

Board of Directors Meeting

Wednesday, December 4, 2024
East-West Center | Burns Hall
9:00 a.m.



Remote Meeting
BOARD OF DIRECTORS

Research Corporation of the University of Hawai'i

Date: Wednesday, December 4, 2024 | Time: 9:00 a.m.

Physical Meeting Location: East-West Center Burns Hall 4th Floor, Makai Wing, Room 4005/4009
1601 East-West Road, Honolulu, HI 96848

Join Remote Meeting:

<https://hawaii.zoom.us/j/89038818336?pwd=d2CfFSffjAxBQRMxPY6tbSYyqBrq1i.1>

Password: 352158 Webinar ID: 890 3881 8336

AGENDA

Public Testimony on Agenda Items

Written testimony may be submitted via email to rcuhed@rcuh.com; U.S. mail to 1601 East-West Road, Burns Hall 4th Floor, Makai Wing, Honolulu, HI 96848; or facsimile to (808) 956-0502. All written testimony submitted are public documents and will be posted on the board's website and distributed to the board. Oral testimony will be limited to three (3) minutes per testifier.

1. Call to Order
2. Approval of Minutes of the September 4, 2024 meeting
3. Financial Statements for October 2024
4. Report of Audit Committee
 - a. Audited Report for Fiscal Year ending June 30, 2024
 - b. Ratification of Audit Committee's acceptance of the FY 2024 Financial Audit
5. Executive Director's Report
 - a. New Finance Director
 - b. Replacement of the AS400
 - c. Firearms Policy Update
 - d. Workers' Compensation Claims
 - e. FLSA Overtime Rule Update
 - f. Strategic Plan Update
6. 2025 RCUH Board of Directors Meeting Schedule
7. Adjournment

Reasonable accommodations for people with disabilities are available upon request. Requests for accommodations should be submitted via email to rcuhed@rcuh.com or by calling Kaylee Hull at (808) 956-0503. Requests should include a detailed description of the accommodation needed. In addition, please include a way for RCUH to contact the requester if more information is needed to fulfill the request. Last minute requests will be accepted, but may be impossible to fill.

c: Office of the Lieutenant Governor



DRAFT Minutes

BOARD OF DIRECTORS

Research Corporation of the University of Hawai'i

Wednesday, September 4, 2024

In-Person Location: East-West Center, Burns Hall 4th Floor, 4012

1601 East-West Road, Honolulu, HI 96848

PRESENT: William Haning, David Karl, Ken Kawahara, Jaret KC Leong, Taryn Salmon, Ernest Wilson.
Excused: Vassilis Syrmos

RCUH Staff: Leonard Gouveia, Kira Higa, Glenn Yee, Kaylee Hull
Attorney General's Office: Reese Nakamura

CALL TO ORDER

The meeting was called to order by Interim Chair Karl at 9:18 a.m. He also acknowledged that Regents Haning and Wilson have been re-appointed to another term by the UH Board of Regents. Ms. Hull indicated that no written or oral testimony was received.

APPROVAL OF MINUTES OF THE JUNE 27, 2024 MEETING

Upon motion made (Kawahara), seconded (Wilson), and duly carried, the minutes of the June 27, 2024 meeting were approved as circulated.

APPOINTMENT OF AUDIT COMMITTEE & DELEGATION OF AUTHORITY TO APPROVE FY 2024 AUDITED FINANCIAL STATEMENTS

Chair Karl thanked the previous Audit Committee members for their service, before appointing Wally Chin, Chief Administrative Officer from the Hawaii Community Foundation, as an ad hoc member, as well as Directors Salmon and Wilson. Upon motion made (Kawahara), seconded (Haning), and duly carried, the Board voted to delegate the authority to this Audit Committee to approve the Fiscal Year 2024 audited financial statements.

EXECUTIVE SESSION - MATTERS EXEMPTED BY HRS §92-5(a)(2) [EVALUATION OF EXECUTIVE DIRECTOR]

Upon motion made (Wilson), seconded (Salmon), and duly carried, the RCUH Board of Directors convened in executive session at 9:24 a.m. to consider the evaluation of the RCUH Executive Director, pursuant to Section 92-5(a)(s) of the Hawai'i Revised Statutes.

The meeting resumed at 10:07 a.m. Chair Karl thanked Director Salmon for chairing the Personnel Committee, as well as Directors Kawahara and Wilson for serving on the committee. He reported that RCUH collected feedback from Principal Investigators as well as staff and was pleased to announce that ED Gouveia recorded high marks. A separate discussion will be scheduled at a later time to discuss the results with ED Gouveia. Director Salmon and Chair Karl thanked Ms. Hull for her efforts coordinating the evaluation.

ELECTION OF OFFICERS

In the call for nominations, Director Leong nominated interim Chair Karl to serve as Chair for a full one-year term, seconded by Director Wilson. Ms. Hull called for a vote and the Board unanimously approved Chair Karl's nomination. He thanked the board members for their confidence in him and expressed he hopes to serve the Board as effectively as previous chairs. In the call for nominations for Vice Chair, Chair Karl nominated Director Salmon who was unanimously elected.

FINANCIAL STATEMENTS FOR FISCAL YEAR 2024

Mr. Yee pointed out that these statements are unaudited, and may differ from the actual audited financial statements, which are currently being reviewed. As of June 30, 2024, RCUH's total assets were at \$35.3 million, total liabilities were at \$22.5 million, and total retained earnings remained at \$12.7 million. Mr. Yee recognized that the biggest movement on the balance sheet is the difference in cash as well as the decrease in advances from the University of Hawai'i—both changes are attributed to the transfer of Revolving accounts back to UH. He also highlighted that RCUH's working capital reserve remains at around \$8.64 million, which falls within an acceptable range per RCUH policy. Director Wilson asked whether the reserve amount was adequate and Mr. Yee responded that it should be as it is based upon RCUH's operating expenses as well as planned improvements. ED Gouveia added that in the event an extraordinary expense occurs, RCUH would request funds from UH. Mr. Yee noted that in terms of cash flow RCUH bills the University for reimbursements every week.

Chair Karl inquired whether the reserve funds are invested or remain as cash and Mr. Yee stated that the monies are invested in three ways. The first is a sweep account that holds the majority of RCUH's funds and earns about 5% (but is predicted to decrease). The second avenue is an investment account with First Hawaiian Bank, which holds approx. \$4 million in short-term investments/securities, which earns about 4.5-5.0%. This account was initially opened due to low interest rates, but since rates have improved, we are considering closing the account for more flexibility in terms of cash flow. The last vehicle is TCDs; RCUH has about \$3 million in TCDs currently. ED Gouveia explained that when RCUH possessed the Revolving accounts, we had more available cash to invest, which would reduce the amount of fees that UH had to pay. He believes that since those monies have been returned to the different entities at the University, it may be a lost investment opportunity that UH isn't capitalizing on.

Upon reviewing the statement of revenues, expenses, and changes in net assets, Mr. Yee reported that RCUH accrued \$9.6 million in revenue and recorded \$7.8 million in operating expenses, resulting in approx. \$1.8 million in operating income. He explained that the big driver in the excess budget is due to interest income, which was favorably high. In terms of expenses, RCUH remained at 94.5% of its budget. Mr. Yee pointed out that the expenses in Info Tech Services is overbudget primarily due to the delay with the Lumisight and SAP projects in the Financial Portal. The delay forced RCUH to absorb additional costs to keep its legacy system running. ED Gouveia added that the COVID-19 pandemic also contributed to the delay in this IT project, as RCUH was advised in consultation with the University to put projects on hold for a couple of years. Mr. Yee noted that the Revolving accounts transition, that required reprogramming of our data interface with the UH, was another factor that delayed the rollout.

Director Wilson inquired about the difference in the spending for rental space and equipment. Mr. Yee stated that the \$100,000 decrease in spending in that category is due to the consolidation of RCUH offices at Burns Hall. He noted that the Other category is also overbudget due to the fees for external recruitment services that were not previously budgeted.

Moving on to the Retained Earnings page, Mr. Yee highlighted the Volume of Business in Fiscal Year 2024, which equated to \$354 million in project expenditures that were run through RCUH's system, compared to \$333.9 million the previous year (approx. 6% increase). The current year's expenditures marks the highest amount since 2014. He also pointed out UH's Extramural awards, which totaled a record-high \$621 million. Mr. Yee gave kudos to the UH researchers for bringing in all of these grant awards, which resulted in a 20% increase from last year's previous record. He did not have any comments on the statement of cash flow.

Vice Chair Salmon asked whether there was a particular driver for the high number of expenditures in 2014. Mr. Yee replied that it's a compilation of whatever expenses projects run through RCUH and that he uses the Extramural Awards as a gauge or indicator in terms of what RCUH can expect in terms of hiring and procurement activity. ED Gouveia added that although the number of Extramural awards are high, it does not necessarily mean that all of those additional monies are processed through RCUH as it depends on the project needs, which may or may not need RCUH support. Director Karl shared that the reported Extramural awards, include indirect costs, which goes to the state general fund and University, and does not come to RCUH. Additionally, awards may be expended over a period of five years rather than one year, and funding is dependent upon the execution of the awards. In conclusion, there are various nuances between what is reported and what RCUH actually processes.

Director Wilson asked how the broadband project compares to other projects that have run through RCUH within the last three to four years. ED Gouveia explained that the initial proposal was to process three \$20 million payments, however after further discussions it was agreed to process payments in smaller increments so that UH had more control of deliverables. Other than that, it's processed similar to any other Extramural award. The fact that it was developed as a P3 did make the process more complicated. Although board approval is not required per policy, ED Gouveia will keep this on the Board's radar in the event an incident occurs.

Director Wilson inquired what it will look like going forward, in terms of the flow through RCUH. Chair Karl pointed out that the Sea Grant College recently received a \$64 million award, but isn't sure whether any of those funds will flow through RCUH or not as it is difficult to predict. He noted that general support of research and development is increasing nationally, Hawai'i has a strong congressional delegation that has helped to route funds to the islands, and he believes that it will scale on acquiring a good University president who will think beyond the scope of the Mānoa campus and is connected internationally. Chair Karl stated that the right leadership can build new programs and in his 45 years at UH, he believes the University is on an upswing. He added that RCUH has a very important role to play and it's critical to ensure that legislators understand that. Director Wilson emphasized the importance of the selection of the new UH President. Chair Karl concurred and believes that the candidates should meet with the RCUH Executive Director as part of the interview process to understand the relationship between UH and RCUH.

FINANCIAL STATEMENTS FOR JULY 2024

Mr. Yee explained that this portion reflects just one month of activity so he did not have many comments. In the Statement of Revenues, Expenses, and Changes in Net Assets, he remarked that RCUH should be at 8.3% in terms of budget spent and is not far off from that. Interest income remains on a positive track but Mr. Yee is forecasting that the federal government may begin cutting interest rates in September. He also noted that UH's Ship Operations will transfer back to the University at the end of September, which will result in a \$6 million transfer of monies. Vice Chair Salmon inquired whether this was the last project with a Revolving account and Mr. Yee stated that there's one left, which is the Maunakea Shared Services. It is unsure when that transfer will happen with the State.

In terms of volume of business, RCUH reported \$28.8 million in expenditures, which is 12% more than the same time last year. In closing, Chair Karl suggested that the Extramural awards be reported in constant dollars due to inflation.

Chair Karl thanked Mr. Yee for his presentation and asked for a quick break at 10:41 a.m. The meeting resumed at 10:52 a.m.

PROJECT PRESENTATION: GOFARM HAWAII

ED Gouveia thanked Janel Yamamoto for presenting about GoFarm Hawai'i. She has been an RCUH employee since 2006 and is the Director of GoFarm Hawai'i. Ms. Yamamoto has made a tremendous impact on the GoFarm Hawai'i program and was even recognized as Outstanding Researcher/Project Manager/Professional at the 2018 RCUH Awards Luncheon.

Ms. Yamamoto introduced herself and provided more context about her background. She explained that GoFarm Hawai'i is an extension of the UH College of Tropical Agriculture and Human Resources that is focused on enhancing the state's food security and economy by creating more sustainable farmers. The program started in 2003 when it was recognized that farmers needed business assistance. This resulted in the Agribusiness Incubator Program (AIP), which provided free business coaching for farmers across the state. When staff discovered the lack of experiential programs, the college incorporated a workforce development aspect and formed GoFarm Hawai'i (GFH), which originated at Windward Community College.

Today, there are five sites statewide on four islands, each with full-time farm coaches and incubation programs for GFH graduates. The program has 23 employees that help to provide additional training and educational programs for farmers. She highlighted the variety of programs at GFH, which include the Beginner Farmer Training Program for adult learners who want to start a farm business or work in the agricultural industry. Fees total about \$700 and graduates receive a certificate that is recognized in the local agricultural community. There is no program prerequisite, and the demographics of participants range from 18 to 72.

Ms. Yamamoto reviewed a map of the state with GFH locations and explained that it is a phased program that gives individuals an easy way to opt in and out. Cohorts start in a free AgCurious webinar before transitioning to the 5-week AgXposure program. This helps individuals determine whether they want to pursue farming. If they decide to move forward, individuals register for the 7-month AgXcel program, which gives participants a 1/16th acre plot of land to independently manage. The goal is for participants to sell their produce via Community Supported Agriculture (CSA), as well as find their own customers and write their own business plans, culminating in a final business presentation. Individuals can then apply for the AgIncubator program, which provides 1/8th acre of land that can be scaled up to an acre within a three-year period. During this time, participants are running independent businesses with the ability to use shared equipment, however farmers need to meet with GFH staff every six months and meet specific revenue goals.

Since 2012, 3,000 individuals have completed AgCurious, 100 farmers have incubated with GoFarm Hawai'i, and 600 individuals have graduated from the program. Ms. Yamamoto reported that 90% of graduates end up starting their own farm or work in the agricultural industry. She shared that the AgBusiness services still exist, including 1-on-1 coaching, technical assistance, business training, and resource development. Ms. Yamamoto also highlighted a \$1 million donation to GFH to establish a grant program. As a result, GFH graduates can apply for \$25,000 to either scale their business, purchase equipment, or to make their business more efficient.

In terms of training impact, GFH offered 125 classes to 1,600 attendees in a one-year period. GFH prides itself in local agricultural and business training, in addition to connections to local service providers. She commented on recent developments, such as renewed interest in canoe crops, the expansion of livestock and floral courses, before highlighting a few success stories out of the program.

While providing an overview of the back-end operations of GFH, Ms. Yamamoto pointed out that the program is mainly funded through extramural monies with an annual budget of approx. \$2 million. She explained that there is often a misperception that the program is funded by the University, so it is overlooked when it comes to funding opportunities.

Chair Karl thanked Ms. Yamamoto for the presentation and asked whether GFH has branched out to include backyard aquaculture or aquatic species. She responded that there is a sister program called GoFish Hawai'i that is run by a professor from CTAHR and another one from Sea Grant. They provide the educational aspect, while GFH provides the business aspect, however the program is currently looking for funding. Chair Karl followed up to ask whether the program has explored partnering with international organizations. Ms. Yamamoto said that GFH is part of a national network of farming organizations, but noted that UH program is probably one of the larger programs and often shares its curriculum or knowledge with others. Director Haning exclaimed he was happy to hear about the emphasis on the business and commercial aspect of farming. Ms. Yamamoto agreed that farming is a business, which means it has to at least break even and make sense for their family.

Director Wilson inquired whether the GFH program has been integrated through the community college system. Ms. Yamamoto explained that it's not because most program participants are not concerned about receiving college credit and prefer to jump into the field. Director Wilson referenced his efforts to push for more non-systemic programs at the University, as well as the potential benefits for farming on Hawaiian homelands. Ms. Yamamoto agreed and shared that she recently met with the Department of Hawaiian Home Lands (DHHL) and that they are exploring creating more agricultural lots on Hawai'i Island. They discussed potential opportunities for GFH to help provide recipients with the skillsets they would need to put their land into production. She added that GFH has also been working with Leeward Community College, which has a sustainable agricultural program. For students actually looking to farm, they would be referred to GoFarm Hawai'i, and the program would qualify for their internship or apprenticeship requirement.

Chair Karl asked whether the program has considered vertical farming due to the high cost of land in Hawai'i. Ms. Yamamoto explained that there is an interest in vertical farming, but most individuals want to get in the dirt and sometimes enjoy the cultural aspect of agriculture in Hawai'i. She added that the cost to incubate with GFH is fairly low, and the costs of vertical farming would include electricity and the appropriate infrastructure.

Director Kawahara asked about whether there are any challenges when it comes to access to water. Ms. Yamamoto responded that the access to land is not the issue, rather it is the access to land with the infrastructure in the parcel sizes that make sense for participants. She provided an example of a recent graduate who partnered with the Kokua Hawaii Foundation for ag space and noted that the current generational wealth transfer is resulting in a lot of inquiries regarding potential agricultural land. While wrapping up her presentation, Ms. Yamamoto emphasized that the program is constantly looking for funding and hopes to institutionalize the program at CTAHR. She noted that the CTAHR dean is also exploring ways to incorporate this kind of experiential learning for students.

EXECUTIVE DIRECTOR'S REPORT

LUMISIGHT & SAP IMPLEMENTATION: The Lumisight platform and the refreshed Financial Portal went live on July 15 without any significant problems. He noted that this was due to RCUH and DataHouse's extra efforts to ensure a smooth outcome, including having DataHouse staff onsite at RCUH to troubleshoot issues, and thanked everyone for their hard work and commitment to make this happen. RCUH and DataHouse also hosted a virtual demo attended by 327 individuals. ED Gouveia reported that weekly work sessions with Accounting staff have restarted for the transition of SAP. These meetings were put on hold at one point due to the Lumisight project, Revolving account transition and routine audit work, which resulted in a slight delay from the initial timeline. The current forecast is completion by the end of Q1 in 2025. Mr. Yee explained that the overlapping projects put too much strain on staff time in addition to their regular duties, which is why the decision was made to focus on Lumisight first, and then work on the SAP transition.

FINANCE DIRECTOR RECRUITMENT: The job posting for the Director of Finance position was re-opened on August 5, and RCUH has received a few promising applicants. RCUH is currently scheduling interviews with the individuals.

STRATEGIC PLAN 2024 UPDATE

- **Educate government agencies, private companies, not-for-profits about RCUH's services and capabilities:** ED Gouveia stated that he was in contact with Maui County Chair Alice Lee, who was interested in a presentation to learn about the services RCUH offers that would be able to assist with Maui's needs related to the wildfires. He does plan to present to the Maui Council, but wants to ensure transparency as he would want legislative support. He emphasized the importance of getting the proper approvals before moving forward.
- **Update RCUH website:** RCUH collected feedback on the new website design and is preparing the RFP with hopes to release it in mid-October.
- **New Direct Projects:** There are currently 28 active Direct projects, with three new projects to report: Hi Tobacco Prevention Control Block Grant 7, Elements: Enabling High Precision Citizens Science Photometry from Wide Filed Color Images, and Robust Deep Contract Imaging Self-Calibrating. ED Gouveia shared that he will provide an update at the next board meeting regarding the potential project with Maui County.

ADJOURNMENT

The meeting adjourned at 11:45 a.m. The next Board of Directors meeting is tentatively scheduled for December 4, 2024 and Chair Karl noted that if board members need to participate virtually it should be requested ahead of time as the setup needs to be communicated to various constituencies.

/s/

Kaylee Hull
Executive Administrator

NOTE: Unless otherwise noted in minutes, all motions were passed unanimously.

RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
BALANCE SHEETS
October 31, 2024 and 2023

ASSETS	2024	2023
CASH AND CASH EQUIVALENTS	\$ 14,482,941	\$ 24,599,284
RESTRICTED CASH (RETIREE MEDICAL AND LIFE INSURANCE)	1,700,000	1,700,000
TIME CERTIFICATES OF DEPOSIT	3,000,000	3,000,000
SHORT TERM INVESTMENT	4,203,221	4,005,935
RECEIVABLES		
UNIVERSITY OF HAWAII, NET	3,814,397	-
PREPAID EXPENSES	<u>220,991</u>	<u>212,211</u>
TOTAL CURRENT ASSETS	<u>27,421,550</u>	<u>33,517,430</u>
FIXED ASSETS (Less accumulated depreciation of \$6,571,942 and \$7,975,359 for FY 2025 and FY 2024, respectively)	<u>4,065,195</u>	<u>3,532,398</u>
TOTAL ASSETS	<u>\$ 31,486,745</u>	<u>\$ 37,049,828</u>
LIABILITIES AND RETAINED EARNINGS		
LIABILITIES:		
ACCOUNTS PAYABLE	\$ 299,746	\$ 564,209
ACCRUED EXPENSES AND PAYROLL TAXES WITHHELD	3,056,662	2,966,987
ADVANCES		
UNIVERSITY OF HAWAII, NET	-	8,236,842
OTHER SPONSORING AGENCIES, NET	3,694,905	2,470,335
WORKER'S COMPENSATION RESERVE	2,594,682	2,673,900
UNEMPLOYMENT RESERVE	3,381,928	3,154,465
VACATION PAY OUT RESERVE	<u>688,914</u>	<u>676,154</u>
TOTAL CURRENT LIABILITIES	<u>13,716,837</u>	<u>20,742,892</u>
LEASE LIABILITY	25,669	145,554
SUBSCRIPTION LIABILITY	90,866	140,844
ACCRUED SUPPLEMENTAL RETIREMENT BENEFITS	1,763,776	1,879,834
RETIREE MEDICAL AND LIFE INSURANCE BENEFITS	<u>2,524,089</u>	<u>2,544,139</u>
TOTAL LIABILITIES	<u>18,121,237</u>	<u>25,453,263</u>
RETAINED EARNINGS:		
INVESTED IN CAPITAL ASSETS	4,065,195	3,532,398
DESIGNATED FOR:		
WORKING CAPITAL	8,132,003	6,951,969
PROJECT CONTINGENT LIABILITIES RESERVE	<u>1,168,310</u>	<u>1,112,198</u>
TOTAL RETAINED EARNINGS	<u>13,365,508</u>	<u>11,596,565</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u>\$ 31,486,745</u>	<u>\$ 37,049,828</u>

NOTES:

- 1) This balance sheet does not include accruals for liabilities related to project expenditures.
- 2) Outstanding purchase orders totaled \$123,892,555 and \$66,813,164 at October 31, 2024 and 2023, respectively.

RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE PERIOD ENDED OCTOBER 31, 2024 and 2023

	FYE 6/30/25 BUDGET	YTD ACTUAL	% OF BUDGET	YTD LAST YEAR
REVENUES:				
UNIVERSITY OF HAWAII	\$ 7,840,387	\$ 2,687,211	34.3%	\$ 2,474,146
OTHER SPONSORING AGENCIES	571,795	193,714	33.9%	188,448
INTEREST AND OTHER INCOME	740,000	488,083	66.0%	600,127
TOTAL OPERATING REVENUES	9,152,182	3,369,008	36.8%	3,262,721
OPERATING EXPENSES:				
SALARIES & WAGES	3,890,945	1,284,321	33.0%	1,135,628
FRINGE BENEFITS	982,431	300,125	30.5%	272,300
INFO TECH SERVICES	719,518	243,837	33.9%	282,722
HUMAN RES./PAYROLL SYSTEM	711,407	249,638	35.1%	193,732
SUPPLIES	45,000	17,619	39.2%	31,733
TRAVEL	35,000	7,036	20.1%	1,892
CPA SERVICES	54,450	54,450	100.0%	51,832
UTILITIES	15,000	1,078	7.2%	2,946
RENTAL - SPACE/EQUIP/OTHER	149,000	49,232	33.0%	45,753
REPAIRS & MAINTENANCE	-	-	0.0%	-
BANK FEES	32,000	15,251	47.7%	12,212
TRANSPORTATION	500	-	0.0%	-
BOARD OF DIRECTORS MEETINGS	5,000	518	10.4%	440
INSURANCE	642,000	217,642	33.9%	201,312
PROFESSIONAL/TECHNICAL SUPPORT	305,414	28,776	9.4%	49,821
DISCRETIONARY FUND	10,000	908	9.1%	691
STAFF DEVELOPMENT	24,000	8,438	35.2%	5,552
TRAINING MATERIAL DEVELOPMENT	90,000	55,194	61.3%	52,228
TUITION SUPPORT	75,000	5,748	7.7%	9,007
OTHER	128,555	30,778	23.9%	74,726
DEPRECIATION EXPENSE	708,000	236,000	33.3%	210,400
CLAIMS & SETTLEMENTS	-	-	0.0%	-
PROJ OVERRUNS & DISALLOWANCE	-	-	0.0%	-
TOTAL OPERATING EXPENSES	8,623,220	2,806,589	32.5%	2,634,927
OPERATING INCOME (LOSS)	\$ 528,962	\$ 562,419		\$ 627,794
INVESTMENT IN CAPITAL ASSETS				
FIXED ASSETS	-	33,717		-
IT SYSTEM DEV - INFO TECH SERVICES	675,000	314,136		261,780
IT SYSTEM DEV - HR/PAYROLL SYSTEM	210,000	110,456		50,000
TOTAL INVESTMENT IN CAPITAL ASSETS	\$ 885,000	\$ 458,309		\$ 311,780

**RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
RETAINED EARNINGS (NET ASSETS)
OCTOBER 31, 2024**

CHANGES IN RETAINED EARNINGS

	INVESTED IN CAPITAL ASSETS	WORKING CAPITAL	PROJ CONTING LIABILITIES	TOTAL OPER FUND BALANCE
BEGINNING BALANCE	\$ 3,842,886	\$ 7,791,893	\$ 1,168,310	\$ 12,803,089
OPERATING INCOME	(236,000)	798,419	-	562,419
INVESTMENT IN CAPITAL ASSETS	458,309	(458,309)	-	-
ENDING BALANCE	<u>\$ 4,065,195</u>	<u>\$ 8,132,003</u>	<u>\$ 1,168,310</u>	<u>\$ 13,365,508</u>

VOLUME OF BUSINESS

	FY 2025	FY 2024
UH PROJECTS		
EXTRAMURAL	\$ 101,204,349	\$ 92,151,895
INTRAMURAL (GRS)	7,265,815	8,525,910
REVOLVING & SSF	9,984,400	17,583,066
DIRECT PROJECTS		
FEDERAL	-	20,800
NON-FEDERAL	4,821,887	4,573,953
	<u>\$ 123,276,451</u>	<u>\$ 122,855,624</u>

UH EXTRAMURAL AWARDS

(obtained from UH Office of Research Services)

	FY 2025	FY 2024	VARIANCE	% VARIANCE
Fiscal Year to Date (Jul 01 to Oct 31)	\$ 342,458,440	\$ 181,749,403	160,709,037	88.4%
12 month period (Nov 01 to Oct 31)	782,242,340	449,910,191	332,332,149	73.9%
3 month period (Aug 01 to Oct 31)	276,175,522	157,044,040	(157,044,040)	-100.0%

**RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED OCTOBER 31, 2024 and 2023**

	CURRENT MONTH	FY 2025 YEAR-TO-DATE	FY 2024 YEAR-TO-DATE
BEGINNING CASH BALANCE	\$ 11,915,094	\$ 22,164,986	\$ 31,943,905
Receipts:			
UH Projects	33,743,255	107,248,467	100,179,314
Direct Projects	2,422,906	5,615,425	4,187,959
Revolving Funds and Other	646,898	2,191,755	3,030,722
UH Management Fee	-	-	-
	<u>36,813,059</u>	<u>115,055,647</u>	<u>107,397,995</u>
TCD Redemption	<u>1,000,000</u>	<u>2,000,000</u>	<u>2,500,000</u>
Total Receipts	<u>37,813,059</u>	<u>117,055,647</u>	<u>109,897,995</u>
Disbursements:			
Vendors	19,590,443	60,163,654	58,328,269
UH Payroll Clearing	41	26,353	313,378
Salaries & Wages	9,085,084	36,314,642	33,432,960
Payroll taxes	3,797,413	15,231,032	14,114,535
TIAA-CREF	1,250,796	5,025,626	4,512,529
HMSA/Kaiser/HDS	1,507,686	5,973,385	5,552,174
TCD Purchase	-	2,000,000	1,000,000
Short Term Investment Purchase	-	-	-
Other	-	-	-
	<u>35,231,463</u>	<u>124,734,692</u>	<u>117,253,845</u>
Total Disbursements	<u>35,231,463</u>	<u>124,734,692</u>	<u>117,253,845</u>
Increase(Decrease):			
Petty Cash Balances	(13,749)	(3,000)	1,190
Bank of Hawaii (PR)	-	-	-
Savings - TCD	-	-	-
Retricted Cash - Retiree Health Ben	-	-	-
Other	-	-	10,039
	<u>(13,749)</u>	<u>(3,000)</u>	<u>11,229</u>
ENDING CASH BALANCE	<u>\$ 14,482,941</u>	<u>\$ 14,482,941</u>	<u>\$ 24,599,284</u>

NOTES:

This statement of cash flow does not include transactions for revolving accounts or specialized service facilities which are processed by journal entry transactions.

**RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAI'I
STATE OF HAWAI'I**

FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY
INFORMATION WITH INDEPENDENT AUDITOR'S REPORTS

Fiscal Years Ended June 30, 2024 and 2023



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RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII

STATE OF HAWAII

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Research Corporation of the University of Hawai'i
State of Hawai'i

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Research Corporation of the University of Hawai'i (Corporation), a component of the University of Hawai'i, as of and for the fiscal years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2024 and 2023, and the changes in financial position and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation'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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 Corporation'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 Corporation'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 6 - 12 and the schedule of changes in postemployment health care and life insurance benefits liability and related ratios on page 37 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2024 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 Corporation'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 Corporation's internal control over financial reporting and compliance.

N&K CPAs, Inc.

Honolulu, Hawai'i
October 30, 2024

**RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
STATE OF HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Years Ended June 30, 2024 and 2023**

The following discussion and analysis provides an overview of the financial position and results of operations for the Research Corporation of the University of Hawaii, State of Hawaii ("Corporation") for the fiscal year ended June 30, 2024. It includes selected comparative information with the fiscal years ended June 30, 2024 and 2023. This discussion and analysis should be read in conjunction with the basic financial statements and accompanying notes.

The Corporation is a State agency, established by the Legislature of the State of Hawaii ("State") in 1965, with a mission to support the research and training programs of the University of Hawaii ("University") and to enhance research, development and training the State. The Corporation's exemption from certain of the State's statutes in regards to procurement and human resources gives it flexibility to function more like a business, allowing research and training programs to operate in an efficient manner. The Corporation is not funded by the State and is self-supporting. The Corporation's viability is contingent on proper management of revenues earned from administrative service fees and other income and controlling operating expenses.

The Corporation is attached to the University for administrative purposes as dictated by statute. The Internal Agreement between the University and the Corporation defines the basic responsibilities of each party and fee arrangements for services rendered.

Financial Highlights

In 2024, the Corporation's volume of business (project expenditures) continued on an upward trend. There was a 6% increase in volume of business from 2023 to 2024, which followed a 16% increase from 2022 to 2023 and a 10% increase from 2021 to 2022. The increase in volume of business correlates to an increase in research awards to the University. The Corporation had experienced a leveling of business activity for the years 2016 through 2021, which followed a decline in activity in 2015.

Fiscal Year	Project Expenditures	Annual	
		Amount (Decrease) Increase	Percentage (Decrease) Increase
2024	\$ 354,513,054	\$ 20,614,252	6%
2023	333,898,802	45,921,130	16%
2022	287,977,672	26,682,611	10%
2021	261,295,061	(9,250,362)	(3%)
2020	270,545,423	7,324,395	3%
2019	263,221,027	(12,712,386)	(5%)
2018	275,933,413	(1,754,935)	(1%)
2017	277,688,348	(13,681,774)	(5%)
2016	291,370,122	(10,137,997)	(3%)
2015	301,508,119	(48,131,887)	(14%)

For the fiscal year ended June 30, 2023, the Corporation was required to implement Governmental Accounting Standards Board ("GASB") Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement requires the recognition of a subscription asset and a corresponding subscription liability for a subscription-based information technology

**RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
STATE OF HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
Fiscal Years Ended June 30, 2024 and 2023**

arrangement. As a result of adopting this standard, comparability with reports issued in prior years is affected. It was management's determination that a restatement of the financial statements for 2023 and 2022 was not necessary due to immateriality.

Using the Financial Statements

The financial reports of the Corporation include three statements:

- The statements of net position summarize assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, and present the financial condition of the Corporation at year end.
- The statements of revenues, expenses, and changes in net position summarize the financial results of operations for the fiscal years.
- The statements of cash flows identify the nature and extent of the sources and uses of cash.

The Corporation's statements of revenues, expenses, and changes in net position present the revenues earned and expenses incurred by the Corporation in connection with the administrative support services provided to the University and other sponsoring agencies. The University and other sponsoring agencies are responsible for all programmatic decisions and for authorizing and approving all project expenditures and commitments. The Corporation's responsibilities are limited to providing administrative support services such as human resources, payroll processing, procurement, and disbursement services. Accordingly, the Corporation's statements of revenues, expenses, and changes in net position present the results of the Corporation's operations as a service provider. Project expenditures are accounted for within project accounts and are not reflected in the Corporation's statements of revenues, expenses and changes in net position. However, since the contractual commitments of the projects are in the name of the Corporation, the Corporation's statements of net position include the liability relating to such commitments and a corresponding receivable for reimbursement from the University and other sponsoring agencies.

Additional information essential for obtaining an understanding of the Corporation's financial statements are provided in the accompanying notes to the financial statements.

**RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAI‘I
STATE OF HAWAI‘I
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)
Fiscal Years Ended June 30, 2024 and 2023**

Condensed Statements of Net Position

The Corporation’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2024, 2023 and 2022 are summarized below:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current assets	\$ 54,549,261	\$ 50,412,810	\$ 52,652,187
Capital assets	<u>3,842,885</u>	<u>3,431,018</u>	<u>2,429,469</u>
Total assets	58,392,146	53,843,828	55,081,656
Deferred outflows of resources	<u>34,712</u>	<u>81,799</u>	<u>86,456</u>
Total assets and deferred outflows of resources	\$ <u>58,426,858</u>	\$ <u>53,925,627</u>	\$ <u>55,168,112</u>
Current liabilities	\$ 40,852,629	\$ 37,954,343	\$ 40,419,330
Noncurrent liabilities	<u>3,841,661</u>	<u>4,219,642</u>	<u>4,207,587</u>
Total liabilities	44,694,290	42,173,985	44,626,917
Deferred inflows of resources	<u>929,478</u>	<u>782,871</u>	<u>968,928</u>
Total liabilities and deferred inflows of resources	45,623,768	42,956,856	45,595,845
Net position			
Net investment in capital assets	3,726,351	3,144,620	2,172,035
Unrestricted	<u>9,076,739</u>	<u>7,824,151</u>	<u>7,400,232</u>
Total net position	<u>12,803,090</u>	<u>10,968,771</u>	<u>9,572,267</u>
Total liabilities, deferred inflows of resources and net position	\$ <u>58,426,858</u>	\$ <u>53,925,627</u>	\$ <u>55,168,112</u>

Overall, the Corporation’s financial condition at June 30, 2024 remains stable.

Assets

Current assets consist primarily of cash and cash equivalents, money market mutual funds, time certificates of deposit, investments, and receivables. Current assets increased by 8% from 2023 to 2024 mainly due to an increase in receivables from the University. The increase in receivables from the University is primarily due to the transfer of revolving accounts and related cash balances of \$11,601,671 from the Corporation to the University. Current assets decreased by 4% from 2022 to 2023 mainly due to the timing of receipts from the University for cost reimbursable and advance funded projects.

Capital asset acquisitions for 2024 and 2023 totaled \$1,231,920 and \$1,848,068, respectively. Significant acquisitions were made in 2024 and 2023 to invest in the Corporation’s information technology infrastructure by developing and enhancing software applications for human resources and financial services. Depreciation and amortization expense for 2024 and 2023 was \$737,381 and \$840,329, respectively.

**RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAI'I
STATE OF HAWAI'I
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
Fiscal Years Ended June 30, 2024 and 2023**

Liabilities

Current liabilities consist primarily of accounts payable and accrued salaries. Current liabilities increased by 8% from 2023 to 2024 and decreased by 6% from 2022 to 2023 as a result of the timing of payments to vendors.

Noncurrent liabilities decreased from 2023 to 2024 and remained level from 2023 to 2022. Long-term liability additions for 2024 and 2023 totaled \$532,470 and \$189,627, respectively. Changes in noncurrent liabilities are primarily due to changes in the liability for postemployment health care and life insurance benefits as a result of changes in certain assumptions in the actuarial valuation of the liability.

Net Position

Net investment in capital assets at June 30, 2024 and 2023 totaled \$3,726,351 and \$3,144,620, respectively.

Resources that are not subject to externally imposed restrictions governing their use are classified as unrestricted for financial reporting purposes. Although unrestricted resources are not subject to externally imposed restrictions, the Corporation's unrestricted resources are internally designated for working capital and project contingent liabilities.

**RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAII
STATE OF HAWAII
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
Fiscal Years Ended June 30, 2024 and 2023**

Condensed Statements of Revenues, Expenses, and Changes in Net Position

The Corporation's statements of revenues, expenses, and changes in net position for the fiscal years ended June 30, 2024, 2023 and 2022 are summarized as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenues			
University of Hawai'i	\$ 7,482,045	\$ 7,338,439	\$ 6,705,099
Other sponsoring agencies	<u>574,892</u>	<u>555,513</u>	<u>732,743</u>
Total operating revenues	8,056,937	7,893,952	7,437,842
Operating expenses			
Personnel costs	4,206,023	4,048,929	3,778,162
Data processing services	1,532,546	1,477,290	1,171,655
Depreciation and amortization	737,381	840,329	897,037
Insurance	632,582	586,066	574,374
Professional and technical support	176,827	215,117	261,613
Office and equipment rental	2,122	113,925	179,901
Other expenses	<u>649,211</u>	<u>403,076</u>	<u>506,720</u>
Total operating expenses	<u>7,936,692</u>	<u>7,684,732</u>	<u>7,369,462</u>
Operating income	120,245	209,220	68,380
Nonoperating revenues			
Intergovernmental (Federal awards)			
Revenue	74,791	102,251	349,424
Expense	(74,791)	(102,251)	(349,424)
Interest income	1,628,977	1,186,970	167,550
Unrealized gain (loss)	<u>85,097</u>	<u>314</u>	<u>(144,386)</u>
Increase in net position	1,834,319	1,396,504	91,544
Net position			
Beginning of year	<u>10,968,771</u>	<u>9,572,267</u>	<u>9,480,723</u>
End of year	\$ <u>12,803,090</u>	\$ <u>10,968,771</u>	\$ <u>9,572,267</u>

In fiscal year 2024, management fees earned from the University slightly increased by 2% in comparison to fiscal year 2023. Under the terms of the Internal Agreement, the management fee for extramurally sponsored accounts is based on a percentage of administrative operating expenses. The increase in management fees from the University was primarily due to an increase in administrative operating expenses. The effective rate charged to the University by the Corporation was 3.1% of modified total direct costs for fiscal year 2024. Operating revenues earned from other sponsoring agencies in 2024 was comparable to 2023. The blended indirect cost rate for other sponsoring agencies was 3.1% for fiscal year 2024.

**RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAI'I
STATE OF HAWAI'I
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
Fiscal Years Ended June 30, 2024 and 2023**

In fiscal year 2023, management fees earned from the University increased by 9% in comparison to fiscal year 2022. The increase in management fees from the University was due to an increase in administrative operating expenses. The effective rate charged to the University by the Corporation was 3% of modified total direct costs for fiscal year 2023. Operating revenues earned from other sponsoring agencies decreased as a result of the decrease in volume of business for direct projects. The blended indirect cost rate for other sponsoring agencies was 3.1% for fiscal year 2023.

Operating expenses in fiscal year 2024 increased by 3% in comparison to fiscal year 2023. The increase in administrative operating expenses was primarily due to an increase in personnel costs and other expenses.

Operating expenses in fiscal year 2023 increased by 4% in comparison to fiscal year 2022. The increase in administrative operating expenses was due to an increase in personnel costs and data processing services.

For fiscal year 2024, the Corporation's net position (excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources) increased by \$1,834,319 as a result of the fiscal year's activities, which was mainly driven by nonoperating revenue from interest income of \$1,628,977. For fiscal year 2023, the Corporation's net position increased by \$1,396,504 as a result of the fiscal year's activities, which was mainly driven by nonoperating revenues from interest income of \$1,186,970.

Condensed Statements of Cash Flows

The Corporation's statements of cash flows for the fiscal years ended June 30, 2024, 2023 and 2022 are summarized as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating activities			
Cash received from operations	\$ 8,175,419	\$ 7,763,869	\$ 7,857,216
Cash payments for operations	(7,821,305)	(6,946,897)	(6,302,378)
Project expenditures and reimbursements, net	<u>(10,193,220)</u>	<u>3,057,987</u>	<u>(3,697,056)</u>
Net cash provided by (used in)			
operating activities	(9,839,106)	3,874,959	(2,142,218)
Capital and related financing activities	(1,330,298)	(993,220)	(238,250)
Investing activities	<u>3,263,601</u>	<u>11,858,920</u>	<u>1,860,202</u>
Increase (decrease) in cash	(7,905,803)	14,740,659	(520,266)
Cash, cash equivalents, and restricted cash			
Beginning of year	<u>35,969,798</u>	<u>21,229,139</u>	<u>21,749,405</u>
End of year	\$ <u>28,063,995</u>	\$ <u>35,969,798</u>	\$ <u>21,229,139</u>

**RESEARCH CORPORATION OF THE UNIVERSITY OF HAWAI‘I
STATE OF HAWAI‘I
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)
Fiscal Years Ended June 30, 2024 and 2023**

For fiscal year 2024, the change in net project expenditures and reimbursements was primarily due to the transfer of revolving accounts and related cash balances from the Corporation to the University. Changes in net project expenditures and reimbursements in 2023 and 2022 stem from the timing of receipts from the University for cost reimbursable and advance funded projects. The change in capital and related financing activities in 2024, 2023, and 2022 was due to fixed asset acquisitions which included the development and enhancement of software applications. The change in investing activities in 2024 was mainly due to interest income received on cash deposits and investments. The change in investing activities in 2023 and 2022 was mainly due to the redemption and purchase of time certificates of deposit.

Looking Forward

The University received approximately \$615,700,000 in extramural research and training awards during fiscal year 2024, which was a new record high and an increase of 19% over fiscal year 2023. In 2023, the University received approximately \$515,900,000 in extramural research and training awards, an increase of 2% over fiscal year 2022 and the previous record high for the University. As these awards are service ordered to the Corporation in accordance with the Internal Agreement, management projects the volume of business to increase during fiscal year 2025 and onward.

For the past two years, the Corporation has maintained administrative operating expenses within budget while servicing a high volume of business. The budget for administrative operating expenses for fiscal year 2025 was approved with a 5% increase above the fiscal year 2024 budget. Management strives to continue improving operating efficiency and maximizing its resources, while ensuring that the Corporation meets the needs of the University research community and other clientele.

Research Corporation of the University of Hawai'i
State of Hawai'i
STATEMENTS OF NET POSITION
June 30, 2024 and 2023

	2024	2023
Assets and Deferred Outflows of Resources		
Current assets		
Cash and cash equivalents	\$ 27,337,783	\$ 33,708,864
Time certificates of deposit	3,000,000	4,000,000
Investments	1,656,374	2,205,901
Receivables		
University of Hawai'i	21,611,391	8,031,161
Allowance for doubtful accounts	(5,000)	(5,000)
Total receivables	<u>21,606,391</u>	<u>8,026,161</u>
Prepaid expenses	222,501	210,950
Restricted cash	726,212	2,260,934
Total current assets	<u>54,549,261</u>	<u>50,412,810</u>
Noncurrent assets		
Capital assets, net	<u>3,842,885</u>	<u>3,431,018</u>
Total noncurrent assets	<u>3,842,885</u>	<u>3,431,018</u>
Total assets	<u>58,392,146</u>	<u>53,843,828</u>
Deferred outflows of resources		
Deferred outflows for postemployment health care and life insurance benefits	<u>34,712</u>	<u>81,799</u>
Total deferred outflows of resources	<u>34,712</u>	<u>81,799</u>
Total assets and deferred outflows of resources	<u>\$ 58,426,858</u>	<u>\$ 53,925,627</u>

The accompanying notes are an integral part of these statements.

Research Corporation of the University of Hawai'i
State of Hawai'i
STATEMENTS OF NET POSITION (Continued)
June 30, 2024 and 2023

	2024	2023
Liabilities and Deferred Inflows of Resources		
Current liabilities		
Accounts payable	\$ 18,599,411	\$ 15,491,959
Accrued salaries and other	17,329,459	17,276,931
Advances from other sponsoring agencies	3,973,835	4,032,557
Workers' compensation and unemployment claims reserve	660,075	710,237
Current portion of lease liability	9,868	131,681
Current portion of subscription liability	43,981	49,978
Current portion of accrued supplemental retirement benefits	236,000	261,000
Total current liabilities	40,852,629	37,954,343
Noncurrent liabilities		
Lease liability	15,801	13,873
Subscription liability	46,884	90,866
Accrued supplemental retirement benefits	2,317,458	2,246,169
Postemployment health care and life insurance benefits	1,461,518	1,868,734
Total noncurrent liabilities	3,841,661	4,219,642
Total liabilities	44,694,290	42,173,985
Deferred inflows of resources		
Deferred inflows for postemployment health care and life insurance benefits	929,478	782,871
Total deferred inflows of resources	929,478	782,871
Total liabilities and deferred inflows of resources	45,623,768	42,956,856
Commitments and contingencies		
	--	--
Net Position		
Net investment in capital assets	3,726,351	3,144,620
Unrestricted	9,076,739	7,824,151
Total net position	12,803,090	10,968,771
Total liabilities, deferred inflows of resources, and net position	\$ 58,426,858	\$ 53,925,627

The accompanying notes are an integral part of these statements.

Research Corporation of the University of Hawai'i
State of Hawai'i
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Fiscal Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
University of Hawai'i	\$ 7,482,045	\$ 7,338,439
Other sponsoring agencies	<u>574,892</u>	<u>555,513</u>
Total operating revenues	8,056,937	7,893,952
Operating Expenses		
Personnel costs	4,206,023	4,048,929
Data processing services	1,532,546	1,477,290
Depreciation and amortization	737,381	840,329
Insurance	632,582	586,066
Other expenses	432,695	226,355
Professional and technical support	176,827	215,117
Office supplies and services	94,228	82,338
Professional services	51,832	49,005
Tuition support	50,904	40,478
Training material development	19,552	4,900
Office and equipment rental	<u>2,122</u>	<u>113,925</u>
Total operating expenses	<u>7,936,692</u>	<u>7,684,732</u>
Operating income	<u>120,245</u>	<u>209,220</u>
Nonoperating Revenues (Expenses)		
Intergovernmental (Federal awards)		
Revenue	74,791	102,251
Expense	(74,791)	(102,251)
Interest income		
Cash, cash equivalents, money market mutual fund time certificates of deposit, and investments	1,628,977	1,186,970
Net increase in fair value of investments	<u>85,097</u>	<u>314</u>
Total nonoperating revenues	<u>1,714,074</u>	<u>1,187,284</u>
Increase in net position	1,834,319	1,396,504
Net Position		
Beginning of year	<u>10,968,771</u>	<u>9,572,267</u>
End of year	\$ <u>12,803,090</u>	\$ <u>10,968,771</u>

The accompanying notes are an integral part of these statements.

Research Corporation of the University of Hawai'i
State of Hawai'i
STATEMENTS OF CASH FLOWS
Fiscal Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Receipts for		
University of Hawai'i management fee	\$ 7,600,527	\$ 6,948,142
Other sponsoring agencies indirect cost recoveries	574,892	555,513
Refund for workers' compensation insurance policy premium	--	260,214
Payments to vendors	(3,625,590)	(2,909,335)
Payments for employee compensation	(4,195,715)	(4,037,562)
Project expenditures	(325,195,029)	(315,222,539)
Project cost reimbursements	326,603,480	318,280,526
Payments to University of Hawai'i for revolving account balances	(11,601,671)	--
Net cash (used in) provided by operating activities	(9,839,106)	3,874,959
Cash flows from Capital Related and Financing Activities		
Purchase of capital assets	(1,147,671)	(832,557)
Principal payments on lease liabilities	(132,648)	(118,579)
Principal payments on subscription liabilities	(49,979)	(42,084)
Net cash used in capital and related financing activities	(1,330,298)	(993,220)
Cash Flows from Investing Activities		
Purchase of time certificates of deposits	(1,000,000)	(4,250,000)
Redemption of time certificate of deposits	2,000,000	13,196,000
Redemption of investments	740,658	1,777,039
Interest income received on cash deposits and investments	1,522,943	1,135,881
Net cash provided by investing activities	3,263,601	11,858,920
(Decrease) increase in cash and cash equivalents	(7,905,803)	14,740,659
Cash and Cash Equivalents		
Beginning of fiscal year	35,969,798	21,229,139
End of fiscal year	\$ 28,063,995	\$ 35,969,798
Cash and cash equivalents presented in the accompanying statements of net position		
Cash and cash equivalents	\$ 27,337,783	\$ 33,708,864
Restricted cash	726,212	2,260,934
	\$ 28,063,995	\$ 35,969,798

The accompanying notes are an integral part of these statements.

Research Corporation of the University of Hawai'i
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STATEMENTS OF CASH FLOWS (Continued)
Fiscal Years Ended June 30, 2024 and 2023

	2024	2023
Reconciliation of Operating Income to Net Cash (Used in) Provided by Operating Activities		
Operating income	\$ 120,245	\$ 209,220
Adjustments to reconcile operating income to net cash (used in) provided by operating activities		
Depreciation and amortization	737,381	840,329
Loss on disposal of capital assets	82,672	6,190
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources		
Receivables	(13,580,230)	6,296,992
Prepaid expenses	(11,551)	11,408
Deferred outflows for postemployment health care and life insurance benefits	47,087	4,657
Accounts payable, accrued salaries and other	3,088,494	(2,746,457)
Advances from other sponsoring agencies	(58,722)	(408,466)
Workers' compensation and unemployment claims reserve	(50,162)	(212,028)
Accrued supplemental retirement benefits	46,289	93,656
Postemployment health care and life insurance benefits	(407,216)	(34,485)
Deferred inflows for postemployment health care and life insurance benefits	146,607	(186,057)
Net cash (used in) provided by operating activities	\$ (9,839,106)	\$ 3,874,959
Noncash Investing, Capital, and Financing Activities		
Acquisition of capital assets financed with accounts payable	\$ 71,486	\$ 825,884
Acquisition of capital assets financed with lease liabilities	\$ 12,763	\$ 6,699
Acquisition of capital assets financed with subscription liabilities	\$ --	\$ 183,475
Change in fair value of investments	\$ 85,097	\$ 314

The accompanying notes are an integral part of these statements.

Research Corporation of the University of Hawai'i
State of Hawai'i
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

1. Organization and Summary of Significant Accounting Policies

The Legislature of the State of Hawai'i ("State") established the Research Corporation of the University of Hawai'i ("Corporation") in 1965 for the purposes of promoting, encouraging, initiating, developing and conducting scientific research and investigation in all branches of learning, and for disseminating and making available to the public the benefits of such research and investigation. The Corporation is exempt from any income taxes. The Corporation provides administrative support services to projects of the University of Hawai'i ("University"), the State, and other organizations ("sponsoring agencies"). For these services, the Corporation receives reimbursements for administrative expenses based on a negotiated fee under an agreement between the Corporation and the University ("Internal Agreement") or based on an indirect cost rate predetermined or negotiated with other sponsoring agencies.

The Corporation's Board of Directors consists of two members of the University Board of Regents, three members appointed by the Governor, one member appointed by the Senate President, and one member appointed by the Speaker of the House of Representatives. Additionally, the Vice President for Research of the University serves as a nonvoting ex officio member of the Board.

Financial Statement Presentation and Financial Reporting Entity

The accompanying financial statements of the Corporation have been prepared in accordance with accounting principles generally accepted in the United States of America prescribed by the Governmental Accounting Standards Board ("GASB").

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, established standards for defining and reporting on the financial reporting entity. This statement requires that the financial statements of the University include the financial statements of organizations for which the University is financially accountable and other organizations for which the nature and significance of their relationship are such that exclusion would cause the financial statements of the University to be misleading. As defined by Statement No. 61, the nature and significance of the relationship between the University and the Corporation is such that exclusion would cause the financial statements of the University to be misleading. Accordingly, the financial statements of the Corporation should be included in the University's financial statements.

Measurement Focus and Basis of Accounting

The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

New Accounting Pronouncements

For 2023, the Corporation adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement requires the recognition of a subscription asset and a corresponding subscription liability for a subscription-based information technology arrangement. Changes adopted to conform to the provisions of this Statement should be applied retroactively by reporting the cumulative effect as a restatement of beginning net position. However, the beginning net position as of July 1, 2022 was not restated due to immateriality.

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The GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to better meet the 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 Corporation has not yet determined the effect this Statement will have on its financial statements.

Revenue Recognition

Revenues are recognized when earned and expenses are recognized when liabilities are incurred. Operating revenues and expenses generally result from providing services or goods in connection with the Corporation's principal ongoing operations. The principal operating revenues of the Corporation are management fees and indirect cost recoveries. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Corporation considers all highly liquid debt instruments with original maturities of 3 months or less to be cash equivalents.

Money Market Mutual Fund

The Corporation's investment in the BlackRock FedFund is a money market mutual fund that seeks to maximize current income to the extent consistent with the preservation of capital and maintenance of liquidity.

Investments in the BlackRock Fed Fund are valued at the net asset value ("NAV") of the custodian bank liquid asset portfolio and are generally categorized within Level 1 of the fair value hierarchy. NAV is based on the fair value of the underlying assets held by the fund less its liabilities.

The preceding measurements described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The market volatility of equity based investments is expected to substantially impact the value of such investments at any given time. It is likely that the Corporation's investment in the BlackRock Fed Fund has fluctuated since June 30, 2024.

Additional information on the Corporation's investment in the BlackRock FedFund are as follows:

	<u>2024</u>	<u>2023</u>
Fair Value	\$ 31,927,602	\$ 37,195,604
Unfunded Commitments	None	None
Redemption Frequency	Daily	Daily
Required Redemption Notice	Same as trade date	Same as trade date

Time Certificates of Deposit

Time certificates of deposit with an original maturity greater than 3 months are separately reported. Time certificates of deposit are reported at cost.

Research Corporation of the University of Hawai'i
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NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Investments

Investments in fixed income securities with readily determinable fair values are reported at fair value based on quoted market prices. Unrealized gains and losses on investments are included in the Statements of Revenues, Expenses, and Changes in Net Position. Realized gains and losses are computed as the difference between the proceeds of the sale and the cost basis of the investment sold. The calculation of realized gains and losses is independent of the calculation of net changes in the fair value of investments.

Fair Value Measurements

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

- **Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- **Level 2** - Inputs other than quoted market prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.
- **Level 3** - Unobservable inputs for an asset or liability reflecting the reporting entity's own assumptions of market participants. Level 3 inputs should be used to measure fair value to the extent that observable Level 1 or 2 inputs are not available.

Restricted Cash

Restricted cash consists of the portion of the advances from other sponsoring agencies that are for project expenditures that will occur within one year or less.

Capital Assets

Capital assets, which include office furniture and equipment and computer software acquired for administrative operations, are reported in the financial statements. Management capitalizes office furniture and equipment and computer software costs if the cost is in excess of \$5,000 and \$25,000, respectively, and the useful life exceeds one year. Purchased capital assets are valued at cost.

Depreciation expense is recorded in the financial statements using the straight-line method over the assets' estimated useful lives. Generally, the useful life used for office furniture and equipment and computer software costs is six years.

Furniture and equipment acquired by the Corporation for projects are charged to project expenditures and are not capitalized for financial statement purposes. Title to fixed assets acquired for direct project contracts generally remains with the sponsoring agency. Title to fixed assets acquired for University projects which are serviced by the Corporation passes directly to the University.

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June 30, 2024 and 2023

The Corporation is committed under various lease agreements for office equipment and buildings (office space). The lease agreements provide that the Corporation also pay taxes, maintenance, and certain other operating expenses applicable to the leased equipment and office space. A lease asset is recognized if the present value of the future minimum lease payments for equipment and office space is in excess of \$5,000 and \$25,000, respectively, and the lease term exceeds one year. The lease asset is amortized over the life of the associated agreement.

The Corporation is also committed under various agreements for subscription-based information technology arrangements. A subscription asset is recognized if the present value of future minimum payments for the subscription is \$25,000 and the agreement term exceeds one year. The subscription asset is amortized over the life of the associated agreement.

Deferred Inflows of Resources and Deferred Outflows of Resources

The Corporation accounts for deferred inflows of resources and deferred outflows of resources as an acquisition of resources that are applicable to future reporting periods and a consumption of resources that are applicable to future reporting periods, respectively.

The deferred outflows of resources related to postemployment health care and life insurance benefits resulted from changes in actuarial assumptions and other inputs which will be amortized over a period of 4.85 to 6.05 years which has been actuarially determined. The deferred inflows of resources related to postemployment health care and life insurance benefits primarily resulted from differences between expected and actual experience in the measurement of the total postemployment health care and life insurance benefits liability and will be amortized over a period of 4.74 to 4.98 years which has been actuarially determined.

Retirement Plan

The Corporation sponsors a retirement plan for substantially all employees. The Corporation's policy is to contribute 10% of eligible employees' regular compensation, as defined, to the plan, subject to certain limitations.

Vacation

Employees are credited with vacation at the rate of 168 hours per calendar year. The accumulation of such vacation credits is limited to a maximum of 360 hours at calendar year end. Accumulated vacation for administrative and project personnel has been accrued and reflected in the accompanying statements of net position. Accumulated vacation at June 30, 2024 and 2023 totaled \$6,586,301 and \$7,143,165, respectively.

The Corporation established a vacation payout fringe benefit rate to accumulate a cash reserve to pay for unused vacation hours upon termination of employment. The Corporation's collections, net of payments to terminated employees as of June 30, 2024 and 2023, totaled \$963,315 and \$739,024, respectively. The balance of the accrued liability for earned but unused vacation is included as an offsetting component of the receivable from the University and other sponsoring agencies in the accompanying statements of net position.

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Supplemental Retirement Benefits

Sick leave accumulates at the rate of 14 hours per month of service without limit and is not convertible to pay upon termination of employment. However, an employee who retires in good standing and meets certain eligibility requirements may be entitled to supplemental retirement benefits.

Net Position

Resources are restricted when constraints placed on them are either externally imposed or imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted resources. When both restricted and unrestricted resources are available for use, generally, it is management's policy to use restricted resources first, then unrestricted resources as they are needed. There were no restricted resources at June 30, 2024 or 2023.

Risk Management

Liabilities related to certain types of losses (including torts, theft of, damage to, or destruction of assets, errors or omissions, natural disasters, and injuries to employees) are reported when it is probable that the losses have occurred and the amount of those losses can be reasonably estimated.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

Some agreements with direct projects define the Corporation as the party responsible for administering all aspects of the award, including fulfilling the terms and agreements of the award, and assuring compliance with all requirements.

Reclassifications

Certain amounts in the 2023 financial statements have been reclassified to conform to the 2024 presentation. Such reclassifications had no effect on operating results as previously reported.

Research Corporation of the University of Hawai'i
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NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

2. Cash, Money Market Mutual Fund, and Time Certificate of Deposits

The portion of cash and time certificates of deposits not covered by federal depository insurance is covered by collateral held in the name of the Corporation by third party custodians.

Cash equivalents consist of investments in the BlackRock FedFund money market mutual fund which are not covered by collateral held in the name of the Corporation by third party custodians. However, substantially all of the underlying investments in the BlackRock FedFund money market mutual fund are maintained in assets issued or guaranteed as to principal and interest by the United States Government, its agencies, or instrumentalities.

3. Investments

The following schedule summarizes the fair value and cost of the Corporation's investments at June 30, 2024 and 2023:

	2024		2023	
	Fair Value	Cost	Fair Value	Cost
U.S. Treasury	\$ 1,367,946	\$ 1,440,559	\$ 1,765,351	\$ 1,904,944
U.S. Government agencies	288,428	299,767	440,550	470,006
	<u>\$ 1,656,374</u>	<u>\$ 1,740,326</u>	<u>\$ 2,205,901</u>	<u>\$ 2,374,950</u>

Investments consist of United States Treasury and Government agency securities. The fair value of these investments are primarily based on quoted prices for similar securities and classified as Level 2 in the fair value hierarchy. The net increase in fair value of investments (unrealized gain) for the fiscal years ended June 30, 2024 and 2023 was \$85,097 and \$314, respectively.

Custodial credit risk is the risk that in the event of a financial institution failure, the Corporations' investments may not be returned. The Corporation does not have a deposit policy for custodial credit risk. Investments are classified as to custodial risk within three categories as follows:

- Category 1 includes investments that are insured or registered or securities held by the Corporation or its agent in the Corporation's name.
- Category 2 includes uninsured and unregistered investments with the securities held by the counterparty's trust departments or agent in the Corporation's name.
- Category 3 includes uninsured and unregistered investments, with the securities held by the counterparty or by its trust departments or agent, but not in the Corporation's name.

Investments in United States Treasury and Government agency securities are classified as Category 2.

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Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The price of fixed income securities with a longer time to maturity tend to be more sensitive to changes in interest rates and therefore, are more volatile than those with shorter maturities. The composition of the Corporation's fixed income investments and maturities at June 30, 2024 was as follows:

	2024	Investment Maturities (in Years)		
	Fair Value	Less than 1	1 to 5	More than 5
U.S. Treasury	\$ 1,367,946	\$ 596,908	\$ 771,038	\$ --
U.S. Government agencies	288,428	89,693	198,735	--
	<u>\$ 1,656,374</u>	<u>\$ 686,601</u>	<u>\$ 969,773</u>	<u>\$ --</u>

4. Receivables and Advances

The Corporation's projects are divided into two groups: those administered under the Internal Agreement with the University, and those administered under direct agreements with other sponsoring agencies. Projects are either funded on a cost reimbursable basis or through advance funding. Under cost reimbursable projects, expenditures are initially paid for by the Corporation and are later reimbursed by the University or other sponsoring agencies. Under advance funded projects, the Corporation receives cash in advance of expenditures.

The net receivable balance from the University was comprised of the following at June 30, 2024 and 2023:

	2024	2023
Extramurally sponsored accounts	\$ 28,317,761	\$ 25,342,757
Internally funded accounts	(6,264,288)	(5,403,668)
Research recharge accounts	1,116,629	--
Revolving accounts	278,982	(11,651,136)
Ship operations revolving accounts	(6,730,368)	(3,351,963)
Miscellaneous agency accounts	4,156,035	2,240,050
Management fee	1,321,640	1,440,121
Advance	<u>(585,000)</u>	<u>(585,000)</u>
	<u>\$ 21,611,391</u>	<u>\$ 8,031,161</u>

Advances under direct agreements with other sponsoring agencies in excess of project expenditures totaled \$3,973,835 and \$4,032,557 at June 30, 2024 and 2023, respectively. Cash relating to a portion of the advances of \$726,212 and \$2,260,934 at June 30, 2024 and 2023, respectively, is restricted by the other sponsoring agencies.

Research Corporation of the University of Hawai'i
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NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

5. Capital Assets

Capital assets activity for the fiscal years ended June 30, 2024 and 2023 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
2024				
Capital assets not being depreciated				
Computer software development in progress	\$ 1,868,560	\$ 917,510	\$ (82,672)	\$ 2,703,398
Capital assets being depreciated				
Office furniture and equipment	701,588	26,483	--	728,071
Computer software	<u>8,350,558</u>	<u>275,164</u>	<u>(1,997,466)</u>	<u>6,628,256</u>
Total capital assets being depreciated	<u>9,052,146</u>	<u>301,647</u>	<u>(1,997,466)</u>	<u>7,356,327</u>
Less: Accumulated depreciation				
Office equipment	418,491	70,157	--	488,648
Computer software	<u>7,346,468</u>	<u>498,292</u>	<u>(1,997,466)</u>	<u>5,847,294</u>
Total accumulated depreciation	<u>7,764,959</u>	<u>568,449</u>	<u>(1,997,466)</u>	<u>6,335,942</u>
Capital assets being depreciated, net	<u>1,287,187</u>	<u>(266,802)</u>	<u>--</u>	<u>1,020,385</u>
Lease assets				
Office furniture and equipment	38,025	12,763	(9,342)	41,446
Office space	<u>327,483</u>	<u>--</u>	<u>(327,483)</u>	<u>--</u>
Total lease assets	<u>365,508</u>	<u>12,763</u>	<u>(336,825)</u>	<u>41,446</u>
Less: Accumulated amortization				
Office equipment	17,225	8,357	(9,342)	16,240
Office space	<u>213,856</u>	<u>113,627</u>	<u>(327,483)</u>	<u>--</u>
Total accumulated amortization	<u>231,081</u>	<u>121,984</u>	<u>(336,825)</u>	<u>16,240</u>
Total lease assets	<u>134,427</u>	<u>(109,221)</u>	<u>--</u>	<u>25,206</u>
Subscription assets				
Software subscription	<u>183,475</u>	<u>--</u>	<u>--</u>	<u>183,475</u>
Total subscription assets	<u>183,475</u>	<u>--</u>	<u>--</u>	<u>183,475</u>
Less: Accumulated amortization				
Software subscription	<u>42,631</u>	<u>46,948</u>	<u>--</u>	<u>89,579</u>
Total accumulated amortization	<u>42,631</u>	<u>46,948</u>	<u>--</u>	<u>89,579</u>
Subscription assets, net	<u>140,844</u>	<u>(46,948)</u>	<u>--</u>	<u>93,896</u>
Total capital assets, net	<u>\$ 3,431,018</u>	<u>\$ 494,539</u>	<u>\$ (82,672)</u>	<u>\$ 3,842,885</u>

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June 30, 2024 and 2023

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
2023				
Capital assets not being depreciated				
Computer software development in progress	\$ 427,908	\$ 1,440,652	\$ --	\$ 1,868,560
Capital assets being depreciated				
Office furniture and equipment	526,426	217,242	(42,080)	701,588
Computer software	8,747,655	--	(397,097)	8,350,558
Total capital assets being depreciated	<u>9,274,081</u>	<u>217,242</u>	<u>(439,177)</u>	<u>9,052,146</u>
Less: Accumulated depreciation				
Office equipment	393,701	60,680	(35,890)	418,491
Computer software	7,121,080	622,485	(397,097)	7,346,468
Total accumulated depreciation	<u>7,514,781</u>	<u>683,165</u>	<u>(432,987)</u>	<u>7,764,959</u>
Capital assets being depreciated, net	<u>1,759,300</u>	<u>(465,923)</u>	<u>(6,190)</u>	<u>1,287,187</u>
Lease assets				
Office furniture and equipment	38,025	--	--	38,025
Office space	320,784	6,699	--	327,483
Total lease assets	<u>358,809</u>	<u>6,699</u>	<u>--</u>	<u>365,508</u>
Less: Accumulated amortization				
Office equipment	9,620	7,605	--	17,225
Office space	106,928	106,928	--	213,856
Total accumulated amortization	<u>116,548</u>	<u>114,533</u>	<u>--</u>	<u>231,081</u>
Total lease assets	<u>242,261</u>	<u>(107,834)</u>	<u>--</u>	<u>134,427</u>
Subscription assets				
Software subscription	--	183,475	--	183,475
Total subscription assets	<u>--</u>	<u>183,475</u>	<u>--</u>	<u>183,475</u>
Less: Accumulated amortization				
Software subscription	--	42,631	--	42,631
Total accumulated amortization	<u>--</u>	<u>42,631</u>	<u>--</u>	<u>42,631</u>
Subscription assets, net	<u>--</u>	<u>140,844</u>	<u>--</u>	<u>140,844</u>
Total capital assets, net	<u>\$ 2,429,469</u>	<u>\$ 1,007,739</u>	<u>\$ (6,190)</u>	<u>\$ 3,431,018</u>

6. Long-term Liabilities

Long-term liability activities for the fiscal years ended June 30, 2024 and 2023 were summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
2024					
Lease liability	\$ 145,554	\$ 12,763	\$ (132,648)	\$ 25,669	\$ 9,868
Subscription liability	140,844	--	(49,979)	90,865	43,981
Accrued supplemental retirement benefits	2,507,169	348,558	(302,269)	2,553,458	236,000
Postemployment health care and life insurance benefits	1,868,734	171,149	(578,365)	1,461,518	--
Total long-term liabilities	<u>\$ 4,662,301</u>	<u>\$ 532,470</u>	<u>\$ (1,063,261)</u>	<u>\$ 4,131,510</u>	<u>\$ 289,849</u>

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
2023					
Lease liability	\$ 257,434	\$ 6,699	\$ (118,579)	\$ 145,554	\$ 131,681
Subscription liability	--	182,928	(42,084)	140,844	49,978
Accrued supplemental retirement benefits	2,413,513	330,190	(236,534)	2,507,169	261,000
Postemployment health care and life insurance benefits	<u>1,903,219</u>	<u>218,500</u>	<u>(252,985)</u>	<u>1,868,734</u>	<u>--</u>
Total long-term liabilities	\$ <u>4,574,166</u>	\$ <u>738,317</u>	\$ <u>(650,182)</u>	\$ <u>4,662,301</u>	\$ <u>442,659</u>

At June 30, 2024, future minimum lease payments required under the lease agreements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Future Minimum Payments</u>
Fiscal years ending June 30,			
2025	\$ 9,868	\$ 901	\$ 10,769
2026	10,277	492	10,769
2027	<u>5,524</u>	<u>114</u>	<u>5,638</u>
	\$ <u>25,669</u>	\$ <u>1,507</u>	\$ <u>27,176</u>

At June 30, 2024, the Corporation had outstanding contract commitments related to lease agreements through June 30, 2025 of \$134,664.

For the fiscal year ended June 30, 2023, the Corporation occupied office space under month-to-month leases. The lease agreements provided that the Corporation also pay taxes, maintenance and certain other operating expenses applicable to the leased premises. Total office rental expense for the fiscal year ended June 30, 2023 was \$112,124.

At June 30, 2024, future minimum lease payments required under the subscription agreements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Future Minimum Payments</u>
Fiscal years ending June 30,			
2025	\$ 43,981	\$ 5,997	\$ 49,978
2026	<u>46,884</u>	<u>3,094</u>	<u>49,978</u>
	\$ <u>90,865</u>	\$ <u>9,091</u>	\$ <u>99,956</u>

At June 30, 2024, the Corporation had contract commitments related to software subscriptions through June 30, 2026 as follows:

Fiscal years ending June 30,	
2025	\$ 518,667
2026	<u>146,519</u>
	\$ <u>665,186</u>

Research Corporation of the University of Hawai'i
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NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

7. Net Position

Working Capital

Many of the projects administered by the Corporation are cost reimbursable. The time lag in receiving reimbursements makes the creation of a reserve for working capital necessary. The Board of Directors authorized the designation of a portion of accumulated surplus for this purpose.

Project Contingent Liabilities

The Corporation enters into contracts and agreements in the ordinary course of business on behalf of research projects of the University and other sponsoring agencies. The Internal Agreement and the Corporation's agreements with other sponsoring agencies generally hold the University and the other sponsoring agencies responsible for liabilities resulting from such contracts and agreements. However, due to the risk associated with the Corporation being a party to the contracts and agreements, the Board of Directors authorized the designation of a portion of accumulated surplus to cover such contingent liabilities, which may include, but are not limited to project overruns and disallowances, litigation expenses, professional services, and other project related expenses. For the fiscal years ended June 30, 2024 and 2023, the amount of the designation was increased by \$56,112 and \$30,936, respectively. A separate interest-bearing account is maintained for this reserve.

Unrestricted accumulated surplus at June 30, 2024 and 2023 was comprised of the following:

	2024	2023
Designated		
Working capital	\$ 7,908,429	\$ 6,711,953
Project contingent liabilities	1,168,310	1,112,198
	\$ 9,076,739	\$ 7,824,151

8. Operating Revenues

Under the terms of the Internal Agreement, the Corporation is reimbursed for administrative expenses incurred to provide specialized administrative services to projects of the University. Operating revenues from the University for the fiscal years ended June 30, 2024 and 2023 were as follows:

	2024	2023
Extramurally sponsored accounts	\$ 6,143,000	\$ 5,969,541
Internally funded accounts	495,860	419,655
Revolving accounts	843,185	949,243
	\$ 7,482,045	\$ 7,338,439

Direct agreements with other sponsoring agencies allow for indirect cost recoveries based on a predetermined or negotiated indirect cost rate.

Research Corporation of the University of Hawai'i
State of Hawai'i
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

9. Retirement Plan

The Corporation participates with other institutions in the Teachers Insurance and Annuity Association and College Retirement Equities Fund, a noncontributory defined contribution retirement plan which covers substantially all qualified employees. Employees are eligible to participate in this plan upon completion of one year of service. Required contributions by the Corporation to the retirement plan are based on 10% of eligible employees' regular compensation, as defined. All contributions are fully vested and non-forfeitable when made. While it is expected that this retirement plan will continue indefinitely, the Board of Directors of the Corporation reserves the right to modify or discontinue the plan at any time. Total contributions to the retirement plan for the fiscal years ended June 30, 2024 and 2023 were \$282,005 and \$266,328, respectively.

The Corporation offers supplemental retirement benefits in addition to benefits available under the previously mentioned retirement plan. To be eligible, a terminating employee must be at least age 45 years 4 months, have service of 10 years or more, and have accumulated unused sick leave of 60 days or more. The supplemental retirement benefits amount to 10% of the value of the unused sick leave reduced by 1/2% for each month below the age of 62. The terminating employee may elect to purchase an annuity or receive the benefit in cash. At June 30, 2024 and 2023, the Corporation's accrued supplemental retirement benefits totaled \$2,553,458 and \$2,507,169 respectively, in the accompanying statements of net position. The accrual represents the Corporation's best estimate of future supplemental retirement benefits based on available information. Supplemental retirement benefits paid during the fiscal years ended June 30, 2024 and 2023 were \$302,269 and \$236,534, respectively.

The following is a summary of changes in accrued supplemental retirement benefits for the fiscal years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 2,507,169	\$ 2,413,513
Additions	166,615	244,557
Benefits paid	(302,269)	(236,534)
Adjustments	<u>181,943</u>	<u>85,633</u>
Ending balance	2,553,458	2,507,169
Less: Current portion of accrued supplemental retirement benefits	<u>(236,000)</u>	<u>(261,000)</u>
Noncurrent portion of accrued supplemental retirement benefits	\$ <u>2,317,458</u>	\$ <u>2,246,169</u>

**Research Corporation of the University of Hawai'i
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June 30, 2024 and 2023**

10. Postemployment Health Care and Life Insurance Benefits
Plan Description

The Corporation provides a single employer defined benefit postemployment benefit program. The program provides healthcare and life insurance to eligible employees and/or spouses. To be eligible for these benefits, a retiree must have 10 years of continuous service, 10 years total participation in the retirement plan/term life insurance program, be age 59-1/2 or older, be an annuitant of the RCUH retirement program at the time of application, and retirement status must be in good standing. The Corporation funds the postemployment health care and life insurance benefits plan on a pay-as-you-go basis. Accordingly, there are no assets currently accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided

For health insurance, the Corporation contributes a maximum of \$50 per month per participant (employee and spouse). The retiree and spouse are responsible for payments of any remaining premium balance due. The program was established by the Board of Directors and may be changed or rescinded at the Board's discretion. Effective August 1, 2014, the \$50 per month subsidy was eliminated for participants not already receiving the benefit. Employees remain eligible to participate in the postemployment health insurance program by paying the entire premium costs themselves. Term life insurance in the amount of \$5,000 is provided for the retiree only.

Employees Covered by Benefit Terms

At June 30, 2024 and 2023, the following employees were covered by the benefit terms:

	2024	2023
Retirees and surviving spouses currently receiving benefits	83	86
Active employees	2,373	2,299
Total	2,456	2,385

Total Postemployment Health Care and Life Insurance Benefits Liability

The Corporation's total postemployment health care and life insurance benefit liability at June 30, 2024 and 2023 of \$1,461,518 and \$1,868,734, respectively, was measured as of June 30, 2024 and 2023, and was determined by an actuarial valuation as of that date.

Research Corporation of the University of Hawai'i
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NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Actuarial Assumptions and Other Inputs

The total postemployment health care and life insurance benefit liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Salary Increases:	3.00%, including inflation
Discount Rate:	2024 - 4.21%, based on the S&P Municipal Bond 20 Year High Grade Index as of June 30, 2024.
	2023 - 4.13%, based on the S&P Municipal Bond 20 Year High Grade Index as of June 30, 2023.
Healthcare Cost Trend Rate:	2024 - 7.50%
	2023 - 7.00%
Rate to Which the Cost Trend Rate is Assumed to Decline (Ultimate Trend Rate):	4.50%
Year that the Rate Reaches the Ultimate Trend Rate:	2036
Mortality:	PUBT-2010 Amount-weighted Teachers Mortality Tables, scaled back to 2010, and projected on a fully generational basis using mortality scale MP-2021.

Changes in the Total Postemployment Health Care and Life Insurance Benefits Liability

The following table reconciles the changes in the total postemployment health care and life insurance benefits liability for the fiscal years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 1,868,734	\$ 1,903,219
Increase (decrease) in postemployment health care and life insurance benefits attributed to		
Service cost	90,646	78,824
Interest cost	80,503	80,605
Differences between expected and actual experience	(222,502)	(230,209)
Changes in actuarial assumptions	(335,317)	59,071
Benefits paid to participants	(20,546)	(22,776)
Ending balance	<u>\$ 1,461,518</u>	<u>\$ 1,868,734</u>

Research Corporation of the University of Hawai'i
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NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

The changes in actuarial assumptions for the fiscal year ended June 30, 2024 are primarily due to a change in the election assumption for life insurance coverage based on actual census data. The changes in actuarial assumptions for the fiscal year ended June 30, 2023 are primarily due to a change in per capita claims costs and premiums based on updated premium and census information.

Sensitivity of the Total Postemployment Health Care and Life Insurance Benefits Liability to Changes in the Discount Rate

The discount rate assumption has a significant effect on the amounts reported in the accompanying financial statements. The following presents the total postemployment health care and life insurance benefits liability of the Corporation, as well as what the total postemployment health care and life insurance benefits liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate at June 30, 2024 and 2023:

	1% Decrease	Current Discount Rate	1% Increase
2024	3.21%	4.21%	5.21%
Total postemployment health care and life insurance benefits liability	\$ 1,627,250	\$ 1,461,518	\$ 1,321,232
	1% Decrease	Current Discount Rate	1% Increase
2023	3.13%	4.13%	5.13%
Total postemployment health care and life insurance benefits liability	\$ 2,132,251	\$ 1,868,734	\$ 1,655,798

Sensitivity of the Total Postemployment Health Care and Life Insurance Benefits Liability to Changes in the Healthcare Cost Trend Rate

The health care cost trend rate assumption has a significant effect on the amounts reported in the accompanying financial statements. The following presents the total postemployment health care and life insurance benefits liability of the Corporation, as well as what the total postemployment health care and life insurance benefits liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate at June 30, 2024 and 2023:

	1% Decrease	Current Trend Rate	1% Increase
2024	6.50%	7.50%	8.50%
Total postemployment health care and life insurance benefits liability	\$ 1,368,343	\$ 1,461,518	\$ 1,569,483
	1% Decrease	Current Trend Rate	1% Increase
2023	6.00%	7.00%	8.00%
Total postemployment health care and life insurance benefits liability	\$ 1,780,901	\$ 1,868,734	\$ 1,970,182

Research Corporation of the University of Hawai'i
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NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Postemployment Health Care and Life Insurance Benefits

Prior to retirement, the health insurance premiums for the Corporation's employees are project expenditures and are not reflected on the Corporation's statements of revenues, expenses, and changes in net position. Accordingly, for the fiscal years ended June 30, 2024 and 2023, the Corporation recognized postemployment health care and life insurance benefit expense of \$0. In addition, the net receivable balance from the University and other sponsoring agencies presented in the accompanying statements of net position includes an amount for the postemployment health care and life insurance benefit expense.

At June 30, 2024 and 2023, the Corporation reported deferred outflows of resources and deferred inflows of resources related to postemployment health care and life insurance benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2024		
Changes in assumptions	\$ 34,712	\$ 507,243
Experience gains or losses	--	422,235
Total deferred outflows and inflows of resources	\$ 34,712	\$ 929,478
2023		
Changes in assumptions	\$ 81,799	\$ 394,490
Experience gains or losses	--	388,381
Total deferred outflows and inflows of resources	\$ 81,799	\$ 782,871

Amounts reported as deferred outflows of resources and deferred inflows of resources related to postemployment health care and life insurance benefits will be recognized as follows:

Fiscal Years ending June 30,	Amount
2025	\$ (379,193)
2026	(280,807)
2027	(147,677)
2028	(87,089)
	\$ (894,766)

11. Project Expenditures and Commitments

University Projects

University projects are comprised of extramurally sponsored, internally funded and other projects. The Internal Agreement between the University and the Corporation defines the basic responsibilities of each party. For extramurally sponsored projects, including research and training awards, the University is responsible for fulfilling the terms and conditions of the awards and for assuring compliance with all sponsor requirements, including, but not limited to compliance with applicable laws and regulations. For internally funded and other projects, the University establishes the requirements and, accordingly, retains all decision-making responsibility. While the Corporation is authorized to act as the agent for the University, the Corporation's responsibilities are limited to providing all necessary and required administrative and financial management services in support of the University's projects. All commitments and disbursements of project funds must be authorized and approved by the University's designated official.

Research Corporation of the University of Hawai'i
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NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

Other projects consist of the University's revolving accounts and specialized service facilities. Revolving accounts are self-sustaining, income-generating projects that are established for the purpose of supporting a specialized service facility, a recharge center, or other sales and service activities.

Direct Projects

Direct projects are projects assigned to and accepted by the Corporation from organizations other than the University, including federal and state agencies, international organizations, and other not-for-profit organizations. These projects normally remain under the general and technical supervision of personnel employed by the sponsors and the Corporation's responsibilities are limited to providing administrative services.

Project expenditures, less advances and reimbursements from sponsors, are accounted for within project accounts which are reflected on the Corporation's statements of net position. Except for direct intergovernmental projects that fall under the Corporation's responsibility, these transactions are not reflected on the Corporation's statements of revenues, expenses, and changes in net position. Project expenditures for the fiscal years ended June 30, 2024 and 2023 were as follows:

	<u>University Projects</u>	<u>Direct Projects</u>	<u>Total</u>
2024			
Salaries and wages	\$ 130,249,495	\$ 9,403,412	\$ 139,652,907
Equipment	15,918,367	38,780	15,957,147
Other	<u>194,196,707</u>	<u>4,706,293</u>	<u>198,903,000</u>
	<u>\$ 340,364,569</u>	<u>\$ 14,148,485</u>	<u>\$ 354,513,054</u>
2023			
Salaries and wages	\$ 118,452,986	\$ 8,893,529	\$ 127,346,515
Equipment	17,317,972	106,680	17,424,652
Other	<u>184,475,439</u>	<u>4,652,196</u>	<u>189,127,635</u>
	<u>\$ 320,246,397</u>	<u>\$ 13,652,405</u>	<u>\$ 333,898,802</u>

Project commitments for outstanding project purchase orders that are not reflected in the accompanying statements of net position were approximately \$132,014,000 and \$75,152,000 at June 30, 2024 and 2023, respectively.

12. Risk Management

Torts

The Corporation is involved in various actions, the outcome of which, in the opinion of management, will not have a material adverse effect on the Corporation's financial position.

Property and General Liability Insurance

The Corporation is covered under the statewide insurance program of the State of Hawai'i. Under this program, the Corporation has property damage insurance for all risk losses including windstorm losses, losses from earthquake, flood, boiler and machinery, and terrorism.

Research Corporation of the University of Hawai'i
State of Hawai'i
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

The Corporation has general liability insurance under the State. Major exclusions include pollution, asbestos, airport, aircraft and medical-professional losses. The State program also includes crime insurance.

The Corporation also purchases commercial insurance policies to supplement the State of Hawai'i insurance program, as needed.

The Corporation's insurance policies and those in which it is covered under the statewide insurance program are subject to various deductibles.

Workers' Compensation

The Corporation is self-insured for workers' compensation losses incurred prior to July 1, 1997 and unpaid as of June 30, 1997, and is liable for all workers' compensation claims filed by its employees for that period. Liabilities for workers' compensation claims are established if information indicates that it is probable that liabilities have been incurred and the amount of those claims can be reasonably estimated. These liabilities include an estimate for claims that have been incurred but not reported. At June 30, 2024 and 2023, the workers' compensation reserve amounted to \$352,795 and \$472,245, respectively, and is reported as a current liability in the accompanying statements of net position. This reserve represents the Corporation's best estimate of workers' compensation liabilities based on available information.

The following is a summary of changes in the workers' compensation reserve for the fiscal years ended June 30, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 472,245	\$ 484,611
Payments on claims	(131,880)	(111,406)
Claim adjustment	12,430	71,392
Other (interest credits, etc.)	--	27,648
Ending balance	<u>\$ 352,795</u>	<u>\$ 472,245</u>

For workers' compensation losses incurred after June 30, 1997, including employer's liability losses, the Corporation has a retrospective rated insurance plan with a commercial insurance company. The insurance excludes bodily injury occurring outside of the United States or Canada unless during temporary travel, vessel operations, and damages from harassment, discrimination, termination and other matters as defined.

Unemployment Claims Reserve

The Corporation is self-insured for unemployment claims. Liabilities for unemployment claims are established if information indicates that it is probable that liabilities have been incurred and the amount for those claims can be reasonably estimated. At June 30, 2024 and 2023, the unemployment reserve was \$307,280 and \$237,992, respectively, and is reported as a current liability in the accompanying statements of net position.

13. Commitments

At June 30, 2024, the Corporation had outstanding contract commitments related to software development and maintenance through June 30, 2025 of \$1,414,565.

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MANAGEMENT'S DISCUSSION
AND ANALYSIS**

**Research Corporation of the University of Hawai'i
State of Hawai'i**
**SCHEDULE OF CHANGES IN POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE
BENEFITS LIABILITY AND RELATED RATIOS (UNAUDITED)**
Fiscal Years Ended June 30, 2024, 2023, 2022, 2021, 2020, 2019, and 2018

	2024	2023	2022	2021	2020	2019	2018
Total postemployment health care and life insurance benefits liability							
Service cost	\$ 90,646	\$ 78,824	\$ 118,593	\$ 124,671	\$ 110,852	\$ 89,027	\$ 86,413
Interest	80,503	80,605	55,988	74,773	71,285	89,798	87,228
Differences between expected and actual experience	(222,502)	(230,209)	(199,883)	(174,773)	(99,009)	(574,496)	--
Changes of assumptions or other inputs	(335,317)	59,071	(509,047)	(236,598)	186,375	(53,351)	81,744
Benefit payments	(20,546)	(22,776)	(24,096)	(25,313)	(29,293)	(32,971)	(29,994)
Net change in total postemployment health care and life insurance benefits liability	(407,216)	(34,485)	(558,445)	(237,240)	240,210	(481,993)	225,391
Total postemployment health care and life insurance benefits liability							
Beginning of year	<u>1,868,734</u>	<u>1,903,219</u>	<u>2,461,664</u>	<u>2,698,904</u>	<u>2,458,694</u>	<u>2,940,687</u>	<u>2,715,296</u>
End of year	<u>\$ 1,461,518</u>	<u>\$ 1,868,734</u>	<u>\$ 1,903,219</u>	<u>\$ 2,461,664</u>	<u>\$ 2,698,904</u>	<u>\$ 2,458,694</u>	<u>\$ 2,940,687</u>
Covered-employee payroll	\$ 143,030,000	\$ 130,560,000	\$ 119,460,000	\$ 117,945,000	\$ 112,892,000	\$ 110,401,000	\$ 113,696,000
Total postemployment health care and life insurance benefits liability as a % of covered-employee payroll	1.02%	1.43%	1.59%	2.09%	2.39%	2.23%	2.59%

Changes of Assumptions or Other Inputs

Changes in assumptions or other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2024	4.21%
2023	4.13%
2022	4.09%
2021	2.18%
2020	2.66%
2019	2.79%
2018	2.98%

Notes:

- 1) The Corporation funds the postemployment health care and life insurance benefits plan on a pay-as-you-go basis. Accordingly, there are no assets currently accumulated in a trust that may be used to pay benefits at a future date.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
Research Corporation of the University of Hawai'i
State of Hawai'i

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Research Corporation of the University of Hawai'i (Corporation), as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated October 30, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

N&K CPAs, Inc.

Honolulu, Hawai'i
October 30, 2024



RCUH BOARD OF DIRECTORS MEETING – DECEMBER 4, 2024 EXECUTIVE DIRECTOR'S REPORT

This report presents programmatic updates and summarizes RCUH's major initiatives since the Board's September 4, 2024 meeting. It begins with updates, followed by a status report of the actions taken toward RCUH's 2022-2026 Strategic Plan.

UPDATES

New Finance Director

RCUH is excited to introduce its new Director of Finance, Tracey Heinrich, effective Dec. 2, 2024. Ms. Heinrich will be stepping in for current director Glenn Yee who will be retiring. Ms. Heinrich comes to RCUH from Novartis Biomedical Research, based in San Diego, California. As the Associate Director of Finance and Administration for the company's West Coast operations, she managed over \$60 million in external funding from multiple grantors and was responsible for budgeting, forecasting, treasury management, month-end processes, financial analysis, and reporting. Ms. Heinrich also worked at the University of California, Irvine for four years as a Senior Financial Analyst and held various roles over the course of 17 years at PricewaterhouseCoopers.

Replacement of the AS400

With the successful launch of Lumisight, the refreshed Financial Portal interface, and the completion of the annual external audit, the accounting staff turns their full focus on the conversion of the accounting system to SAP. Multiple meetings (2-3 times per week) with the Datahouse/SAP consultants have started in earnest since Nov. 1. The focus of these SAP sessions has been a reconfirmation and a detailed review of the Chart of Account setup and configuration, a detailed review and resolution of the accumulated Requirements Lists, Fixed Asset setup, and third-party payment processing.

Working with RCUH's current payment processor (Nvoicepay/Corpay) on the conversion to SAP has been a challenge. While several meetings have been held with Nvoicepay/Corpay it is apparent that our payment processor lacks a cohesive process to enable the configuration and testing of SAP with their payment system. Thus far our payment processor has been elusive and unable to commit to a specific time schedule for development and testing. RCUH is researching alternate pay processors that are based locally. The primary drawback of using a local processor is they lack the ability provide vendor enrollment and vendor maintenance as part of the payment process.

At this juncture, the forecasted completion of this project is projected to be pushed back six months to the 2nd quarter of 2025. The estimated additional implementation cost through the 2nd quarter of 2025 is approximately \$500,000, increasing the original project cost from \$2,000,000 to \$2,500,000.

RCUH Firearms Policy Update

In 2017, RCUH developed a Firearms Policy in response to the growing number of employees requiring firearms for their work and the associated risk management needs. The policy was developed in consultation with the University, relevant state agencies, principal investigators, and legal counsel, and it was approved by the RCUH Board of Directors on September 5, 2017. The policy permitted the use of firearms for wildlife eradication or control when such activities are integral to scientific or educational projects and comply with federal, state, and county laws. During this period, RCUH's general liability policy

did not have any exclusions for firearms. RCUH was required to annually disclose firearm-related activities (including employee lists, SOPs, training, certifications, and clearances) to our insurance underwriter as part of the renewal process. Since 2019, no firearm approvals have been issued due to the impact of COVID-19. However, there has been a recent increase in firearm utilization requests. After consulting with UH, it was agreed that RCUH would move forward with allowing firearms use under the Firearms Policy again. Unfortunately, RCUH was recently notified by our insurance carrier that firearms and airguns are no longer permitted under our current liability coverage. This is a significant issue, as over 50 RCUH employees currently use airguns. At this point, the only option is to explore a separate insurance market (covering only the use of firearms/airguns), which will likely be costly and would need to be funded directly by the projects. The RCUH Finance team is actively seeking formal quotes for review.

RCUH Workers Compensation Claim Costs Reduced by 33.8%

For the policy period of July 1, 2021 to July 1, 2022, RCUH's workers' compensation claim cost was \$1,124,926. In an effort to better manage these claims, RCUH HR created a new Benefits/Leave Management Specialist position with a strong emphasis in leave management (i.e., Workers Compensations, FMLA/HFLL, Military, ADA, etc.). Since Michelle Maeda joined the RCUH Benefits team, she has successfully reduced the overall cost of claims and effectively closed numerous workers' compensation cases by increasing RCUH's engagement with the employee, the project/Principal Investigator, and our carrier. To be exact, the cost of WC claims decreased by almost 34% over these past two years.

FLSA Overtime Rule Update

As mentioned in prior Board reports, there was a federal overtime rule that implemented a two-phase approach to increasing the minimum salary threshold for Exempt status employees under the Fair Labor Standards Act (FLSA) overtime regulations. The first increase took effect on July 1, increasing the minimum salary threshold from the current level of \$2,964/month (\$35,568 per year) to \$3,657.33/month (\$43,888 per year). RCUH Recruitment and Employment teams worked closely with PIs and project staff to ensure compliance by the July 1st date. The second increase was set to take effect on January 1, 2025, and it would have increased the minimum salary threshold again to \$4,888 per month (\$58,656 per year).

On Nov. 15, a federal judge in the Eastern District Court of Texas ruled to strike down the Biden administration's FLSA overtime final rule. The ruling strikes down all components of the rule, meaning both the July and January salary thresholds are no longer in effect. The decision applies to all covered employers and employees under the FLSA nationwide. The salary threshold for Exempt employees under the FLSA Salary Level Test will revert to the 2019 regulations (\$35,568/year or \$2,964/month). Previously, RCUH Human Resources updated the Exempt Pay Schedule in response to the July 1, 2024 increase and have decided that the current Exempt Pay Schedule (effective July 1, 2024) will remain as is to ensure competitive pay in today's job market. RCUH HR teams will be working back with the projects on how to address some of the changes that may have already been implemented for the January 1 increase.

ACTIONS TAKEN TOWARD GOAL ACHIEVEMENT RCUH 2022 – 2026 STRATEGIC PLAN

GOAL 2. CLARIFY RCUH'S IDENTITY WITH UH AND THE STATE.

- **Ensure stakeholders understand RCUH's role and limitations.**
 - **Educate government agencies, private companies, not-for-profits about RCUH's services and capabilities.** On Oct. 7, ED Gouveia presented to the Maui County Efficiency Solutions and Circular Systems (ESCS) Committee on RCUH's services. He provided an overview of the types of projects RCUH could accept as Direct Projects, as well as the Master Agreement that guides the relationship between RCUH and Direct Projects.

GOAL 3. REFORM RCUH'S INTERNAL OPERATIONS.

- **Invest in development of RCUH core staff.**
 - **Increase retention of core staff.** RCUH processed 13 terminations for core staff in 2023 compared to just 4 this year. There will be one more termination processed at the end of the year due to an impending retirement for an employee who has been with RCUH for more than 40 years.
 - **Hold an annual RCUH retreat.** RCUH Corporate Services has coordinated an all-staff retreat on Dec. 11 at the UH Mānoa Campus Center Executive Dining Room. The retreat will include professional development training on Agile Project Management and Business Process Improvement.
- **Ensure systems are secure and in compliance with applicable policies, regulations.** RCUH's IT Administrator migrated RCUH to a pair of new firewalls to reduce likelihood of downtime in the event of equipment failure. He also registered RCUH with the Cybersecurity & Infrastructure Security Agency (CISA) for external vulnerability scans and network reports.

In recognition of Cybersecurity Awareness month, Mr. Cera initiated an internal campaign that featured weekly videos on understanding cyber threats, AI and deepfakes, mobile device security, travel security, and incident response. The staff response to these episodic videos were overwhelmingly positive, with some even asking to watch the next "season."

- **Conduct random inspections to ensure internal policies are being followed.** RCUH continues to send random phishing simulations to core staff to promote vigilance when opening emails. Based on the click percentage and type of phishing simulation, RCUH's IT Administrator has a better grasp on core staff's weaknesses and will communicate with staff about the importance of checking for certain red flags.
- **Enhance IT systems to reduce manual processes and eliminate paper documents.**
 - **Develop electronic service order processing for intramural accounts.** Discussions have been continuing with the UH's Office of Research Service (ORS) on the electronic service ordering of intramural accounts. ORS's objective is to automate the intramural account manual service order process by electronically service ordering the intramural accounts to RCUH through the FIS Electronic Data Interchange (FREDI).

Given the urgency of the RCUH's SAP implementation and the complexity of re-configuring SAP with FREDI, it was agreed that the electronic service ordering of intramural accounts will be addressed as an enhancement project following the successful transition to SAP. The forecasted timeframe to address this enhancement is the 4th quarter of 2025.

- **Update Human Resources Portal.** The RCUH Human Resources Portal and Employee Self-Service (ESS) will be updated to a more fluid version on Dec. 9. The new layout provides users with better functionality when using the portals via smartphone or tablet. The RCUH HRIS section will be offering virtual sessions for ESS and HR portal users to preview the system interface prior to the "go live" date.

GOAL 4. INCREASE ENGAGEMENT AND OUTREACH TO CLIENTS.

- **Strengthen relationships with PIs, FAs, and Project Staff.** RCUH HR staff held a total of 10 workshops for both projects and employees since Sept. 10. Topics were customized for each projects'/individuals' needs and ranged from employee benefits to the employee termination process.

Additionally, RCUH recognized its Outstanding Employees of the Year nominees at the 2024 RCUH Awards Luncheon on Nov. 1 at the UH Mānoa Campus Center Ballroom. More than 120 individuals attended the event, which is the highest number of attendees post-pandemic.

Lastly, RCUH continues to cultivate positive relations with research projects by offering our free 2025 wall calendar. This year's calendar features photos from GoFarm Hawai'i and the number of pre-orders have totaled more than 1,400. Calendars will be distributed from the first week of December.

- **Conduct virtual Q&A sessions each quarter on various RCUH-related topics.** The RCUH Employee Benefits section partnered with vendors to feature multiple webinars in October and November to help employees plan for their future. Workshop topics included Medicare 101, Preparing to Care for an Aging Parent, Smart Money Moves, Tax Strategies: The Basics and Beyond, TIAA Quarterly economic and market update, and Myth-busting: Planning and managing healthcare expenses.
- **Coordinate professional development opportunities for project staff.** RCUH collaborated with the Hawaii Employers Council to host a set of virtual trainings on "Managing Conflict in the Workplace." Sessions on Nov. 6 and Nov. 14 were offered to RCUH employees who serve in supervisory roles and a total of 61 individuals attended. Of the 24 individuals who provided feedback, 100% of them strongly agreed/agreed that they'd be able to use what they learned on the job and one attendee described it as "the most helpful of all I've taken in this series."
- **Improve external communications to projects.**
 - **Update RCUH website.** Following the series of focus group discussions, the RCUH Website Redesign team acquired feedback from core staff and made suggestions on the possible reorganization of content to better serve our constituents. The team incorporated this feedback into the development of a Request for Proposal, which was released on Oct. 1 and closed on Nov. 15. RCUH received four proposals from both local and mainland

vendors and is currently meeting with the top three offerors. RCUH anticipates selecting a vendor later this month with work to begin Jan. 15.

OTHER ITEMS OF INTEREST:

- **New Direct Projects:** No new direct projects to report.



2022-2026 STRATEGIC PLAN

The 2022-2026 RCUH Strategic Plan was created by the RCUH Leadership Team and adopted by the RCUH Board of Directors on December 14, 2021. It serves as the basis of a living document to be reviewed annually. Although the primary goals will remain relatively constant, additions and revisions may be made to the objectives and benchmarks as conditions change.

2023 UPDATE KEY

Completed

In Progress/Ongoing

GOAL 1: EVALUATE AND IMPLEMENT RECOMMENDATIONS FROM THE RCUH TASK FORCE		2022	2023	2024	2025	2026
OBJECTIVE	BENCHMARKS					
A. Update the UH/RCUH Internal Agreement	1. Evaluate and determine an appropriate fee structure between UH and RCUH	<input checked="" type="checkbox"/>				
	2. Create specific guidelines for UH and RCUH roles, responsibilities, expectations, and obligations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	3. Complete negotiations no later than April 30, 2022 with an effective date of June 30, 2023	<input checked="" type="checkbox"/>				
	4. Include a clause that requires a review of the Internal Agreement every five years (or earlier)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	5. Evaluate decoupling major infrastructure investments from the UH management fee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
B. Determine the appropriate level of and proper use of RCUH's reserves, line of credit	6. Develop policy regarding appropriate RCUH reserve levels and use, including coverage of UH/RCUH liabilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
	7. Provide board report specific to annual reserve usage 8. Evaluate purpose and need for line of credit	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
C. Collaborate with UH in an effort to minimize IT costs	9. Collaborate with UH IT on replacement of RCUH's AS 400 system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	10. Collaborate with UH IT on solicitation and implementation of MFA system	<input checked="" type="checkbox"/>				
	11. Determine and evaluate areas for possible integration between UH and RCUH systems	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
GOAL 2: CLARIFY RCUH'S IDENTITY WITH UH AND THE STATE.		2022	2023	2024	2025	2026
OBJECTIVE	BENCHMARKS					
A. Clearly define RCUH's role and relationship with UH, State of Hawai'i	12. Revisit the RCUH/State of Hawai'i's Master Agreement and determine if an update or clarification is necessary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	13. Engage with stakeholders to establish guidelines, expectations for RCUH's scope of work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	14. Evaluate and possibly revise RCUH's mission, vision statement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
B. Ensure stakeholders understand RCUH's role and limitations	15. Increase engagement with board members	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	16. Develop marketing strategy, materials for outreach purposes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	17. Educate government agencies, private companies, not-for-profits about RCUH's services and capabilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

GOAL 3: REFORM RCUH'S INTERNAL OPERATIONS.		2022	2023	2024	2025	2026
OBJECTIVE	BENCHMARKS					
A. Identify and implement efficiencies in RCUH's operations	18. Evaluate internal procedures and streamline for efficiencies	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	19. Perform operational audit/SWOT analysis and consider recommendations for improvements	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	20. Identify and prioritize RCUH services to accommodate budget reduction, if necessary					
	21. Evaluate current roles/positions to consider modification of RCUH's organizational chart	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	22. Develop a formal remote work policy	<input checked="" type="checkbox"/>				
	23. Establish a single physical location for core staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
	NEW: Develop procedure for annual cleanup of directories in Finance and Training Portals			<input checked="" type="checkbox"/>		
	NEW: Complete journey mapping of the RCUH workflow			<input type="checkbox"/>		
B. Invest in development of RCUH core staff	24. Professional development plan for core staff developed and implemented as necessary and appropriate for each position	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
	25. Develop SOPs for each core staff position	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
	26. Utilize and implement feedback from core staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	27. Increase retention of core staff	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
	NEW: Hold an annual RCUH retreat		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	NEW: Address staffing shortage			<input checked="" type="checkbox"/>		
	NEW: Commit to one project site visit each year			<input checked="" type="checkbox"/>		
	NEW: Provide customer service training for core staff		<input checked="" type="checkbox"/>			
	NEW: Provide training on how to address performance			<input checked="" type="checkbox"/>		
C. Ensure systems are secure and in compliance with applicable policies, regulations	28. Perform security audit of RCUH practices and consider recommendations for improvements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	29. Implement MFA for all RCUH systems no later than calendar year 2023	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	30. Develop and implement an action plan for data and systems security	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	31. Conduct random inspections to ensure internal policies are being followed	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
	NEW: Create new IT policies and procedures		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

GOAL 3: REFORM RCUH'S INTERNAL OPERATIONS. (CONTINUED)		2022	2023	2024	2025	2026
OBJECTIVE	BENCHMARKS					
D. Reduce the administrative burden for researchers	32. Re-evaluate RCUH's policies and procedures by the end of 2023 ; modify as appropriate	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	33. Develop digital user guides, manuals for RCUH transactions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
E. Enhance IT systems to reduce manual processes and eliminate paper documents*	34. Re-evaluate and prioritize IT initiatives based on available budget, priority, and ease of implementation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
	35. Replace AS 400 system	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	36. Develop electronic service order processing for intramural/ revolving accounts	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
	NEW: Create more user-friendly online travel forms			<input type="checkbox"/>		
	NEW: Develop automatic email notifications for Financial Portal transaction approvals			<input type="checkbox"/>		
	NEW: Implement an Enterprise Integration and Application Development Platform		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	NEW: Evaluate single sign-on platform			<input type="checkbox"/>		
	NEW: Overhaul Electronic Hiring System			<input type="checkbox"/>		
NEW: Update Human Resources Portal			<input checked="" type="checkbox"/>			
NEW: Implement eTimesheet updates, ePAF enhancement			<input type="checkbox"/>			

MAJOR ACHIEVEMENTS IN 2024

- Transferred the majority of Revolving Accounts back to the University by July 7 deadline
- Implemented an Enterprise Integration and Application Development Platform
- Updated the HR Portal and Employee Self-Service (ESS) to the Fluid platform
- Implemented Two-Factor Authentication for the Financial Portal, HR Portal, and ESS
- Increased retention of core staff
- Increased the number of professional development opportunities for RCUH project staff
- Establishing an internal Cyber Security Incident Response manual for core staff
- Implemented an electronic Open Enrollment form to reduce the burden on employees

GOAL 4: INCREASE ENGAGEMENT AND OUTREACH TO CLIENTS.		2022	2023	2024	2025	2026
OBJECTIVE	BENCHMARKS					
A. Strengthen relationships with PIs, FAs, and Project Staff	37. Consider focus groups with PIs, FAs, and Project Staff to generate ideas on efficiencies and create consistencies	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	38. Schedule annual meetings on all islands for RCUH Leadership Team and PIs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	39. Conduct virtual Q&A sessions each quarter on various RCUH-related topics	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	40. Coordinate professional development opportunities for project staff	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	NEW: Host an RCUH Open House			<input type="checkbox"/>		
B. Improve external communications to projects	41. Develop communication strategy based on use of current platforms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	42. Respond to inquiries in a timely manner	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	43. Conduct annual forum on research-related topics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
	44. Collaborate with UH on transparency and use of targeted communications (consider adoption or modification for RCUH needs)					
	NEW: Develop style guidelines, procedure for external communications			<input checked="" type="checkbox"/>		
	NEW: Update RCUH Website			<input checked="" type="checkbox"/>		
	NEW: Provide training on RCUH's policies & procedures by department/section to ensure consistent communications with projects			<input type="checkbox"/>		

WHAT'S TO COME IN 2025

- Complete the replacement of the AS400
- Update RCUH Website
- Procurement outreach and training for Project Staff and FAs
- Automate UH Intramural account service orders through FREDI
- Meetings on all islands by the RCUH Leadership Team
- Overhaul Electronic Hiring System

**2025 MEETING CALENDAR
RCUH BOARD OF DIRECTORS**

Date	Time	Location
March 5, 2025	9:00 – 11:30 am	Burns Hall, 4005/4009
June 4, 2025	9:00 – 11:30 am	Burns Hall, 4005/4009
September 3, 2025	9:00 – 11:30 am	Burns Hall, 4005/4009
December 3, 2025	9:00 – 11:30 am	Burns Hall, 4005/4009

NOTE: Dates are subject to change if quorum is lost.