,118,079.00	0.00		
29134.SM	Equity		<u>0.00</u>	<u>85,118,079.00</u>		
<b>Total</b>			<b><u>85,118,079.00</u></b>	<b><u>85,118,079.00</u></b>	<b><u>(85,118,079.00)</u></b>	
<b>AJE 302</b>		<b>TB-01</b>				
	To remove fixed asset balances from the HCC special-purpose financial statements as fixed assets belong to HTA					
29060.SM	CY Funds Received From State		4,189.00	0.00		
17026.SM	Computer Equipment		<u>0.00</u>	<u>4,189.00</u>		
<b>Total</b>			<b><u>4,189.00</u></b>	<b><u>4,189.00</u></b>	<b><u>(4,189.00)</u></b>	
<b>GRAND TOTAL</b>			<b><u>85,122,268.00</u></b>	<b><u>85,122,268.00</u></b>	<b><u>(85,122,268.00)</u></b>	

Index

**ASB-CX-12.2: Audit Difference Evaluation Form**

Entity:

Balance Sheet Date:

Completed by:

Date:

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J) or Projected (P)	Cause	W/P Ref.	Financial Statement Effect—Amount of debit (credit):							
				Total Assets	Total Liabilities	Working Capital	Net Assets	Change in Net Assets	FIT%	0.00%	
									Income Taxes	Change in Net Assets	
<b>SUD 1</b>	F	Management oversight	<b>FAC AR-02</b>								
A/R-Clearing				64,663		64,663				-	-
Workers Compensation							(64,663)	(64,663)		-	(64,663)
<i>To properly reflect workers compensation refunds as of 6/30/24.</i>										-	-
<b>SUD 1</b>	F	Management oversight	<b>FAC AR-02</b>								
Funds Received from State							89,108	89,108		-	89,108
Accounts Receivable				(89,108)		(89,108)				-	-
<i>To properly reflect contributions from the State as of 6/30/24.</i>										-	-
										-	-
<b>Total</b>				<b>(24,445)</b>	<b>-</b>	<b>(24,445)</b>	<b>24,445</b>	<b>24,445</b>		<b>-</b>	<b>24,445</b>
Less Audit Adjustments Subsequently Booked										-	-
Effect of Unadjusted AD—Prior Years										-	-
Combined Current and Prior Year AD (Rollover Method)				<b>(24,445)</b>	<b>-</b>	<b>(24,445)</b>	<b>24,445</b>	<b>24,445</b>		<b>-</b>	<b>24,445</b>
Financial Statement Caption Totals				48,896,560	(9,771,862)	7,497,245	(39,124,698)	630,634		-	630,634
Current and Prior AD as % of F/S Captions (Rollover Method)				-0.05%	0.00%	-0.33%	-0.06%	3.88%		0.00%	3.88%





# Hawaii Convention Center

Special-Purpose Financial Statements  
and Supplementary Information

June 30, 2024 and 2023



**Hawaii Convention Center  
Index  
June 30, 2024 and 2023**

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**Page(s)**

**Report of Independent Auditors**

**Special-Purpose Financial Statements**

Statements of Assets, Liabilities, and Net Assets ..... 4

Statements of Revenue, Expenses, and Changes in Net Assets ..... 5–6

Statements of Cash Flows..... 7

Notes to Financial Statements..... 8–12

**Supplementary Information**

Schedule 1 – Schedules of Changes in Net Assets ..... 13

Schedule 2 – Schedules of Revenue, Expenses, and Changes in Net Assets ..... 14–17



## Report of Independent Auditors

The Auditor  
State of Hawaii

The Board of Directors  
Hawaii Tourism Authority

### Opinion

We have audited the special-purpose financial statements of Hawaii Convention Center (the “Center”), which comprise the special-purpose statements of assets, liabilities, and net assets as of June 30, 2024 and 2023, and the related special-purpose statements of revenue, expenses, and changes in net assets and cash flows for years then ended, and the related notes to the special-purpose financial statements.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Center as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended, in accordance with the financial reporting provisions of the contract agreement between the Hawaii Tourism Authority (the “Authority”) and ASM Global (“ASM”) dated August 8, 2013.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors’ Responsibility for the Audits of the Special-Purpose Financial Statements section of our report. We are required to be independent of the Center, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis of Accounting

We draw attention to Note 2 to the special-purpose financial statements, which describes the basis of accounting. The special-purpose financial statements are prepared by the Center on the basis of the provisions of the contract agreement between the Authority and ASM, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the contract agreement referenced above. As a result, the special-purpose financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.


### Responsibilities of Management for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of the special-purpose financial statements in accordance with the financial reporting provisions of the contract agreement between the Authority and ASM. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

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## **Auditors' Responsibility for the Audits of the Special-Purpose Financial Statements**

Our objectives are to obtain reasonable assurance about whether the special-purpose 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 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 special-purpose financial statements.

In performing audits in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the special-purpose 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 special-purpose financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Center'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 special-purpose financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

## **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the special-purpose financial statements as a whole. The information in the accompanying supplementary schedule of changes in net assets and schedule of revenue, expenses, and changes in net assets for the years ended June 30, 2024 and 2023 is presented for purposes of additional analysis and is not a required part of the special-purpose 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 special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audits of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose 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 special-purpose financial statements as a whole.



**Restriction on Use**

This report is intended solely for the information and use of the Auditor, State of Hawaii, the Board of Directors and management of the Authority, and ASM, and is not intended to be and should not be used by anyone other than these specified parties.

*Accuity* LLP

Honolulu, Hawaii  
March 14, 2025

**Hawaii Convention Center**  
**Special-Purpose Statements of Assets, Liabilities, and Net Assets**  
**June 30, 2024 and 2023**

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	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 7,110,573	\$ 5,210,104
Accounts receivable, net of allowance for credit losses of \$86,639 and \$9,224 in 2024 and 2023, respectively	3,867,727	1,396,250
Due from the Authority	6,139,681	1,512,646
Prepaid expenses	151,126	79,224
Total current assets	<u>17,269,107</u>	<u>8,198,224</u>
Restricted cash	31,627,453	36,817,574
Total assets	<u>\$ 48,896,560</u>	<u>\$ 45,015,798</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 8,437,280	\$ 2,593,829
Accrued compensation	482,509	434,664
Advance deposits	833,111	2,225,566
Other liabilities	18,962	6,407
Total current liabilities	<u>9,771,862</u>	<u>5,260,466</u>
Net assets		
Without restrictions	7,097,345	459,644
With restrictions	32,027,353	39,295,688
Total net assets	<u>39,124,698</u>	<u>39,755,332</u>
Total liabilities and net assets	<u>\$ 48,896,560</u>	<u>\$ 45,015,798</u>

The accompanying notes are an integral part of these special-purpose financial statements.

**Hawaii Convention Center**  
**Special-Purpose Statements of Revenue, Expenses, and Changes in Net Assets**  
**Years Ended June 30, 2024 and 2023**

---

	<b>2024</b>	<b>2023</b>
<b>Operating revenue without restrictions</b>		
Rental income	\$ 4,682,908	\$ 3,055,819
Events	4,739,991	3,353,570
Food and beverage	17,855,872	7,901,374
Other	85,741	73,487
Total operating revenue	<u>27,364,512</u>	<u>14,384,250</u>
<b>Operating expenses</b>		
Salaries and wages	6,815,717	4,851,695
Other direct food and beverage costs	4,409,975	2,322,097
Utilities	3,100,994	2,910,540
Contract labor	3,078,608	2,432,278
Food and beverage	2,415,139	1,220,490
Payroll taxes and benefits	1,966,923	1,505,515
Building operations	1,278,148	850,528
Repairs and maintenance	865,696	1,035,670
Management fee	466,400	456,800
Insurance	381,414	251,050
Software management agreement	327,041	278,931
Promotion	175,433	356,409
Banking and credit card fees	158,202	92,599
Furniture, fixtures and equipment	116,696	87,927
Employee training	93,248	48,255
Computer	55,351	81,644
Payroll fees	44,472	40,371
Advertising	42,657	38,391
Professional fees	38,367	35,795
Travel and entertainment	38,149	116,063
Sales and use tax	34,766	12,022
Community relations	33,184	14,408
Office supplies	27,070	22,551
Meetings and conventions	20,204	15,802
Printing and stationery	16,611	4,607
Dues and subscriptions	13,587	12,539
Miscellaneous	207,820	50,014
Total operating expenses	<u>26,221,872</u>	<u>19,144,991</u>
Operating income (loss)	<u>1,142,640</u>	<u>(4,760,741)</u>

The accompanying notes are an integral part of these special-purpose financial statements.

**Hawaii Convention Center**  
**Special-Purpose Statements of Revenue, Expenses, and Changes in Net Assets**  
**Years Ended June 30, 2024 and 2023**

---

	<b>2024</b>	<b>2023</b>
Subtotal carried forward	<u>1,142,640</u>	<u>(4,760,741)</u>
<b>Nonoperating revenue without restrictions</b>		
Contributions from the Authority	<u>10,148,557</u>	<u>5,634,939</u>
Total nonoperating revenue without restrictions	10,148,557	5,634,939
<b>Nonoperating expenses</b>		
Remittance to the Authority for completed events revenue	(4,653,496)	(753,691)
Capital improvement funded expenses	<u>(15,674,497)</u>	<u>(1,146,555)</u>
Total nonoperating expenses	(20,327,993)	(1,900,246)
Net assets released from restrictions	<u>15,674,497</u>	<u>1,146,555</u>
Increase in net assets without restrictions	6,637,701	120,507
<b>Nonoperating revenue with restrictions</b>		
Contributions from the Authority	6,875,717	2,970,455
Interest and dividend income	<u>1,530,445</u>	<u>62,235</u>
Total nonoperating revenue with restrictions	8,406,162	3,032,690
Net assets released from restrictions	<u>(15,674,497)</u>	<u>(1,146,555)</u>
Increase (decrease) in net assets with restrictions	<u>(7,268,335)</u>	<u>1,886,135</u>
Increase (decrease) in net assets	(630,634)	2,006,642
<b>Net assets</b>		
Beginning of period	39,755,332	37,748,690
End of period	<u>\$ 39,124,698</u>	<u>\$ 39,755,332</u>

The accompanying notes are an integral part of these special-purpose financial statements.



**Hawaii Convention Center**  
**Special-Purpose Statements of Cash Flows**  
**Years Ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 23,500,580	\$ 13,742,388
Cash payments to suppliers of goods and services	(13,423,269)	(11,995,029)
Cash payments to employees	(8,734,795)	(6,457,532)
Net cash provided by (used in) operating activities	<u>1,342,516</u>	<u>(4,710,173)</u>
<b>Cash flows from investing activities</b>		
Payments for capital improvements	(13,906,356)	(1,146,555)
Interest and dividend income	1,530,445	62,235
Net cash used in investing activities	<u>(12,375,911)</u>	<u>(1,084,320)</u>
<b>Cash flows from financing activities</b>		
Contributions received from the Authority	12,397,239	36,407,330
Funds remitted to the Authority	(4,653,496)	(1,051,470)
Net cash provided by financing activities	<u>7,743,743</u>	<u>35,355,860</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	(3,289,652)	29,561,367
<b>Cash, cash equivalents, and restricted cash</b>		
Beginning of period	<u>42,027,678</u>	<u>12,466,311</u>
End of period	<u>\$ 38,738,026</u>	<u>\$ 42,027,678</u>
Cash and cash equivalents	\$ 7,110,573	\$ 5,210,104
Restricted cash	31,627,453	36,817,574
Total cash, cash equivalents, and restricted cash	<u>\$ 38,738,026</u>	<u>\$ 42,027,678</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>		
Operating income (loss)	\$ 1,142,640	\$ (4,760,741)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Decrease (increase) in operating assets		
Accounts receivable	(2,471,477)	(917,371)
Prepaid expenses	(71,902)	37,116
Increase (decrease) in operating liabilities		
Accounts payable	4,075,310	751,748
Accrued compensation	47,845	(100,322)
Advance deposits	(1,392,455)	275,509
Other liabilities	12,555	3,888
Total adjustments	<u>199,876</u>	<u>50,568</u>
Net cash provided by (used in) operating activities	<u>\$ 1,342,516</u>	<u>\$ (4,710,173)</u>
<b>Supplemental noncash investing activities</b>		
Capital improvement expenses in accounts payable	\$ 1,768,141	\$ -

The accompanying notes are an integral part of these special-purpose financial statements.

# Hawaii Convention Center

## Notes to Special-Purpose Financial Statements

### June 30, 2024 and 2023

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#### 1. Organization

The Hawaii Convention Center (the “Center”), which opened to the general public in June 1998, is used for a variety of events, including conventions and trade shows, public shows, and spectator events. The Center offers approximately 350,000 square feet of rentable space, including 51 meeting rooms.

Effective July 1, 2000, the Hawaii Tourism Authority (the “Authority”) became responsible for the operation, management and maintenance of the Center. The Authority is a discretely-presented component unit of the State of Hawaii. The Center is reported as a special revenue fund of the Authority.

#### 2. Summary of Significant Accounting Policies

##### Basis of Presentation

The special-purpose financial statements have been prepared pursuant to the provisions of the contract agreement between the Authority and ASM Global (“ASM”), a private contractor, and are intended to present the assets, liabilities, and net assets; changes in net assets; and cash flows of only that portion of the Authority that is attributable to the transactions of the Center based upon the accounting records maintained by ASM. The Center’s operations are reported on the accrual basis of accounting. Under this method, revenues are recorded when performance obligations are satisfied and expenses are recorded as incurred.

These special-purpose financial statements differ from financial statements prepared in accordance with accounting principles generally accepted in the United States of America, in that the property, building, furniture and equipment used in the Center’s operations, and related depreciation expense, are not reflected on the accompanying special-purpose financial statements. Those assets, liabilities, and related expenses are reflected on the financial statements of the Authority.

##### Recent Accounting Pronouncement

In fiscal year 2024, the Center adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, and related amendments (collectively the “ASU”). The ASU applies to a broad range of financial instruments, including financial assets measured at amortized cost (which includes financing receivables, held-to-maturity debt securities, and trade receivables), net investments in leases, and certain off balance sheet exposures. The ASU requires financial assets measured at amortized cost to be presented at the net amount expected to be collected or liabilities be recognized for expected off balance sheet credit losses. The measurement of expected credit losses is based on relevant information about past events, including historical experiences, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts or the expected off balance sheet credit losses. Judgment must be used in determining the relevant information and estimation methods that are appropriate in the circumstances. The adoption of the ASU did not have a significant effect on the Center’s financial statements.

##### Operating Revenue and Expenses

The Center distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with the principal ongoing operations, management and maintenance of the Center. Operating revenue includes charges for services provided by or at the Center. Operating expenses include costs of services and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

# Hawaii Convention Center

## Notes to Special-Purpose Financial Statements

### June 30, 2024 and 2023

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#### **Classification of Current and Noncurrent Assets and Liabilities**

The Center considers assets that reasonably can be expected, as part of normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the date of the special-purpose statements of assets, liabilities, and net assets to be current. Liabilities that reasonably can be expected, as part of normal Center business operations, to be paid within 12 months of the special-purpose statements of assets, liabilities, and net assets date are current. All other assets and liabilities are considered to be noncurrent.

#### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on deposit with banks with original maturities of three months or less and balances held in a money market fund.

#### **Restricted Cash**

Restricted cash represents funds transferred from the Authority to the Center for use in future capital improvement projects.

#### **Due from/to the Hawaii Tourism Authority**

Due from the Authority represents expenses to be reimbursed by the Authority. Due to the Authority represents revenues on completed events and contributions that are required to be remitted to the Authority. Beginning in fiscal year 2023, reimbursements from the Authority and remittances to the Authority are settled on a net basis each month.

#### **Receivables and Allowance for Credit Losses**

The Center's accounts receivable is due from customers in various industries and is recorded at the invoiced amount less discounts and do not bear interest. Credit is extended based on an evaluation of the customer's financial condition and collateral is not required. Accounts receivable are due within 30 days and are stated at amounts due from customers. The Center evaluates the collectability of receivables and the need for an allowance for credit losses based on an analysis of historical loss experience and management's assessment of current conditions and reasonable and supportable expectations of future conditions, as well as an assessment of specific identifiable accounts considered at risk or uncollectible. The Center writes off accounts receivable when it determines they are uncollectible. Based on management's review, the Center determined the allowance for credit losses approximated \$87,000 and \$9,000 for the years ended June 30, 2024 and 2023, respectively. Receivables from contracts with customers amounted to approximately \$3,868,000, \$1,396,000 and \$479,000 at June 30, 2024, 2023 and 2022, respectively.

#### **Revenue Recognition**

The Center recognizes operating revenue from the use of the Hawaii Convention Center for such performance obligations as providing event space, food and beverage and other ancillary services to event licensees. Revenues are recognized when the following criteria are met:

- The contract with customer has been identified;
- The performance obligation in the contract has been identified;
- The transaction price has been determined;
- The transaction price has been allocated to the performance obligation; and
- The performance obligation has been satisfied.

The Center recognizes revenues from the rental of event space when the space is occupied and services are rendered. Food and beverage sales are recognized when customers have been served. Parking revenues are recognized upon collection.

# Hawaii Convention Center

## Notes to Special-Purpose Financial Statements

### June 30, 2024 and 2023

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Other ancillary services provided by third parties for which the Center receives a fee are recognized when services are rendered and are presented on a net basis.

Deposits for future event space, food and beverage and other ancillary services are recorded as advance deposits until the revenue recognition criteria are met. Cancellations for services are recognized upon cancellation by the customer. Customers are invoiced for the remaining balance when services are rendered. Payment for services rendered by the Center is typically due within 30 days after an invoice is sent to the customer.

The Center does not have any significant financing components.

Operating revenue is net of sales discounts amounting to approximately \$8,632,000 and \$4,191,000 for the years ended June 30, 2024 and 2023, respectively.

The Center does not estimate expected refunds for services; therefore, the Center does not exclude such amounts from revenues.

#### **Advertising Expenses**

Advertising costs are charged to expense as incurred. The amounts charged to advertising expense totaled approximately \$43,000 and \$38,000 for the years ended June 30, 2024 and 2023, respectively.

#### **Use of Estimates**

The preparation of the special-purpose financial statements in conformity with the terms of the contract agreement requires management to make estimates and assumptions that affect the amounts reported in the special-purpose financial statements and accompanying notes. Actual results could differ materially from those estimates.

#### **Reclassifications**

Certain amounts in the 2023 special-purpose financial statements have been reclassified to conform to the current year's presentation. Such reclassifications had no effect on the operating income (loss) or change in net assets as previously reported.

### **3. Contract Agreement**

The Center is managed and operated by ASM under a contract agreement dated August 8, 2013, as amended. The term of the agreement is from January 1, 2014 to June 30, 2024 and provides ASM with management fees. In September 2024, ASM received notice of their award of a new management contract from the Authority. The new agreement was finalized in December 2024 and terminates on December 31, 2034. ASM is responsible for the Center's sales and marketing efforts within the state of Hawaii and a third party is responsible for sales and marketing efforts outside of Hawaii. For the year ended June 30, 2024, the management fee and incentive fee earned by ASM each individually amounted to approximately \$233,000. For the year ended June 30, 2023, the management fee and incentive fee earned by ASM each individually amounted to approximately \$228,000.

### **4. License and Food and Beverage Agreements**

At June 30, 2024, various clients have contracts with the Center to reserve space for future conventions and events to be held at the Center. These clients signed license agreements with the Center, which require rental payments in advance. At June 30, 2024 and 2023, the Center estimates approximately \$2,212,000 and \$3,203,000, respectively, in future revenues, of which approximately \$833,000 and \$2,226,000,

# Hawaii Convention Center

## Notes to Special-Purpose Financial Statements

### June 30, 2024 and 2023

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respectively, were collected in advance and are included in advance deposits in the accompanying special-purpose statements of assets, liabilities, and net assets.

#### 5. Sales and Marketing

In accordance with Act 253 of the 2002 Session Laws of Hawaii, the Center assumed responsibility for the advertisement and promotion of the Center effective January 1, 2003. The Center entered into an agreement with the Authority whereby the Authority agreed to provide funding for the sales and marketing of the Center. The term of the current agreement was from January 1, 2014 through June 30, 2024. In September 2024, ASM received notice of their award of a new management contract from the Authority. The new agreement was finalized in December 2024 and terminates on December 31, 2034. During the years ended June 30, 2024 and 2023, the Center received approximately \$17,024,000 and \$8,605,000, respectively, from the Authority, of which approximately \$1,220,000 and \$968,000, respectively, was required to be spent on sales and marketing. During the years ended June 30, 2024 and 2023, the Center's sales and marketing expenses were approximately \$1,032,000 and \$959,000, respectively. These sales and marketing costs are included as operating expenses in the accompanying special-purpose statements of revenue, expenses, and changes in net assets. The Center is not required to remit unspent funds back to the Authority provided that the unspent funds are used for sales and marketing in subsequent years.

#### 6. Capital Improvements

Disbursements for property, building and equipment are recorded as a reduction of contributions from the Authority. Disbursements for property, building and equipment were approximately \$13,906,000 and \$1,147,000, respectively, for the years ended June 30, 2024 and 2023. For the year ended June 30, 2024, the Center also recorded approximately \$1,768,000 in capital improvement expenses for property, building and equipment which are included in accounts payable in the accompanying special-purpose statements of assets, liabilities, and net assets.

During the years ended June 30, 2024 and 2023, the Center received approximately \$6,876,000 and \$2,970,000, respectively, from the Authority to be used for emergency capital improvements, budgeted repair or maintenance purchases, and various capital improvement projects. The Center is not required to remit unspent funds back to the Authority provided that the unspent funds are used for capital improvements.

The Center had approximately \$32,027,000 and \$39,376,000 in unspent funds at June 30, 2024 and 2023, respectively. During the years ended June 30, 2024 and 2023, the Center used approximately \$2,200,000 and \$2,558,000, respectively, in restricted cash to cover operational expenses, which is in the process of being reimbursed by the Authority, resulting in approximately \$31,627,000 and \$36,818,000 in restricted cash at June 30, 2024 and 2023, respectively.

#### 7. Pension Plan

The Center has a defined-contribution pension plan for all employees meeting service, age and employment status requirements. The Center matches 100% of an employee's contribution up to the first 3% of the employee's contribution. Contributions to the plan amounted to approximately \$112,000 and \$85,000 for the years ended June 30, 2024 and 2023, respectively.

**Hawaii Convention Center**  
**Notes to Special-Purpose Financial Statements**  
**June 30, 2024 and 2023**

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**8. Contingencies**

The Center may be subject to legal proceedings, claims and litigation arising in the ordinary course of business for which it may seek the advice of legal counsel. Management estimates that the cost to resolve such matters, if any, would not be material to the special-purpose financial statements. However, it is reasonably possible that such estimates may change within the near term.

**9. Subsequent Events**

The Center has reviewed all events that have occurred from July 1, 2024 through March 14, 2025, the date that the special-purpose financial statements were available for issuance, for proper accounting and disclosure in the special-purpose financial statements.

## **Supplementary Information**

**Hawaii Convention Center  
Schedule of Changes in Net Assets  
Years Ended June 30, 2024 and 2023**

**Schedule 1**

	<b>Contributions from the Authority</b>	<b>Accumulated Deficit</b>	<b>Total</b>
<b>Balance at July 1, 2022</b>	\$ 192,532,835	\$ (154,784,145)	\$ 37,748,690
Loss before capital improvement funded expenses, contributions and funds remitted	-	(4,698,506)	(4,698,506)
Capital improvement funded expenses	-	(1,146,555)	(1,146,555)
Contributions from the Authority	8,605,394	-	8,605,394
Remittance to the Authority for completed events revenue	(753,691)	-	(753,691)
<b>Balance at June 30, 2023</b>	<u>\$ 200,384,538</u>	<u>\$ (160,629,206)</u>	<u>\$ 39,755,332</u>
Income before capital improvement funded expenses, contributions and funds remitted	-	2,673,085	2,673,085
Capital improvement funded expenses	-	(15,674,497)	(15,674,497)
Contributions from the Authority	17,024,274	-	17,024,274
Remittance to the Authority for completed events revenue	(4,653,496)	-	(4,653,496)
<b>Balance at June 30, 2024</b>	<u>\$ 212,755,316</u>	<u>\$ (173,630,618)</u>	<u>\$ 39,124,698</u>



**Hawaii Convention Center**  
**Schedule of Revenue, Expenses, and Changes in Net Assets**  
**Year Ended June 30, 2024**

**Schedule 2**

	<b>Convention Center Operations</b>	<b>Sales and Marketing</b>	<b>Total</b>
<b>Operating revenue without restrictions</b>			
Rental income	\$ 4,682,908	\$ -	\$ 4,682,908
Events	4,739,991	-	4,739,991
Food and beverage	17,855,872	-	17,855,872
Other	85,741	-	85,741
Total operating revenue	<u>27,364,512</u>	<u>-</u>	<u>27,364,512</u>
<b>Operating expenses</b>			
Salaries and wages	6,298,518	517,199	6,815,717
Other direct food and beverage costs	4,409,975	-	4,409,975
Utilities	3,094,819	6,175	3,100,994
Contract labor	3,078,608	-	3,078,608
Food and beverage	2,415,139	-	2,415,139
Payroll taxes and benefits	1,828,931	137,992	1,966,923
Building operations	1,278,148	-	1,278,148
Repairs and maintenance	865,696	-	865,696
Management fee	466,400	-	466,400
Insurance	381,414	-	381,414
Software management agreement	238,699	88,342	327,041
Promotion	59	175,374	175,433
Banking and credit card fees	158,202	-	158,202
Furniture, fixtures and equipment	116,018	678	116,696
Employee training	84,472	8,776	93,248
Computer	54,985	366	55,351
Payroll fees	43,901	571	44,472
Advertising	-	42,657	42,657
Professional fees	33,668	4,699	38,367
Travel and entertainment	34,776	3,373	38,149
Sales and use tax	30,236	4,530	34,766
Community relations	14,336	18,848	33,184
Office supplies	26,940	130	27,070
Meetings and conventions	14,946	5,258	20,204
Printing and stationery	3,030	13,581	16,611
Dues and subscriptions	9,966	3,621	13,587
Miscellaneous	207,597	223	207,820
Total operating expenses	<u>25,189,479</u>	<u>1,032,393</u>	<u>26,221,872</u>
Operating income (loss)	<u>2,175,033</u>	<u>(1,032,393)</u>	<u>1,142,640</u>

**Hawaii Convention Center**  
**Schedule of Revenue, Expenses, and Changes in Net Assets**  
**Year Ended June 30, 2024**

**Schedule 2**

	<b>Convention Center Operations</b>	<b>Sales and Marketing</b>	<b>Total</b>
Subtotal carried forward	2,175,033	(1,032,393)	1,142,640
<b>Nonoperating revenue without restrictions</b>			
Contributions from the Authority	8,929,046	1,219,511	10,148,557
Total nonoperating revenue without restrictions	8,929,046	1,219,511	10,148,557
<b>Nonoperating expenses</b>			
Remittance to the Authority for completed events revenue	(4,653,496)	-	(4,653,496)
Capital improvement funded expenses	(15,674,497)	-	(15,674,497)
Total nonoperating expenses	(20,327,993)	-	(20,327,993)
Net assets released from restrictions	15,674,497	-	15,674,497
Increase in net assets without restrictions	6,450,583	187,118	6,637,701
<b>Nonoperating revenue with restrictions</b>			
Contributions from the Authority	6,875,717	-	6,875,717
Interest and dividend income	1,530,445	-	1,530,445
Total nonoperating revenue with restrictions	8,406,162	-	8,406,162
Net assets released from restrictions	(15,674,497)	-	(15,674,497)
Decrease in net assets with restrictions	(7,268,335)	-	(7,268,335)
Increase (decrease) in net assets	\$ (817,752)	\$ 187,118	\$ (630,634)

**Hawaii Convention Center**  
**Schedule of Revenue, Expenses, and Changes in Net Assets**  
**Year Ended June 30, 2023**

**Schedule 2**

	<b>Convention Center Operations</b>	<b>Sales and Marketing</b>	<b>Total</b>
<b>Operating revenue without restrictions</b>			
Rental income	\$ 3,055,819	\$ -	\$ 3,055,819
Events	3,353,570	-	3,353,570
Food and beverage	7,901,374	-	7,901,374
Other	73,487	-	73,487
Total operating revenue	14,384,250	-	14,384,250
<b>Operating expenses</b>			
Salaries and wages	4,461,861	389,834	4,851,695
Utilities	2,905,494	5,046	2,910,540
Contract labor	2,432,278	-	2,432,278
Other direct food and beverage costs	2,322,097	-	2,322,097
Payroll taxes and benefits	1,412,063	93,452	1,505,515
Food and beverage	1,220,490	-	1,220,490
Repairs and maintenance	1,035,670	-	1,035,670
Building operations	850,528	-	850,528
Management fee	456,800	-	456,800
Promotion	40,401	316,008	356,409
Software management agreement	196,116	82,815	278,931
Insurance	251,050	-	251,050
Travel and entertainment	113,772	2,291	116,063
Banking and credit card fees	92,599	-	92,599
Furniture, fixtures and equipment	87,927	-	87,927
Computer	81,251	393	81,644
Employee training	47,028	1,227	48,255
Payroll fees	38,413	1,958	40,371
Advertising	-	38,391	38,391
Professional fees	35,795	-	35,795
Office supplies	22,184	367	22,551
Meetings and conventions	10,044	5,758	15,802
Community relations	1,843	12,565	14,408
Dues and subscriptions	11,041	1,498	12,539
Sales and use tax	10,354	1,668	12,022
Printing and stationery	-	4,607	4,607
Miscellaneous	48,519	1,495	50,014
Total operating expenses	18,185,618	959,373	19,144,991
Operating loss	(3,801,368)	(959,373)	(4,760,741)

**Hawaii Convention Center**  
**Schedule of Revenue, Expenses, and Changes in Net Assets**  
**Year Ended June 30, 2023**

**Schedule 2**

	<b>Convention Center Operations</b>	<b>Sales and Marketing</b>	<b>Total</b>
Subtotal carried forward	(3,801,368)	(959,373)	(4,760,741)
<b>Nonoperating revenue without restrictions</b>			
Contributions from the Authority	4,668,168	966,771	5,634,939
Total nonoperating revenue without restrictions	4,668,168	966,771	5,634,939
<b>Nonoperating expenses</b>			
Remittance to the Authority for completed events revenue	(753,691)	-	(753,691)
Capital improvement funded expenses	(1,146,555)	-	(1,146,555)
Total nonoperating expenses	(1,900,246)	-	(1,900,246)
Net assets released from restrictions	1,146,555	-	1,146,555
Increase in net assets without restrictions	113,109	7,398	120,507
<b>Nonoperating revenue with restrictions</b>			
Contributions from the Authority	2,970,455	-	2,970,455
Interest and dividend income	62,235	-	62,235
Total nonoperating revenue with restrictions	3,032,690	-	3,032,690
Net assets released from restrictions	(1,146,555)	-	(1,146,555)
Increase in net assets with restrictions	1,886,135	-	1,886,135
Increase in net assets	\$ 1,999,244	\$ 7,398	\$ 2,006,642