

‘ŌLELO COMMUNITY MEDIA’S RESPONSE TO THE DEPARTMENT OF
COMMERCE AND CONSUMER AFFAIRS
FIRST REQUEST FOR INFORMATION

RELATED TO ‘ŌLELO’S APPLICATION TO PROVIDE
PEG ACCESS SERVICES ON O’AHU
December 22, 2011

1. Financial audit. The Applicant refers to an independent audit conducted by N&K CPAs of its 2010 financial statements on page 17 of its October 25, 2011 “Application to Provide PEG Access Services” (“Application”). Please provide a copy of this audit to DCCA for public review. If the Applicant believes that it previously submitted a copy of the audit to DCCA, please confirm the submission date.

‘Ōlelo Response:

The 2010 Financial Audit by N&K is attached as Appendix A. Our records indicate that this was originally submitted to the DCCA on June 6, 2011.

2. Viewership Survey. The Applicant refers to a viewership survey conducted in May 2011 by Ward Research on page 22 of its the Application. Please provide a complete copy of this viewership survey to DCCA for public review.

‘Ōlelo Response:

The May 2011 Viewership Survey conducted by Ward Research is attached as Appendix B.

3. Proposal for PEG Access Services to PEG Institutions and Governmental Entities.
 - a. The Applicant proposes to continue providing PEG access services for O’ahu that it provides today on page 47 of the Application. For 2011, the Applicant received \$4,726,482 in Access Operating Fees (“AOFs”) for the provision of these services. For 2012, it is anticipated that the Applicant will be paid \$4,887,182 in AOFs for the provision of these services. However, under Funding Scenario I on page 52 of its Application, the Applicant is seeking \$5.2 million in year 1 in AOFs. This amount exceeds the Applicant’s 2011 AOFs by \$473,518 and the Applicant’s estimated 2012 AOFs by \$312,818. Please provide a detailed explanation as to why the Applicant should receive more AOFs under a new contract.

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‘Ōlelo Response:

‘Ōlelo is requesting additional operating funds in order to eliminate shortfalls without reducing services. For a number of years expenses have exceeded revenues. These annual shortfalls are reflected as negative “change in net assets” in our financial reports of **(-\$723,215) in 2008; **(-\$590,402)** in 2009; and **(-\$404,907)** in 2010. These large losses were due to increased expenses such as healthcare insurance, ground lease rent, and electricity costs. During that same period ‘Ōlelo staff has been downsized through a combination of layoffs and attrition. A number of key positions are currently unfilled, including Traffic Manager, Playback Manager, IT Manager, and Chief Operating Officer.**

Remaining staff has also been affected. Other than limited promotional increases, ‘Ōlelo staff have not received pay raises in 4 years. During the same period they’ve been required to contribute more towards family healthcare coverage. Additionally, ‘Ōlelo’s contributions to the company-sponsored retirement plan has been reduced in recent years to just 1% of salary. At this level of contribution, our staff will not have adequate savings when they retire.

The persistent shortfalls have resulted in the reduction in non-restricted investments from \$3.6 million in 2008; to \$3.1 million in 2009; and to \$2.4 million in 2010. These investments represent reserves intended to provide a financial cushion for ‘Ōlelo to withstand any major disruption in funding or extraordinary expenses. The year-end 2010 level represents less than 6 months of annual expenses. ‘Ōlelo believes that keeping approximately 6 months of reserve funding is prudent.

The estimated 2012 AOFs will continue this shortfall trend. The requested increase in funding is intended to ensure revenues equal or exceed expenses. Without the increase ‘Ōlelo will be forced to consider eliminating services, closing media centers and further reducing staff. For its part, ‘Ōlelo has been supplementing AOFs through expanded pursuit of donations, fees, and grants; these supplemental funds have been considered in our request for the increasing the AOFs.

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- b. On November 15, 2011, DCCA received the Applicant’s November 14, 2011 letter transmitting its proposed 2012 Operating Budget (see, Attachment “A”). In its Operating Budget for 2012, the Applicant anticipates that it will expend \$5,563,770 to provide PEG access services. However, the Applicant’s letter indicated that it would be working on increasing revenues and reducing costs. Assuming that the Applicant receives the AOFs requested under its Funding Scenerio I, please explain how the Applicant intends to make up the shortfall between the amount of revenues (\$5.2 million) it will receive and its projected expenses (\$5,563,770) for 2012.

‘Ōlelo Response:

In addition to AOFs, ‘Ōlelo has developed other sources of income that are used to advance our mission. The two primary sources are tenant rents and common area maintenance payments for space leases on portions of our building in Māpunapuna. We also receive interest income from the investments of our operating and capital reserve funds. Unfortunately, the current low interest rate environment and our declining reserve funds have impacted interest income.

Also included in our projections are monies received from donations, training fees, grants, Youth Xchange sponsorships, and miscellaneous other sources. We are making a concerted effort to increase revenues from these sources, but currently these are not significant. Cumulatively, all these above mentioned revenues are budgeted to make up the operating shortfall.

- c. PEG Access Channel Management, page 47. In its 2010 Annual Activity Report dated February 28, 2011 (see, Attachment “B”), page 1, the Applicant reported the following:

| Sector | Total hours of First Run Programming | | | | |
|------------|--------------------------------------|----------|----------|-----------|---------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 (projected) |
| Public | 4,076.45 | 4,473.92 | 4,549.05 | 4,942.78* | 5,083** |
| Government | 1,562.23 | 1,165.75 | 1,333.17 | 1,217.85 | |
| Subtotal | 5,638.68 | 5,639.67 | 5,882.22 | 6,160.63 | |

*Average # of public hours – 4,510.55

**Application on page 26

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However, on page 47 of the Application, the Applicant proposes to produce a minimum of 4,000 local, first-run program hours for cablecasting annually which is significantly below the amount produced over the past two years and the amount projected for 2011. Please explain the difference in the Applicant’s proposed minimum for local first-run program hours with its actual performance over the past four years.

‘Ōlelo Response:

The 4,000 hours of local, first-run programs that are proposed in ‘Ōlelo’s application is meant to express a minimum expectation that we believe the State should expect any PEG provider on O’ahu to be able to maintain. ‘Ōlelo looks forward to sustaining the growth we have managed in local program hours over the years. That being said, it is prudent to set this multi-year contract standard based on an amount of program hours that still demonstrates robust participation in community access but not tie a set number of hours to program goals which may fluctuate from year to year.

- d. PEG Access Channel Management, page 47. The Applicant proposes to work with government entities or their contractors and cablecast hearings (e.g., legislative hearings) live.
- i. Identify which types of government hearings the Applicant plans to cablecast live.

‘Ōlelo Response:

Current partnerships with government cover State Legislature and City Council meetings at the Capitol and Honolulu Hale, respectively. Increased funding would permit expanding coverage to include Council or Legislature meetings at other venues on O’ahu.

‘Ōlelo intends to work with all branches of government including City, State, Federal, Administrative, Legislative and Judiciary to expand hearing coverage.

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- ii. What specific governmental entities will have its hearings cablecast live by the Applicant?

‘Ōlelo Response:

‘Ōlelo proposes that consultation first occur with the government entities to determine a proper distribution of G-budgeted resources (25%). Examples of the governmental entities that may be served are detailed in ‘Ōlelo’s application, page 50.

- iii. Specify the number of hearings and/or hours of live hearings that the Applicant intends to cablecast on a live basis?

‘Ōlelo Response:

Increasing ‘Ōlelo’s funding by \$1.8 million and dedicating 25% (\$450 thousand) to Government purposes, when added to the amounts appropriated by the City Council and Legislature for their existing contracts, will more than double the total number and/or hours of live hearings.

- e. PEG Access Facilities and Equipment Management, page 48. In its Application, the Applicant states that it will continue to provide and maintain equipment for use by the State Legislature, City and County of Honolulu Administration, and Honolulu County Council.
 - i. Please clarify whether the Applicant intends to replace old or broken equipment with new equipment as needed for use by the State Legislature, City and County of Honolulu Administration, and Honolulu County Council?
 - ii. Will the cost for replacement and upgrades be included within the scope of the contract negotiated?

‘Ōlelo Response:

‘Ōlelo intends to replace and maintain equipment in use by State Legislature, City and County of Honolulu Administration, and City Council. ‘Ōlelo believes this equipment is covered in the DCCA’s assessment of capital needs for the government portion of PEG. The cost for replacement and upgrades has historically been included in the scope of the capital funding provided by Oceanic Time Warner Cable. The normal replacement schedule of equipment is accounted for in our long-term capital funding plan, which is currently subject to

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arbitration with Oceanic Time Warner Cable. The amount and timing of any equipment replacement is therefore dependent on the arbitration outcome.

- f. PEG Access Facilities and Equipment Management, page 48. In its Application, the Applicant states that it will continue to partner with Hawaii State DOE by providing video production equipment at on-campus locations.
- i. Please clarify whether the Applicant intends to replace old or broken equipment with new equipment as needed for use by the schools at their on-campus locations?
- ii. Will the cost for replacement and upgrades be included within the scope of the contract negotiated?

‘Ōlelo Response:

‘Ōlelo intends to replace and maintain equipment in use by existing CMC locations at partner DOE schools. ‘Ōlelo believes this equipment is covered in the DCCA’s assessment of capital needs for the educational portion of PEG. The cost for replacement and upgrades has historically been included in the scope of the capital funding provided by Oceanic Time Warner Cable. The normal replacement schedule of equipment is accounted for in our long-term capital funding plan, which is currently subject to arbitration with Oceanic Time Warner Cable. The amount and timing of any equipment replacement is therefore dependent on the arbitration outcome.

- g. Video Production Training, page 48. The Applicant proposes to continue to provide video production training to no fewer than 200 members from the general public annually from basic training through advanced courses. The Applicant also proposes to provide video training to no fewer than 200 students through its CMCs as well as through online media enrichment programs. However, on page 3 of its 2010 Annual Activity Report dated February 28, 2011 (see, attached), the Applicant reported that 1,515 students in 2009 and 1,091 students in 2010 completed training and received certifications.
- i. Please explain the difference in the number of students trained annually in 2009 and 2010 by the Applicant, and the number of students the Applicant proposes to train each year under a new contract. Why is there a significant difference in these figures?

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‘Ōlelo Response:

Beginning in 2011, ‘Ōlelo changed the way it offers classes and issues certifications. In the past, ‘Ōlelo provided classes on an ala-carte basis and issued individual certifications to students per class type. Beginning in 2011, ‘Ōlelo revised its basic production class curriculum and now offers the basic class as one comprehensive introduction to all productions areas (producer, camera and editing). This will result in one certification which covers all three areas rather than the three separate certifications that were previously received by students enrolled in Producer, Camera and Edit classes. The figure provided in the 2010 Annual Activity Report notes that 237 students were certified as Producers in 2010. ‘Ōlelo’s proposed minimum of 200 certifications of members of the general public should be reviewed within this context.

As previously stated in response to question 3 c, ‘Ōlelo’s application is meant to express a minimum expectation that we believe the State should expect any PEG provider on O’ahu to be able to maintain. ‘Ōlelo looks forward to continuing our training program and has invested in the development of improved curriculum and staff training so that enrolled community members have the benefit of an excellent training program. We continue to believe it is prudent to set this multi-year contract standard based on an amount of trained students that demonstrates robust participation in community access rather than tie a fixed number of certified individuals to training goals which may fluctuate from year to year.

- ii. For each of the past 5 years, specify the number of students who received training, completed training, and received certifications from the Applicant.

‘Ōlelo Response:

This information is available in ‘Ōlelo’s Annual Reports to the DCCA. The following table summarizes the information previously provided in those reports:

**‘ŌLELO COMMUNITY MEDIA’S RESPONSE TO DCCA’S FIRST REQUEST FOR INFORMATION
RELATED TO ‘ŌLELO’S APPLICATION TO PROVIDE PEG ACCESS SERVICES ON O‘AHU**

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| Class Name | Total Number of Enrolled Students | | | | | Total Number of Students that Completed and received Certifications | | | | |
|------------------------|-----------------------------------|-------------|-------------|-------------|-------------|---|-------------|-------------|-------------|-------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Year | | | | | | | | | | |
| Mini Camera | 526 | 521 | 604 | 503 | 409 | 392 | 305 | 461 | 436 | 367 |
| Final Cut Pro | 517 | 530 | 531 | 595 | 472 | 363 | 319 | 439 | 512 | 405 |
| Producer | 476 | 542 | 536 | 477 | 367 | 281 | 329 | 409 | 406 | 237 |
| Feather Pack | 203 | 123 | 191 | 73 | 74 | 197 | 106 | 161 | 73 | 67 |
| EFP/Van | 6 | 12 | 8 | 32 | 0 | 6 | 12 | 8 | 32 | 0 |
| Studio | 88 | 33 | 30 | 60 | 18 | 99 | 38 | 19 | 56 | 15 |
| Total Instances | 1816 | 1761 | 1900 | 1740 | 1340 | 1338 | 1109 | 1497 | 1515 | 1091 |

- h. Community Outreach, page 48. In its Application, the Applicant states that it will continue to provide its services at multiple locations throughout O‘ahu as appropriate to accomplish “this diversity.” Specify the minimum number of locations in each of the next five years where the Applicant intends to provide PEG access services.

‘Ōlelo Response:

Currently, ‘Ōlelo operates satellite media centers in Wai‘anae, Waipahu, Wahiawā, Kahuku, Kaneohe, Pālolo, and at the State Capitol. These centers allow us to offer our services to diverse and geographically separated communities. It is our intention to keep all of these facilities open, and also to eventually serve the East Honolulu community. However, future plans depend on overall funding and costs associated with operating these facilities, as well as overall community usage.

It should be noted that centers at Leeward Community College and Windward Community College were relocated to Waipahu Intermediate School and King Intermediate School in large part to bolster community use. Similarly, we are planning to move from Jarrett Middle School located in Pālolo to Kaimukī High School because clients will have a better and more conveniently located facility.

The State Capitol facility has its own unique circumstances. ‘Ōlelo’s continued presence there is dependent upon the

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availability of space and the desire of legislative leadership to have us continue to have a media center there.

In summary, because of future uncertainties in funding, expenses, and usage, we would prefer to not make a five-year commitment to a fixed number of locations. That said, it is our intention to increase rather than decrease community outreach.

- i. In-House Productions, page 49. In its Application, the Applicant proposes to produce no fewer than 100 in-house production programs annually. Is there a minimum number of minutes that must be produced to qualify as a “program”? If yes, what is that minimum number?

‘Ōlelo Response:

In-house productions include facilitated production as well as promotional videos which can range from 5 minutes to 2 hours. ‘Ōlelo’s application reflects a minimum number of programs which will include programs generated from ‘Ōlelo services including Executive Productions and other Easy Access services. Programs generated by these services have a minimum of 15 minutes but usually range from 30 minutes to 2 hours.

4. Hawaii Educational Network Consortium (HENC). On page 49 of its Application, the Applicant proposes that 25% of the AOFs be earmarked for education; however, a portion of those funds will be designated for use by the Applicant for education-related programs. Please explain how this proposal differs from the Applicant’s current funding to HENC. What is the Applicant’s intent regarding the education-related programs done or provided by the Applicant?

‘Ōlelo Response:

In addition to HENC’s focus on traditional distance-learning, ‘Ōlelo proposes to use AOFs for expanding its classroom-based instruction in media literacy at ‘Ōlelo’s six Community Media Centers, which are all hosted by DOE schools.

Under the current arrangement, 25% of AOFs that are received by ‘Ōlelo go directly to HENC. However, ‘Ōlelo provides support to Education well beyond revenue sharing. One way is through direct instruction to students at a number of schools. In addition to working directly with students, ‘Ōlelo staff has served as consultants to media teachers, advising them on equipment selection, workflow

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issues and digital media instruction. In 2011, our staff worked with over 1,000 students at 25 schools, providing instruction and mentoring.

Another way ‘Ōlelo works with the Educational sector is through our Youth Capitol Commentary program, where students from all over O‘ahu attend the opening day of the Legislature and interview elected officials and members of the public regarding issues of concern to the community. Entering its ninth year, this project incorporates instruction in media literacy, digital media technology and civics. In 2011, 78 students from 16 schools participated.

In addition to its work during the school year, each summer ‘Ōlelo provides summer media programs to students, partnering with other NPOs and the DOE. During the 2011 summer we held such programs at three locations and 45 students completed the training.

Another successful program is our annual ‘Ōlelo Youth Xchange, a statewide student video competition that began in 2003 to encourage dialogue among Hawai‘i’s students on community issues. Participation has grown exponentially, making Youth Xchange Hawai‘i’s largest and only issues-oriented student video competition in the State. More than a contest, Youth Xchange creates a way to engage, educate and empower students, providing them with a compelling voice for positive change and community well-being. This program is promoted in classrooms statewide, and in 2011 engaged over 2000 student and teachers in creating almost 600 entries on subjects ranging from bullying to recycling. Each year, an awards luncheon at the Ihilani hotel honors the best entries in several categories.

In its Application, ‘Ōlelo is requesting flexibility to use part of the AOFs to continue work on projects and training that benefit the Education sector. Additional funding would allow us to expand and improve the programs listed above. In addition, we would consult with education stakeholders prior to making any decisions. For example, we have met with several stakeholders including those involved in Early Childhood Education. This effort is being spearheaded by the Governor’s Office and we would like to explore whether television could have a role in training parents, keiki or both. Flexibility to use part of the 25% AOFs share would allow ‘Ōlelo to continue to innovate and expand its successful Education programs.

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‘Ōlelo’s involvement with schools has greatly benefited both students and faculty at a time when DOE funding cuts have reduced the number of media program specialists in schools. ‘Ōlelo’s proposal for more flexibility in managing the Educational portion of AOFs would allow us to continue filling that void.

5. On page 14 of its Application, under Priority 1, the Applicant states that it has begun a multi-year plan to transition to tapeless HD technology. Please provide the Applicant’s multi-year plan to transition to tapeless HD technology, including the status of any upgrades and acquisition of HD hardware, and its plans to replace the automated playback system, upgrade the post production edit systems, and acquire new digital file servers.

‘Ōlelo Response:

Acquisition and deployment of HD digital camera equipment has begun as of 2011, and is scheduled to proceed in stages until all cameras are replaced by 2014. This schedule is dependent on the on-going capital budget arbitration process with Oceanic Time Warner Cable.

Phase 1 of the replacement of the automated playback system has begun and is near completion. The second and final phase is scheduled for completion in 2012. This schedule is also dependent on the on-going capital budget arbitration process with Oceanic Time Warner Cable.

Upgrades to post-production edit systems is on hold due to significant changes in the product that ‘Ōlelo has relied upon. ‘Ōlelo is testing and evaluating these changes as well as alternative products, and expects to choose the product best suited to the new workflow early in 2012.

Transition to file-based intake is currently still in its pilot phase. ‘Ōlelo anticipates substantial replacement of tape-based program submission with networked storage at the Mapunapuna facility in 2012. Following successful deployment there, it will be rolled out to the other media centers around the island. This schedule is dependent on the on-going capital budget arbitration process with Oceanic Time Warner Cable.

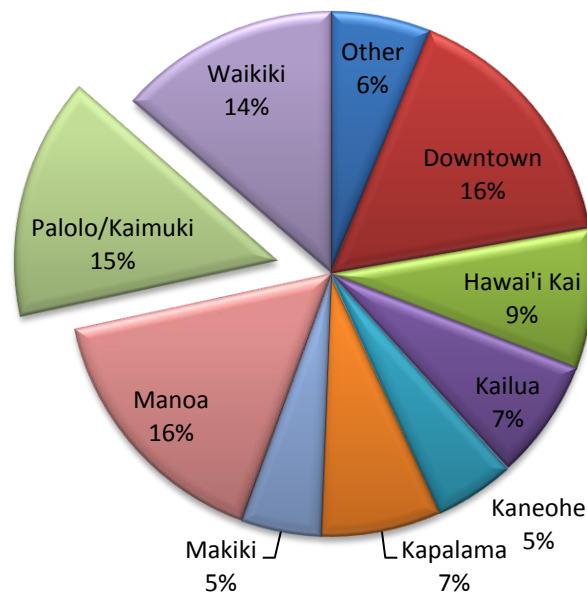
6. On page 14 of its Application, under Priority 4, the Applicant refers to the relocation of its Palolo CMC currently at Jarrett Middle School to Kaimuki High School. Please provide specific details and status of the relocation, including the following:

a. What type of clients does the Palolo CMC serve?

‘Ōlelo Response:

‘Ōlelo’s Pālolo CMC serves all sectors of the PEG community although the majority of its clientele are from the public sector. Approximately 15% of the Pālolo CMC’s clientele lives in the 96816 Pālolo/Kaimuki zipcode. Another 16% live in Manoa, 16% in Downtown, 14% in Waikiki, 9% in Hawai’i Kai, 7% in Kapalama, 12% on the Windward side and 5% in Makiki with the remaining 6% from other areas on O’ahu.

Clientele for Palolo CMC by Zipcode



b. What are the types of services offered at this CMC?

‘Ōlelo Response:

The Pālolo CMC offers training, mentoring, equipment check-out, editing stations, studio and mini-studio services.

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- c. How many hours of locally produced programming were created?

‘Ōlelo Response:

From Jan – Nov 2011: 464.86 hours of first-run local programming was created using the facilities at the Pālolo CMC; 42.26 hours per month average.

- d. When is the anticipated relocation date?

‘Ōlelo Response:

‘Ōlelo anticipates relocating to Kaimukī High School sometime during the first quarter of 2012.

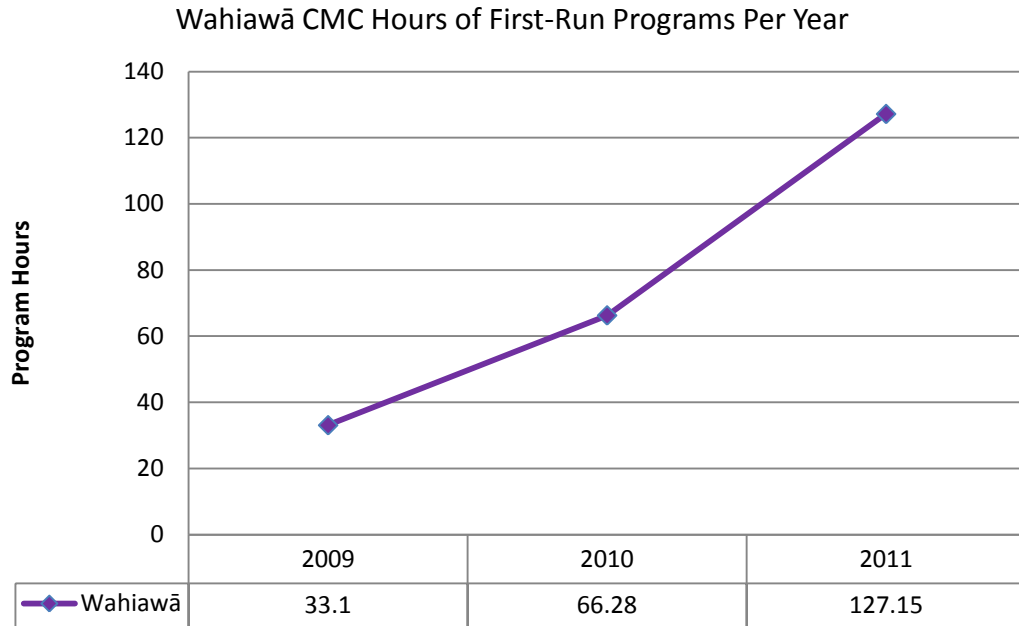
7. Additional Services the Applicant Proposes to Provide the State and Public, page 50. Assuming the Applicant receives the full 3% of the annual gross revenues of cable operators as proposed in its Funding Scenario II, how many more hours of first-run local programming will the Applicant cablecast on its channels? Please break down the number of these first-run local programming hours by each P, E, and G sector. What other services will the Applicant provide if it receives the full 3%?

‘Ōlelo Response:

Many of the additional services tied to Funding Scenario II address costs for new services that do not directly produce programming hours, such as closed captioning and managing state digital channels.

A dedicated production crew to increase coverage of hearings and community events, as well as added CMC presence in East O‘ahu will increase programming. We project doubling our coverage of NPO events (“Executive Productions”) which could conservatively increase programming by 150 hours (‘Ōlelo has aired nearly 200 hours of Executive Production programs in 2011 thus far).

For any new CMC there is a ramp-up in production hours. At our Wahiawā CMC, for example, program numbers have doubled each year since we first opened in 2009. We anticipate exceeding 300 program hours in Wahiawā by 2013. Likewise, we anticipate similar community program hours from a future East Honolulu CMC.



‘Ōlelo is working to balance our services and resources equitably between P, E, and G and would aim to increase programming hours in each sector accordingly.

8. Assistance to the City and County of Honolulu. On page 50 of its Application, bullet 2, the Applicant requests additional funding to either directly assist or provide grants to the City and County of Honolulu (“City”) beginning in 2012. Has the Applicant met with representatives of the City to discuss this proposal? Please identify the City representatives and results of any meetings. How are the proposed services to the City differ from the services presently provided by ‘Ōlelo to the City?

‘Ōlelo Response:

‘Ōlelo has met with the City Council Chair and his staff, as well as with members of the City Administration. At those meetings, the concept of raising the cap so that additional resources could be directed for enhanced City-related coverage was presented. ‘Ōlelo previously submitted proposals as part of the RFP process for procuring telecast services for Honolulu City Council. These proposals included several enhancements and innovations, including:

- **Improved lighting, quality of picture**
- **Improved opening and closing video**

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- **Improved title graphics; composition and content**
- **Design interstitial programming for on-air meeting ‘recesses’ or ‘breaks’**
- **Remote Productions**
- **Remote Public Testimony & Input**
- **Video Vignettes of Government Processes, featuring City Council**
- **Coverage of City Council community activities or events**
- **Honolulu Hale Mini-Studio**
- **Media Literacy Training/Workshops**
- **Web-streaming and video archiving**

‘Ōlelo looks forward to the opportunity that additional funding would afford to work with both the City Administration and Council to encourage and enable greater transparency and community participation in the working of City government. Additional resources would also enable ‘Ōlelo to pursue proposed services such as those listed above, subject to consultations with the Administration and Council.

‘Ōlelo has not met with representatives of the City on the issue of managing the pending statewide channel.

9. Additional Services the Applicant Proposes to Provide the State and Public. On page 50 of its Application, bullet 3, the Applicant proposes services to the State House and State Senate. As a result of these added services, specify:
- a. The number of additional content hours of governmental programming the Applicant expects to produce.

‘Ōlelo Response:

The legislature’s current cablecasting infrastructure limits simultaneous coverage to two hearings (which are recorded, cablecast and streamed). ‘Ōlelo seeks to expand current coverage capability. Depending on demand and activity (hearing schedules) and the connectivity in place by the franchise contract, ‘Ōlelo would establish encode, decode, multiplex and demux equipment, and provide technical support for additional live gavel-to-gavel coverage that would fill airtime on the proposed state government channels. We conservatively project an increase in locally produced legislative government programming hours, which for 2011

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totals 532 hours year to date, by 33%, or an additional 176 hours per year.

- b. The types and kinds of services the Applicant will provide;

‘Ōlelo Response:

‘Ōlelo currently provides equipment to videotape and air live gavel-to-gavel coverage of legislative hearings. This type of production service would remain relatively the same. Additional services are detailed under ‘Ōlelo’s response to Question 9 d (below).

- c. The number of hours of locally produced programming.

‘Ōlelo Response:

Thus far in 2011, ‘Ōlelo has aired 532 hours of legislative government programming. As stated in our response to question 9 a, ‘Ōlelo would anticipate this program number increasing by 33%, or 176 hours, through additional services.

- d. How the proposed services to the State House and State Senate differ from the services presently provided by ‘Ōlelo to them?

‘Ōlelo Response:

‘Ōlelo would provide increased coverage staffed by an ‘Ōlelo production crew. Additionally, channel management of the Statewide Channel would be a new service. ‘Ōlelo would provide and manage additional encoders and secure the signal and channel space for additional programming.

10. Additional Services ‘Ōlelo Proposes to Provide the State and Public. On page 50 of its Application, ‘Ōlelo proposes to expand its in-house production capabilities. Does the Applicant intend to charge for its in-house production services? If so, how much?

‘Ōlelo Response:

The expansion of in-house production capabilities would address ‘Ōlelo’s desire to apply quality production practices to existing and future production services, and to increase event and meeting coverage in the community. Although ‘Ōlelo charges for in-house production services in certain instances, these are not tied to the expansion.

‘Ōlelo provides basic facilitated production services free of charge to first-time users. Advanced services, such as production requests

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requiring additional staffing or complex productions beyond the basic service, or multiple use of highly facilitated production services do incur a charge. Charges cover staffing costs ranging from \$15-\$40 per hour depending on staff assigned to each project. There is no charge for the use of equipment or facilities.

‘Ōlelo may also seek paid production contracts that are in alignment with ‘Ōlelo’s mission and only for non-profit organizations. Production contracts for commercial ventures will not be permitted.

Appendix A

APPROVED



**'OLELO COMMUNITY TELEVISION
dba 'OLELO COMMUNITY MEDIA**

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT
Year Ended December 31, 2010

**'OLELO COMMUNITY TELEVISION
dba 'OLELO COMMUNITY MEDIA**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
'Olelo Community Television
dba 'Olelo Community Media

We have audited the statement of financial position of 'Olelo Community Television dba 'Olelo Community Media (a nonprofit organization) as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note I to the financial statements, certain errors in the classification of franchise fees were noted. Accordingly, a reclassification has been made to net assets as of December 31, 2009, to correct the error.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 'Olelo Community Television dba 'Olelo Community Media as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

N&K CPAs, Inc.

Honolulu, Hawaii
May 25, 2011

**'Olelo Community Television
dba 'Olelo Community Media
STATEMENTS OF FINANCIAL POSITION
December 31, 2010**

ASSETS

CURRENT ASSETS

| | | |
|-------------------------------|----|-----------|
| Cash and cash equivalents | \$ | 256,932 |
| Investments | | 2,622,730 |
| Rent and other receivables | | 71,141 |
| Inventory | | 13,844 |
| Prepaid expenses and deposits | | 71,192 |
| Total current assets | | 3,035,839 |

PROPERTY AND EQUIPMENT

| | | |
|-------------------------------------|--|------------|
| Building and leasehold improvements | | 7,014,352 |
| Production equipment | | 8,061,512 |
| Furniture and office equipment | | 1,401,886 |
| Vehicles | | 253,080 |
| | | 16,730,830 |
| Less accumulated depreciation | | 10,649,068 |
| | | 6,081,762 |

OTHER ASSETS

| | | |
|--------------------------------------|----|------------|
| Restricted cash and cash equivalents | | 714,384 |
| Restricted investments | | 1,518,957 |
| | | 2,233,341 |
| | \$ | 11,350,942 |

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | | |
|---------------------------------------|----|---------|
| Accounts payable and accrued expenses | \$ | 322,467 |
| Contracts and grants payable | | 11 |
| Total current liabilities | | 322,478 |

NET ASSETS

| | | |
|--------------|----|------------|
| Unrestricted | | 11,028,464 |
| | \$ | 11,350,942 |

See accompanying notes to financial statements.

**'Olelo Community Television
dba 'Olelo Community Media
STATEMENTS OF CASH FLOWS
Year Ended December 31, 2010**

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash flows from operating activities

| | |
|--|---------------------|
| Change in net assets | \$ <u>(404,907)</u> |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | |
| Depreciation | 978,731 |
| Loss on disposal of fixed assets | 580 |
| Net realized/unrealized loss on investments | 15,313 |
| Cash and cash equivalents restricted for property and equipment | (640,294) |
| Revenues restricted for property and equipment | (823,000) |
| (Increase) decrease in: | |
| Rent and other receivables | (20,395) |
| Inventory | 3,291 |
| Prepaid expenses and deposits | 5,473 |
| Increase (decrease) in: | |
| Accounts payable and accrued expenses | 11,507 |
| Contracts payable | (35,388) |
| Total adjustments | (504,182) |
| Net cash used in operating activities | (909,089) |

Cash flows from investing activities

| | |
|--|-------------|
| Purchase of equipment and leasehold improvements | (333,204) |
| Purchase of investments | (2,462,383) |
| Proceeds from sales of investments | 2,716,351 |
| Net cash used in investing activities | (79,236) |

Cash flows from financing activities

| | |
|--|---------|
| Revenues restricted for property and equipment | 823,000 |
| Net cash provided by financing activities | 823,000 |

**NET DECREASE IN CASH AND CASH
EQUIVALENTS**

(165,325)

Cash and cash equivalents at beginning of year

422,257

Cash and cash equivalents at end of year

\$ 256,932

See accompanying notes to financial statements.

**'Olelo Community Television
dba 'Olelo Community Media
STATEMENTS OF ACTIVITIES
Year Ended December 31, 2010**

REVENUE AND SUPPORT

| | | |
|--|----|-----------|
| Franchise fees | \$ | 5,427,495 |
| Rental revenue | | 677,097 |
| Interest income | | 194,190 |
| Net realized/unrealized (loss) gain on investments | | (15,313) |
| Other | | 73,014 |
| Total revenues and support | | 6,356,483 |

EXPENSES

| | | |
|--|--|-----------|
| Program services | | |
| Public, educational, and governmental access | | 4,957,993 |
| Management and general | | 1,803,397 |
| Total expenses | | 6,761,390 |

CHANGE IN UNRESTRICTED NET ASSETS

(404,907)

NET ASSETS AT BEGINNING OF YEAR, as previously stated

| | | |
|-----------------------------------|--|------------|
| Unrestricted net assets | | 9,698,279 |
| Temporarily restricted net assets | | 1,735,092 |
| | | 11,433,371 |

PRIOR PERIOD RECLASSIFICATION

| | | |
|-----------------------------------|--|-------------|
| Unrestricted net assets | | 1,735,092 |
| Temporarily restricted net assets | | (1,735,092) |
| | | -- |

NET ASSETS AT BEGINNING OF YEAR, as restated

| | | |
|-----------------------------------|--|------------|
| Unrestricted net assets | | 11,433,371 |
| Temporarily restricted net assets | | -- |
| | | 11,433,371 |

UNRESTRICTED NET ASSETS AT END OF YEAR

\$ 11,028,464

See accompanying notes to financial statements.

**'Olelo Community Television
dba 'Olelo Community Media
NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE A - NATURE OF ACTIVITIES

'Olelo Community Television dba 'Olelo Community Media ('Olelo) is a private nonprofit 501(c)(3) organization formed to provide members of the public, educational, and governmental (PEG) communities, access to video production training, services and resources. 'Olelo manages the PEG designated community access channels on Oceanic Time Warner Cable's (Oceanic) operation on the island of Oahu, Hawaii. The State of Hawaii's (State) Department of Commerce and Consumer Affairs (DCCA) has contracted with 'Olelo to provide the aforementioned services and resources to Oahu residents. 'Olelo receives operating and capital funding directly from Oceanic as ordered in the State's franchise agreement with Oceanic. The majority of 'Olelo's support comes from these PEG funds.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

- (1) ***Basis of accounting and financial statement presentation*** - The financial statements of 'Olelo have been prepared on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America. Net assets, contributions and revenues and expenses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of 'Olelo and changes therein are classified and reported as follows:

Unrestricted - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains and losses that are not changes in temporarily or permanently restricted net assets.

Temporarily Restricted - Net assets whose use by 'Olelo is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled by actions of 'Olelo pursuant to those stipulations. Temporarily restricted net assets are restricted for acquisition of property and equipment.

Permanently Restricted - Net assets whose use is limited by donor-imposed restrictions that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of 'Olelo.

'Olelo did not have any temporarily or permanently restricted net assets with donor imposed restrictions.

- (2) ***Use of estimates*** - The preparation of financial statements in conformity 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.
- (3) ***Cash and cash equivalents*** - 'Olelo considers all highly liquid investments purchased with an original maturity of three months or less to be cash and cash equivalents. Restricted cash and cash equivalents are limited in use for the acquisition of property and equipment.

**'Olelo Community Television
dba 'Olelo Community Media
NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (4) **Investments** - Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position with unrealized gains and losses included in the statements of activities. Investment income, including realized and unrealized gains and losses on investments, are reported in the statements of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

'Olelo has investment balances whose use is restricted for the acquisition of property and equipment.

- (5) **Rent and other receivables** - The majority of 'Olelo's receivables are made up of rent receivable from tenants. Accounts receivable are due within 30 days and are stated as amounts due from tenants or others. 'Olelo determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, 'Olelo's previous loss history, the customer's current ability to pay its obligation, and the condition of the general economy and the industry as a whole. There was no bad debt expense for the year ended December 31, 2010.
- (6) **Inventory** - Inventory consists primarily of blank video tapes held for sale and is stated at the lower of cost or market, determined by the first-in, first-out method.
- (7) **Property and equipment** - Property and equipment acquisitions of \$500 or more and an estimated useful life over one year are capitalized and recorded at cost. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets which range from 3 to 39 years.

Expenditures for maintenance, repairs, and minor renewals are charged to expense; expenditures for betterments are capitalized. Property retired or otherwise disposed of is removed from the appropriate asset and related accumulated depreciation accounts. Gains and losses on the disposal of assets are reflected in current activities.

Long-lived assets held and used by 'Olelo are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of recoverability would be performed.

- (8) **Restricted and unrestricted revenues and support** - Contributions, revenues and support are recorded in the period earned as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

**'Olelo Community Television
dba 'Olelo Community Media
NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

- (9) **Advertising expenses** - Advertising costs are charged to expense when incurred. Advertising expense approximated \$56,100 for the year ended December 31, 2010.
- (10) **Functional allocation of expenses** - The costs of providing various programs and other activities are summarized on a functional basis in the statement of activities. Accordingly, costs are allocated to the benefited programs and supporting services based on direct costs incurred and management's estimates of resources consumed by these functions.
- (11) **Income taxes** - 'Olelo is recognized by the Internal Revenue Service (IRS) as an exempt organization under Section 501(c)(3) of the Internal Revenue Code.

'Olelo adopted the provisions of Accounting Standards Codification (ASC) 740, *Income Taxes*. As required by the uncertain tax position guidance in ASC 740, 'Olelo recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position after an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. 'Olelo applied the uncertain tax position guidance in ASC 740 to all tax positions for which the statute of limitations remains open and has not recognized any additional liability for unrecognized tax benefits as of December 31, 2010.

'Olelo is not subject to income taxes in the U.S. federal jurisdiction and the State. Tax regulations within each jurisdiction are subject to interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, 'Olelo is no longer subject to U.S. federal and state examinations by tax authorities for the years ended December 31, 2006 and prior.

- (12) **Subsequent events** - Management has evaluated subsequent events through May 25, 2011, the date on which the financial statements were available to be issued. Other than as described in Note C, there were no subsequent events that required adjustment of or disclosure in the financial statements.

**'Olelo Community Television
dba 'Olelo Community Media
NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE C - PUBLIC, EDUCATIONAL, AND GOVERNMENTAL (PEG) ACCESS FEES

As part of an agreement with the State, 'Olelo receives funds directly from the local cable operator(s) that are restricted for PEG access operations and facilities and equipment, which are required to be kept in separate accounts. The access operating fee is the amount paid in the prior year adjusted for the change in the consumer price index or an amount equal to 3% of certain cable operator's revenues, whichever is less. The funding for facilities and equipment was \$823,000 for the year ended December 31, 2010. As of December 31, 2010, unspent facilities and equipment funds totaled \$2,233,341 and is presented as restricted cash and investments due to the contractual restrictions placed on these amounts.

'Olelo's agreement with the State has been extended numerous times and is presently extended to June 30, 2011. On April 27, 2011, Act 19 was signed into law that exempts PEG access contracts from the State Procurement Code and directs the State Department of Commerce and Consumer Affairs (DCCA) responsibility for procuring such contract. 'Olelo believes that its agreement with the State will continue to be extended until such time as the DCCA acts on its new responsibility.

In connection with the State's efforts to solicit competitive proposals for PEG access services presently provided by 'Olelo, as referred to in the preceding paragraph, the State has informed 'Olelo that all real and personal property currently owned by 'Olelo which were purchased with PEG funds and unspent equipment funds must be relinquished to the State upon termination of the current agreement between 'Olelo and the State. 'Olelo has advised the State that it disagrees with the State's position and will vigorously defend its property rights.

NOTE D - INVESTMENTS

Investments are presented in the financial statements at fair value and are summarized as follows as of December 31, 2010:

| | Amount | |
|---------------------------|---------------------|---------------------|
| | Cost | Fair Value |
| U.S. government agencies | \$ 841,096 | \$ 844,585 |
| U.S. treasury obligations | 1,904,413 | 1,909,971 |
| Corporate bonds | <u>1,365,249</u> | <u>1,387,131</u> |
| | <u>\$ 4,110,758</u> | <u>\$ 4,141,687</u> |

**'Olelo Community Television
dba 'Olelo Community Media
NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE D - INVESTMENTS (Continued)

The following summarizes the investment return and classification in the statement of activities for the year ended December 31, 2010:

| | Amount |
|---------------------|------------|
| Interest income | \$ 194,190 |
| Net realized gain | 54,903 |
| Net unrealized loss | (70,216) |
| | \$ 178,877 |

NOTE E - PENSION PLAN

'Olelo sponsors a defined contribution pension plan covering substantially all full-time and certain part-time employees who meet certain eligibility requirements. Participating employees receive an employer contribution of 1% of their pretax compensation subject to limitations. In 2010, 'Olelo's contributions to the plan totaled \$20,873.

In addition, 'Olelo provides a 403(b) Tax-Deferred Annuity Plan to all full-time and part-time employees. Participating employees may elect to contribute a portion of their pretax compensation subject to limitation.

NOTE F - COMMITMENTS

In December 1998, 'Olelo entered into an agreement with the Hawaii Educational Networking Consortium (HENC) to manage various educational grants. Payments will be made as directed by HENC. In 2000, the requirement to continue funding HENC was incorporated in the State's franchise agreement with the cable television operator at an amount equal to 25% of the access fees received. The 2011 commitment for these grants amounts to approximately \$295,000, based on 25% of the 2011 access operating fees.

'Olelo conducts its activities primarily from a building located on leased land under a non-cancelable operating lease, which terminates in October 2044. The lease provides for payment of specified annual rent up to March 2014. The rent for the remaining term of the lease shall be determined by mutual agreement. Total rent expense for the year ended December 31, 2010 approximated \$642,800.

**'Olelo Community Television
dba 'Olelo Community Media
NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE F - COMMITMENTS (Continued)

Future minimum rental payments due on non-cancelable operating leases are as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|---------------------|
| 2011 | \$ 674,000 |
| 2012 | 688,000 |
| 2013 | 729,000 |
| 2014 | <u>182,000</u> |
| Total | \$ <u>2,273,000</u> |

'Olelo has also entered into several agreements to sublease portions of its property which expire on various dates through June 2016. Total rental revenue related to these subleases amounted to \$677,097 for the year ended December 31, 2010.

Future minimum sublease rentals under non-cancelable operating leases are as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|-------------------|
| 2011 | \$ 385,000 |
| 2012 | 25,000 |
| 2013 | 26,000 |
| 2014 | 27,000 |
| 2015 | 28,000 |
| Thereafter | <u>13,000</u> |
| Total | \$ <u>504,000</u> |

NOTE G - CONCENTRATION OF CREDIT RISK

'Olelo maintains its cash and cash equivalent accounts in various financial institutions and an investment firm. Cash balances in these accounts are insured up to \$250,000 per account holder by the Federal Deposit Insurance Corporation (FDIC) and up to \$500,000 (with a limit of \$250,000 for cash) by the Securities Investor Protection Corporation (SIPC). From December 31, 2010 through December 31, 2012, non-interest bearing transaction accounts are fully insured by the FDIC. In assessing its concentration of credit risk related to cash and cash equivalents, 'Olelo places its cash and cash equivalents in various financial institutions, which may at times exceed insurance limits.

**'Olelo Community Television
dba 'Olelo Community Media
NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE H - FAIR VALUE MEASUREMENTS

ASC 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodologies used at December 31, 2010.

U.S. government agencies and U.S. treasury obligations: Valued at net asset value (NAV) of shares held by 'Olelo at year end and are classified within Level 2 of the hierarchy.

Corporate bonds: Valued at the closing price reported on the active market on which the individual securities are traded and are classified within Level 1 of the hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 'Olelo believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**'Olelo Community Television
dba 'Olelo Community Media
NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE H - FAIR VALUE MEASUREMENTS (Continued)

'Olelo's assets measured at fair value on a recurring basis are summarized below:

| Assets at fair value at December 31, 2010 | | | | |
|---|---------------------|---------------------|--------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investments | | | | |
| U.S. government agencies | -- | 844,585 | -- | 844,585 |
| U.S. treasury obligations | -- | 1,909,971 | -- | 1,909,971 |
| Corporate bonds | <u>1,387,131</u> | <u>--</u> | <u>--</u> | <u>1,387,131</u> |
| Balance at December 31, 2010 | \$ <u>1,387,131</u> | \$ <u>2,754,556</u> | \$ <u>--</u> | \$ <u>4,141,687</u> |

NOTE I - PRIOR PERIOD RECLASSIFICATION

Amounts received for facilities and equipment in accordance with the agreement with the State are considered earned revenues. These amounts are not donations and the contractual restrictions on the use of the funds are not considered donor-imposed stipulations and should not have been reported as temporarily restricted net assets. Accordingly, those revenues have been reclassified to unrestricted net assets. The net result was an increase to unrestricted net assets by \$1,735,092 and a decrease to temporarily restricted net assets by \$1,735,092 as of December 31, 2009.

Appendix B

Awareness and Perceived Value of 'Ōlelo Community Television Programming

A Survey among O'ahu Residents



May 2011



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Executive Summary

The following section summarizes key findings from a May 2011 survey of cable subscribers. A total of n=407 cable subscribers completed this survey via either telephone interview or online. Overall findings from the May 2011 survey have been compared to prior tracking data obtained in past Viewership Surveys conducted for 'Ōlelo.

Awareness and Viewership of PEG Access Channels

- Despite a significant decline in viewership (33%; down 11 points), overall awareness of PEG Access Channels in May 2011 (78%; up 1 point) remained relatively the same as that reported in the previous tracking in November 2006. [Note: The decline in viewership may be attributable to viewership of election-year programming in November 2006.]
- Viewership of most individual 'Ōlelo channels has declined since November 2006, most notably for Channels 55 and 56 - TEC/TEACH (14%; down 8 points). Viewership of Channel 49 – FOCUS (14%; up 2 points) was the lone exception among 'Ōlelo channels.
- Filipinos took on a prominent role in May 2011 and now make up a comparable segment of the viewing audience for PEG Access Channels, with Caucasian and Hawaiian cable subscribers. Furthermore, Filipino cable viewers (47%) were the most likely to have watched 'Ōlelo programming in the past month, ahead of both Hawaiians (42%), and Caucasians (38%).



Executive Summary (cont.)

Perceived Value of PEG Access Channels

- Although viewership numbers may be relatively low, support for PEG Access Channels remains fairly high, with 5 in 6 respondents agreeing that these channels are valuable to the community (83%). It should be noted, however, that this 83% continues a gradual downward trend in overall support, with the proportion finding PEG Access Channels to be “very valuable” declining significantly (31%; down 43%).
 - Filipinos, Caucasians, and Hawaiians perceived similar value in PEG Access Channels; Japanese were far less supportive.
 - Those from lower-income households were more likely than those from middle-income or upper-income households to consider PEG Access Channels to be “very valuable”.

‘Ōlelo Community Media: Programs and Services

- More than three-fourths of cable subscribers indicated that they had heard of ‘Ōlelo Community Media (78%).
- Two-fifths of the respondents said that they were aware of ‘Ōlelo-sponsored community programs and services.
- Practically all mention of ‘Ōlelo-sponsored community programs and services came on an aided basis, as very few could recall of specific programs or services on their own.
- Viewer awareness was highest for ‘Ōlelo offering live Legislative sessions and City Council meetings (58%); the only program/service tested recalled by a majority of respondents.



Executive Summary (cont.)

'ōlelo Community Media: Programs and Services (cont.)

- Just under half recalled Vote Informed election programming (44%), followed by 'ōlelo-provided free services for non-profit organizations (37%), the Youth Xchange student video competition (28%), and 'ōlelo-offered video training, certification classes, equipment and production facilities at six various community Media Centers across O'ahu (26%).
- All 'ōlelo-sponsored community programs and services tested were considered to be valuable; with each one receiving either a "very valuable" or "somewhat valuable" rating from roughly 9 in 10 respondents.
 - A slight majority of cable subscribers surveyed considered 'ōlelo-provided free services for non-profit organizations (56%), Vote Informed election programming (53%), and the Youth Xchange student video competition (53%) to be "very valuable".
- One in 7 cable subscribers said that they have gone to 'ōlelo's website in the past (14%).
- One in 10 surveyed were aware that they could access, watch, or listen to videos and programs on-demand at 'ōlelo's website (10%). Overall, only a few respondents indicated that they have watched or listened to a video or program on-demand at 'ōlelo's website (3%).
- Of those programs tested, cable subscribers indicated that they would be most likely to watch current traffic camera views and livestreams (52% likely) in the next few months, followed by cultural or ethnic events and programming previously broadcast on 'ōlelo (45%); previously broadcast sports, arts, and entertainment programming (44%); and community-based issues, sports, and entertainment programming shown on Channel 52 – OAHU (44%).
 - Filipino cable subscribers would be the most likely demographic segment to utilize on-demand programming at 'ōlelo's website, with those from lower-income households also strong candidates for on-demand programming.



Executive Summary (cont.)

Effects of New Methodology

In May 2011, a decision was made to move the Viewership Survey in a new direction --- converting from a landline-only survey to a mixed-method survey incorporating both telephone as well as online surveys. The primary reason for this change was to address the issue of the changing demographics --- and declining representativeness --- of landline telephone samples.

A primary concern is any impact of the change in methodology on the tracking data. After comparing key tracking metrics (see page 65), it was noted that the change in methodology has likely resulted in some of the noteworthy changes reported in these findings. While this is an unfortunate result of the methodology change, this is more accurate data, and Ward Research feels that the new direction of the Viewership Survey will yield more accurate and constructive viewership data from this point forward.



Objectives

- **The objectives of the research were:**
 - ✓ **To track awareness and perceived value in 'Ōlelo Community Television programming among O'ahu residents;**
 - ✓ **To understand reasons for not watching 'Ōlelo channels among non-viewers;**
 - ✓ **To establish baseline measures for awareness of and perceived value of 'Ōlelo's community programs and services;**
 - ✓ **To measure awareness and usage of 'Ōlelo's website; and**
 - ✓ **To measure awareness, usage, and appeal of 'ŌleloNet On Demand videos.**



Methodology

For the first time ever, the methodology employed for the 'Ōlelo Viewership study was a mixed-method methodology combining a telephone sample with an online sample. A total sample of n=407 Oahu cable subscribers completed the survey between April 22 to May 2, 2011; n=265 through a telephone survey and n=142 via an online survey. Maximum sampling error for a sample of n=407 is +/- 4.8%.

The survey instrument utilized a combination of questions from past 'Ōlelo Viewership surveys, combined with Awareness and Perceived Value questions asked on behalf of 'Ōlelo on prior Ward Research Omnibus Surveys. In addition, several new areas of questioning were added for the first time in 2011 --- awareness of 'Ōlelo's community programs and services, perceived value of these programs and services, awareness and usage of 'Ōlelo's website, and awareness and appeal of 'ŌleloNet On Demand videos. A similar survey was last conducted among n=406 O'ahu residents in November 2006. Tracking comparisons between May 2011 and November 2006 are highlighted throughout this report, wherever possible.

All respondents were screened for the following:

- At least 18 years of age;
- Household subscribes to cable television through Oceanic Time Warner Cable; and
- Exclusive of those employed in a sensitive industry.



Methodology (cont.)

For the telephone component, the sampling frame was generated at random by the research firm using a random digit dialing program. This random-digit dialing method includes unlisted as well as listed telephone numbers, helping to promote an unbiased sample. All interviewing was conducted from the Ward Research Calling Center in the downtown Honolulu office. Interviews were conducted between the hours of 5:00 p.m. and 9:00 p.m. on week nights and 9:00 a.m. to 9:00 p.m. on weekends. The Calling Center is equipped with a Computer Assisted Telephone Interviewing (CATI) system which allows for the 100% monitoring of calls, through a combination of electronic and observational means.

For the online component, the sampling frame was drawn at random among members of the *Hawai'i Panel*, an online panel of Hawaii residents statewide, developed and maintained by Ward Research.

Upon completion of fielding, data from the phone survey and online survey were combined and tabulated. Data were weighted and combined based on access to the household based on various technologies --- landline, cell, and/or Internet --- such that the resulting sample is proportionate to the population. Data processing was accomplished using SPSS for Windows, an in-house statistical software package, which allows for the cross tabulation of data by key variables (i.e., awareness of 'Ōlelo Community Media, viewership of 'Ōlelo programming, perceived value of PEG Access Channels, age, ethnicity, income, and gender).

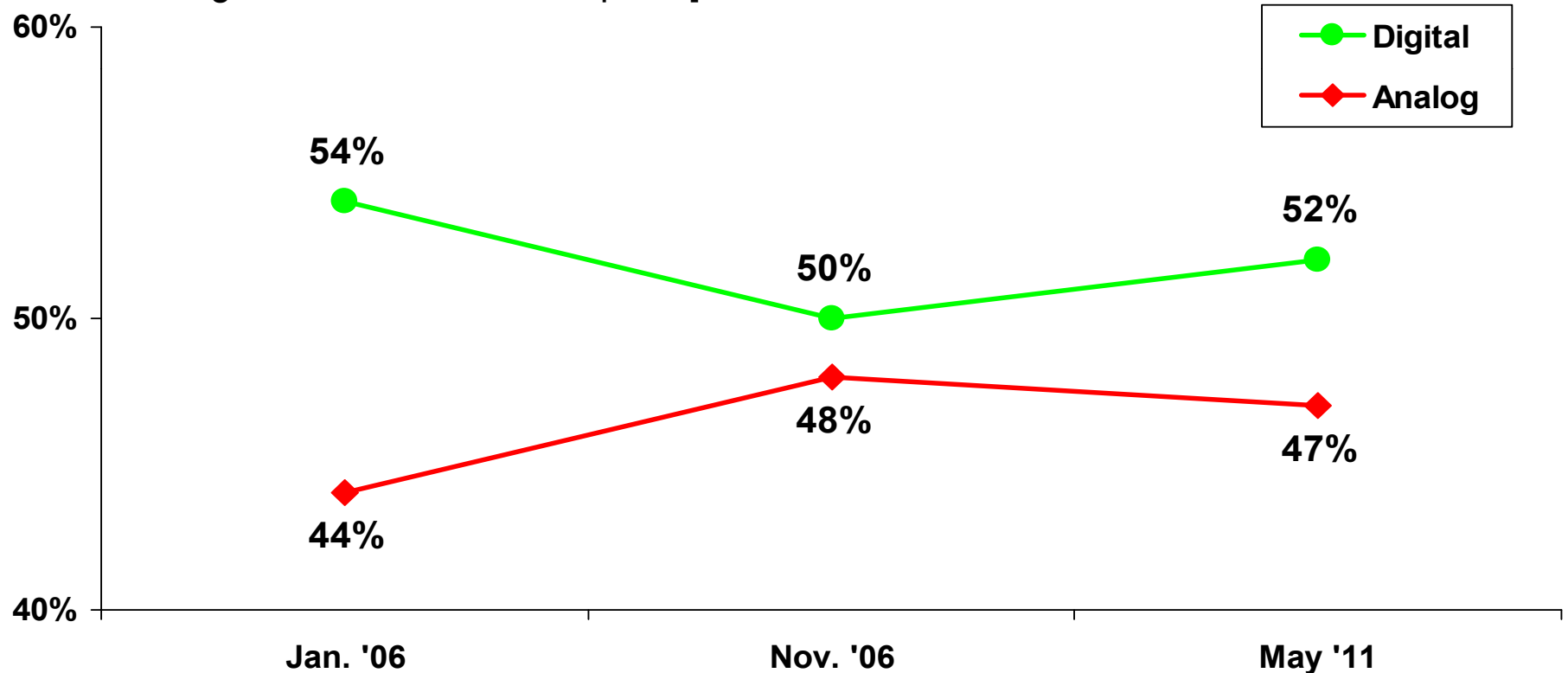
Detailed Findings

Profile of Cable Subscribers



Digital vs. Analog Viewers (Tracking)

- In May 2011, the cable audience remained almost evenly split between those reportedly subscribing to digital cable and those reportedly subscribing to analog. [Note: Please note that figures may differ from actual subscription data due to reliance on respondents' knowledge of their cable subscription.]



Q: Do you subscribe to Digital, Analog, or regular cable?
Note: Question was added in January 2006

(May 2011: n=407); Nov. 2006: n=406; Jan. 2006: n=403)



Characteristics of Respondents (Digital vs. Analog)

- In May 2011, there were no statistically significant differences between digital and analog subscribers based on either age or household income.

| Oahu Cable Subscribers | | | |
|------------------------|--------------|--------------|--------------|
| Age | TOTAL | Analog | Digital |
| 18 to 24 yrs | 7% | 7% | 7% |
| 25 to 34 yrs | 22% | 24% | 21% |
| 35 to 44 yrs | 18% | 19% | 18% |
| 45 to 54 yrs | 18% | 20% | 16% |
| 55 to 64 yrs | 17% | 13% | 21% |
| 65+ yrs | 17% | 18% | 17% |
| MEAN | 46.8 yrs | 46.6 yrs | 46.9 yrs |
| Household Income | | | |
| Less than \$35,000 | 19% | 22% | 16% |
| \$35,000 to \$49,999 | 15% | 17% | 13% |
| \$50,000 to \$74,999 | 18% | 18% | 18% |
| \$75,000 to \$99,999 | 17% | 18% | 16% |
| \$100,000+ | 12% | 9% | 15% |
| Refused | 19% | 16% | 22% |
| MEAN | \$51,470 | \$50,210 | \$52,650 |
| MEDIAN | \$59,300 | \$54,610 | \$63,650 |
| BASE: | (407) | (197) | (210) |



Characteristics of Respondents (Digital vs. Analog)

- There was very little difference between digital versus analog subscribers based on area of residence; the lone example being a significantly greater proportion of digital subscribers living in East Honolulu than did the analog group.

| Oahu Cable Subscribers | | | |
|--------------------------|--------------|--------------|--------------|
| Area of Residence | TOTAL | Analog | Digital |
| Urban Honolulu | 35% | 38% | 32% |
| East Honolulu | 12% | 7% | 17% |
| Windward Oahu | 12% | 16% | 8% |
| Pearl City/Aiea/Moanalua | 8% | 9% | 7% |
| Central Oahu | 17% | 14% | 19% |
| Ewa Plain | 8% | 9% | 7% |
| North Shore | 1% | 2% | <1% |
| Leeward Oahu/Kapolei | 5% | 3% | 6% |
| Refused | 2% | 2% | 2% |
| BASE: | (407) | (197) | (210) |

Note: Shaded areas show statistically significant differences between segments



Characteristics of Respondents (Digital vs. Analog)

| Oahu Cable Subscribers | | | |
|------------------------|--------------|--------------|--------------|
| Education | TOTAL | Analog | Digital |
| Grade school or less | 1% | 1% | 1% |
| Some high school | 2% | 2% | 2% |
| High school graduate | 15% | 19% | 11% |
| Some college | 23% | 23% | 24% |
| College graduate | 39% | 41% | 36% |
| Post-graduate | 19% | 13% | 25% |
| Refused | 1% | 1% | <1% |
| Ethnicity | | | |
| Caucasian | 19% | 13% | 24% |
| Chinese | 8% | 7% | 9% |
| Filipino | 14% | 15% | 13% |
| Hawaiian/Part-Hawaiian | 17% | 17% | 17% |
| Japanese | 22% | 25% | 20% |
| Mixed | 11% | 13% | 9% |
| Other | 9% | 10% | 7% |
| Gender | | | |
| Male | 47% | 45% | 50% |
| Female | 53% | 55% | 50% |
| BASE: | (407) | (197) | (210) |

- There was a higher incidence of post-graduates among digital subscribers than among analog subscribers.
- There was a higher presence of Caucasian viewers among digital subscribers than among the analog group.
- There were no significant differences between groups based on gender.

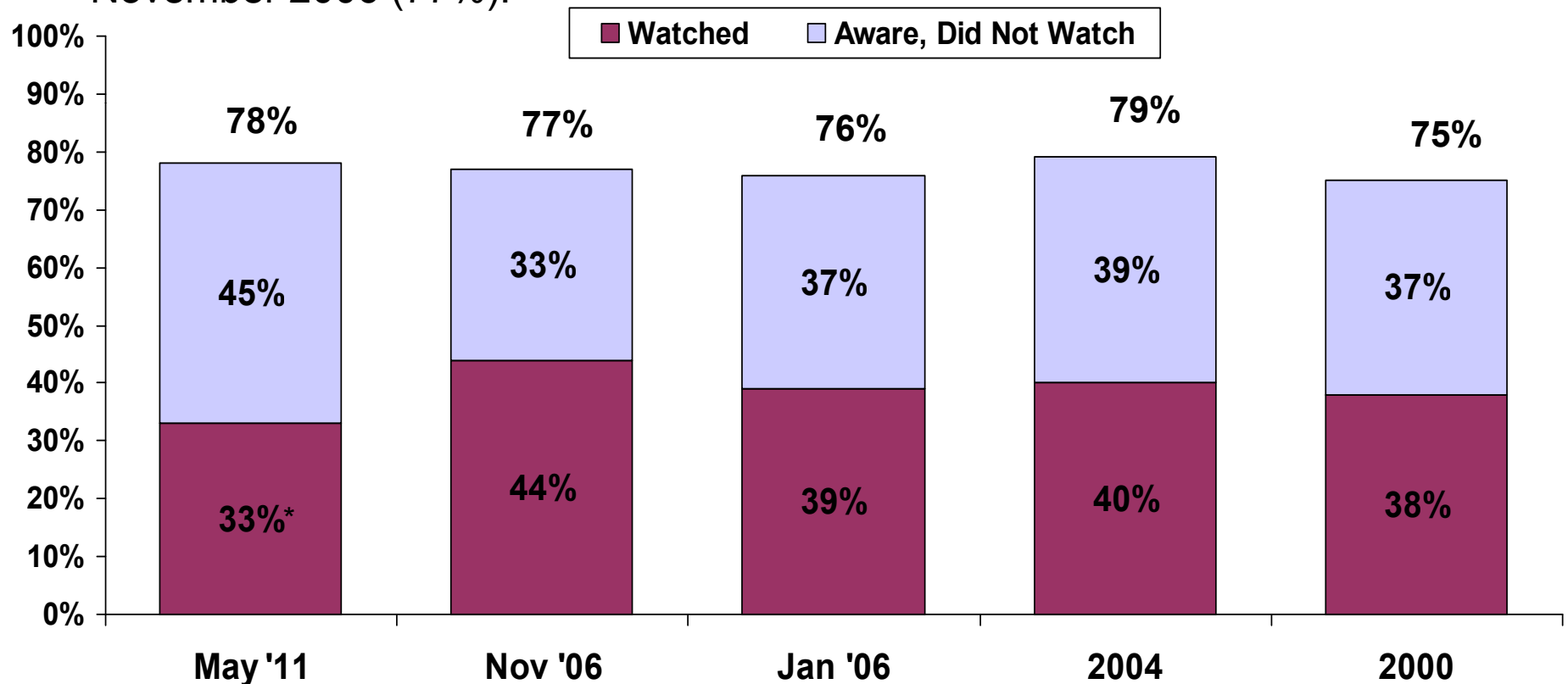
Note: Shaded areas show statistically significant differences between segments

Awareness and Viewership of PEG Access Channels



Awareness & Viewing of Ōlelo Channels (Tracking)

- Despite a significant decline in viewership, overall awareness of PEG Access channels in May 2011 (78%) remained relatively the same as that reported in November 2006 (77%).



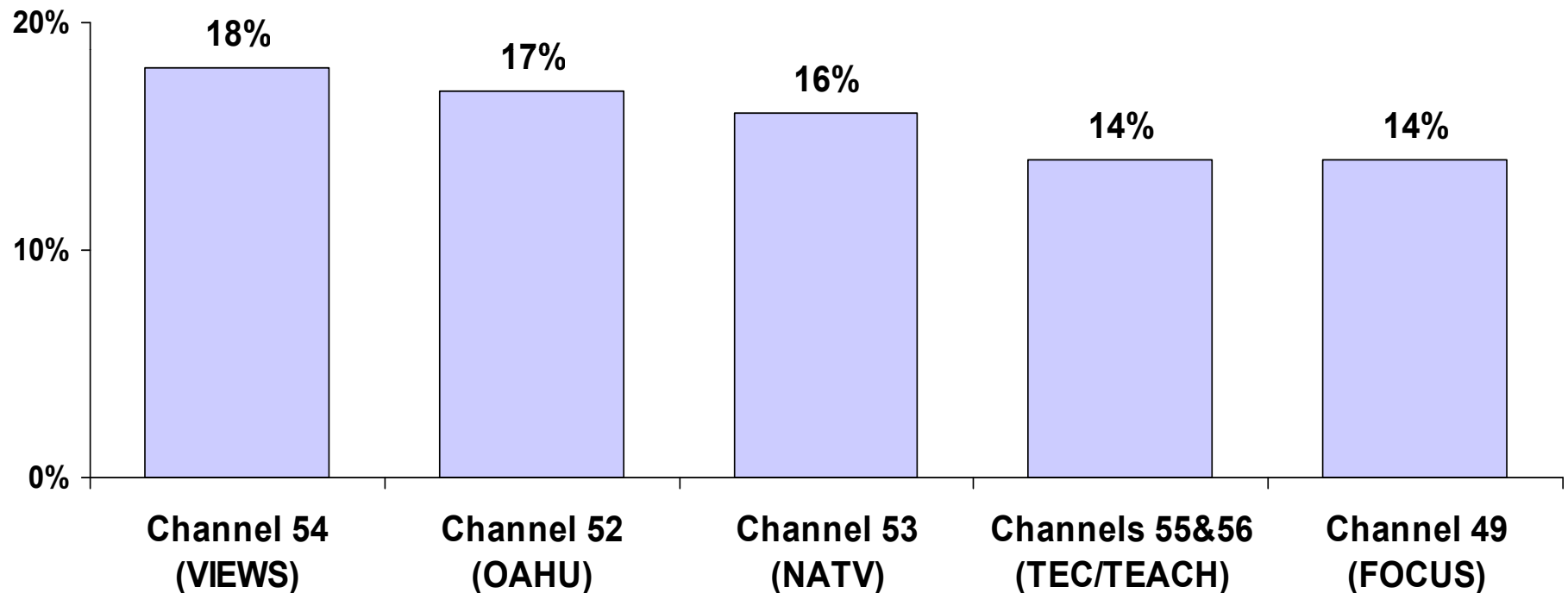
BASE: May 2011: n= 407; Nov. 2006: n=406; Jan. 2006: n=403; 2004: n=401; 2000: n=401

*Note: A new weighting scheme (HH technologies) was used in May 2011. Based on the old weighting scheme (landline only), total viewership for May '11 was 40% (see page 69).



Viewership of 'Ōlelo Channels 49, 52, 53, 54, 55, or 56 (Past Month)

- Past month viewership was fairly comparable across all 'Ōlelo channels --- ranging from a high of 18% for Channel 54 (VIEWS) to 14% for both Channels 55 and 56 (TEC/TEACH) and Channel 49 (FOCUS).



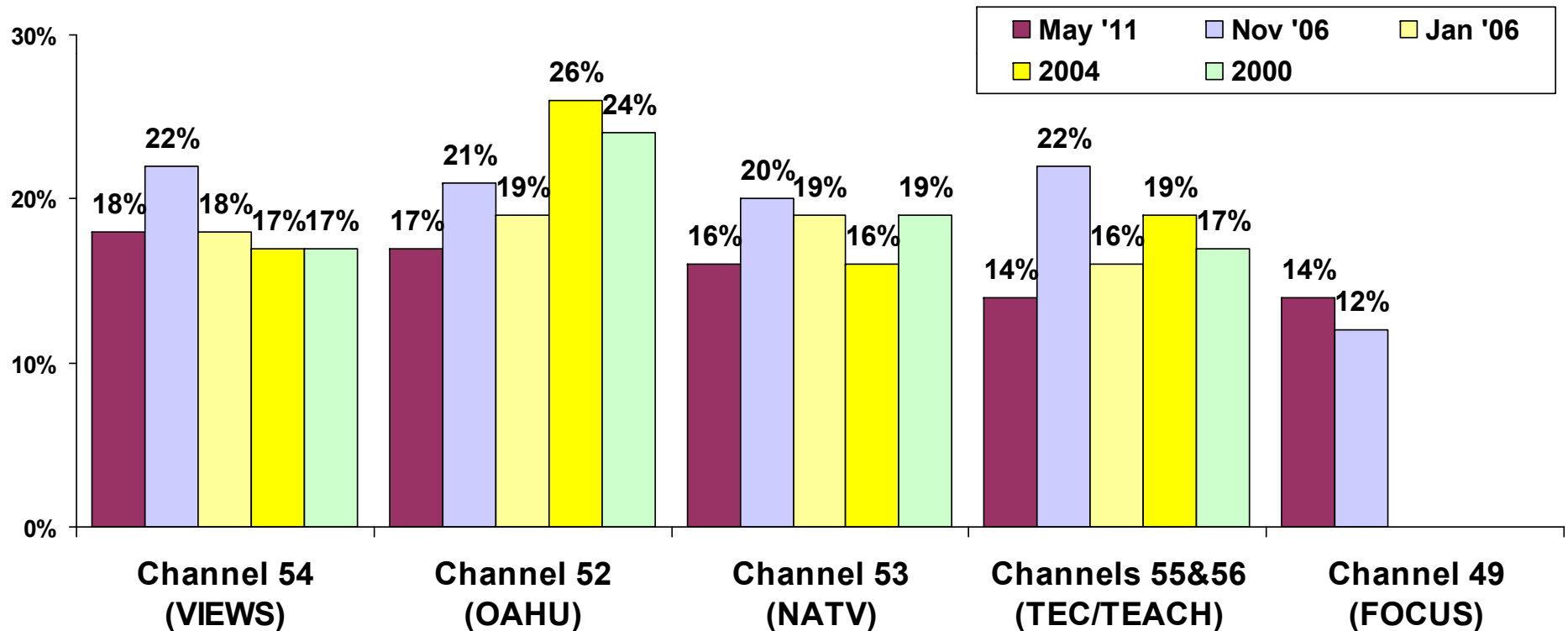
Q: Did you watch any programming on Channel (49, 52, 53, 54, 55, or 56) in the past month?

(May 2011: n= 407)



Viewership of 'Ōlelo Channels 49, 52, 53, 54, 55, or 56 (Tracking)

- Viewership of most 'Ōlelo channels has declined since November 2006 --- most notably for Channels 55 and 56 (TEC/TEACH) which dropped 8 points. Viewership of Channel 49 (FOCUS) was the lone exception.



Q: Are you generally aware of programming on Channel (49, 52, 53, 54, 55, or 56)?

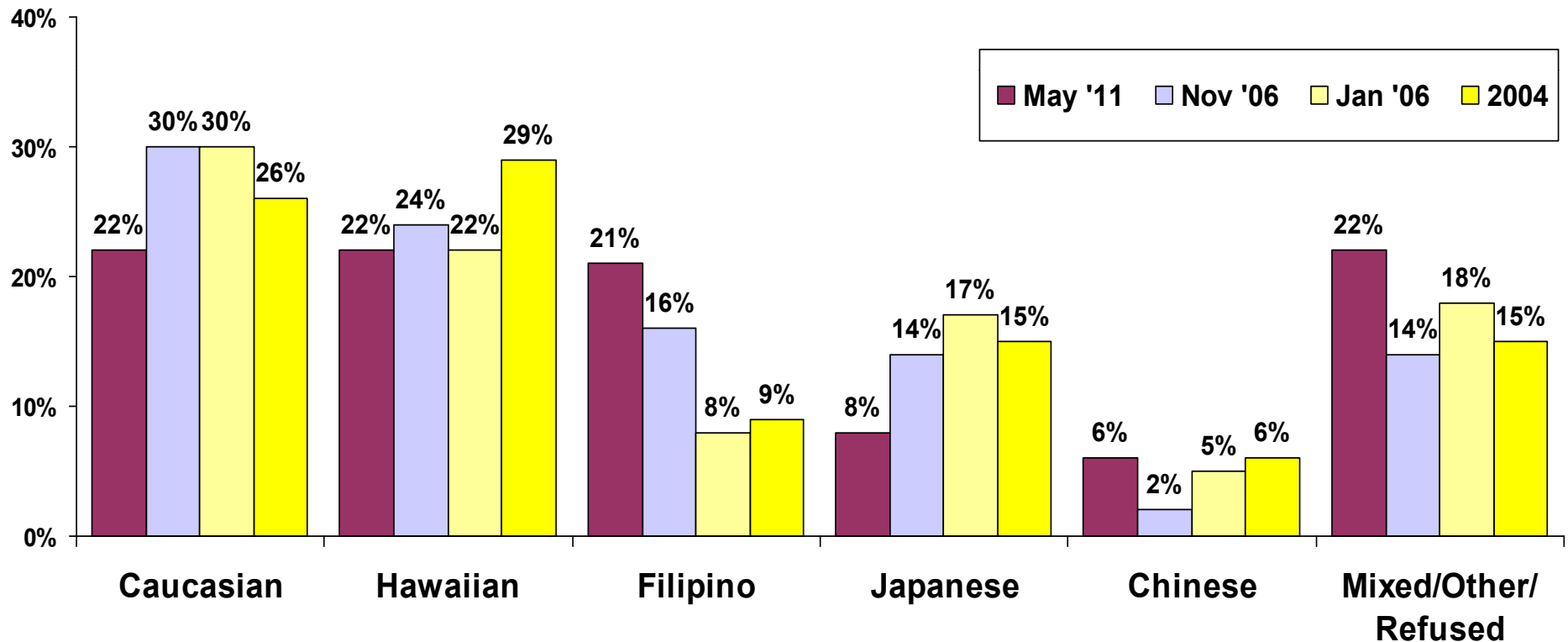
Note: See comparison data on page 68

(May 2011: n= 407)



Viewers of PEG Access Channels By Ethnic Background (Tracking)

- Filipinos continued on an upward trend and now make up a comparable proportion of the viewing audience for PEG Access Channels, with Caucasian and Hawaiian cable subscribers.



Base includes those who reported watching at least one PEG Access Channel in the past month: May 2011 (134); Nov. 2006 (203); Jan. 2006 (159); and 2004 (160)



Viewership of 'Ōlelo Channels 49, 52, 53, 54, 55, or 56 (Additional Findings)

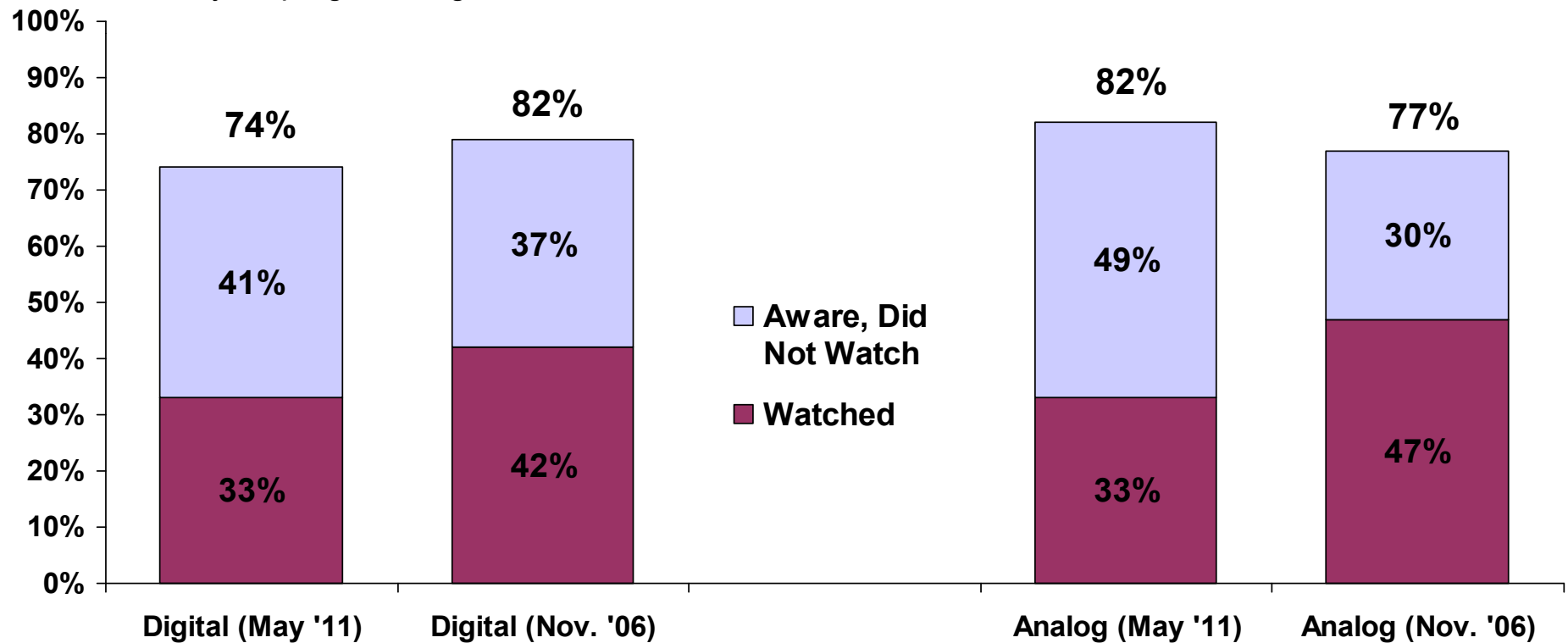
Additional Findings

- A significantly greater proportion of Filipinos (47%), Hawaiians/Part-Hawaiians (42%), and Caucasians (38%) said that they watched 'Ōlelo programming in the past month, as compared to Japanese (12%) respondents who said the same.
- Past month viewership of 'Ōlelo programming was slightly higher among those between the ages of 35 to 54 years (37%) or 55+ years of age (35%), versus younger respondents between the ages of 18 and 34 years (25%).
- There was no difference in past month viewership of 'Ōlelo programming based on household income or by gender.



Awareness & Viewing of PEG Access Channels (Digital vs. Analog Subscribers)

- Awareness of PEG Access Channels was significantly higher among analog subscribers than among digital subscribers.
- Compared to November 2006, past month viewership of PEG Access Channels declined significantly among both digital and analog subscribers --- although this may have been driven by viewership of election-year programming in November 2006.

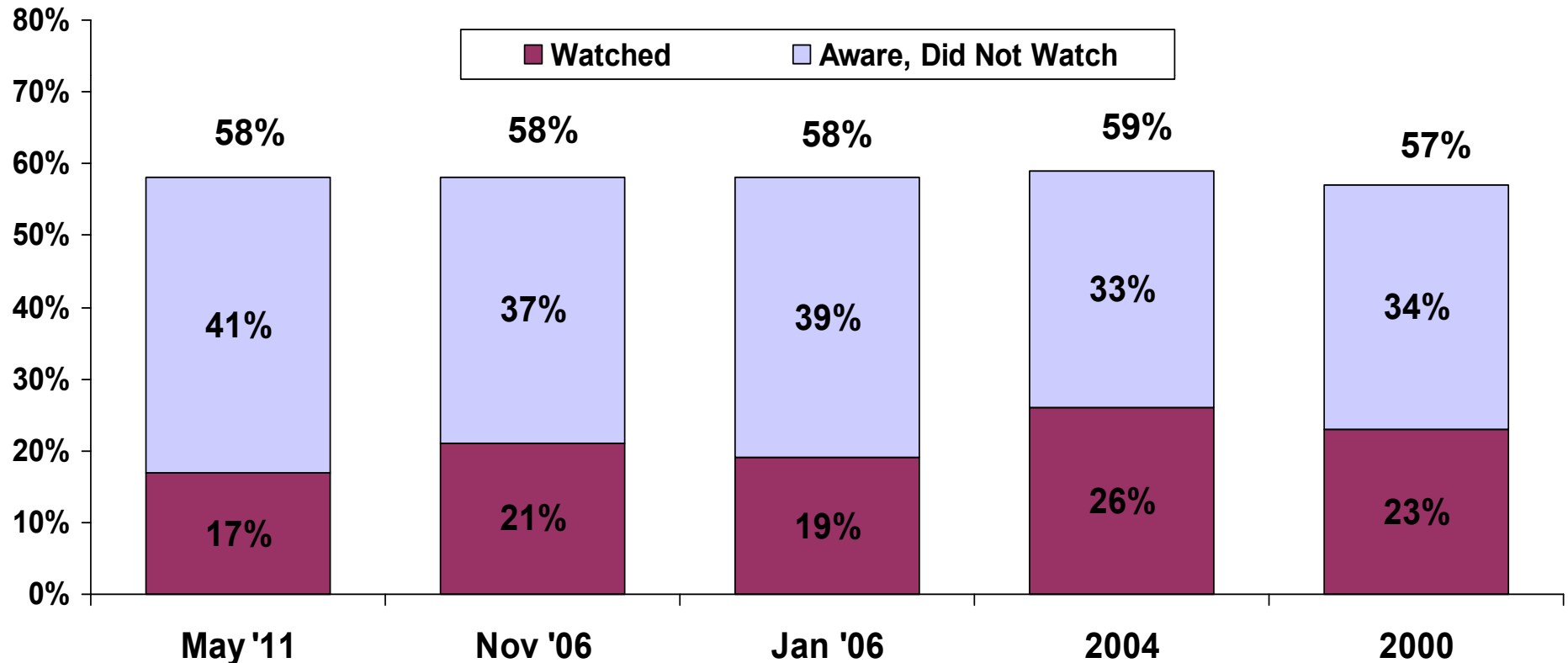


BASE: Digital Subscribers – May 2011 (210); November 2006 (205); Analog subscribers – May 2011 (191); November 2006 (193)



Awareness & Viewing: Channel 52 (OAHU) -- Tracking

- While past month viewership of Channel 52 (OAHU) tailed off slightly in May 2011 (17%; down 4 points), total awareness of the channel has remained relatively unchanged over the past 11 years.



BASE: May 2011: n= 407; Nov. 2006: n=406; Jan. 2006: n=403; 2004: n=401; 2000: n=401



Awareness & Viewing: Channel 52 (OAHU) – Additional Findings

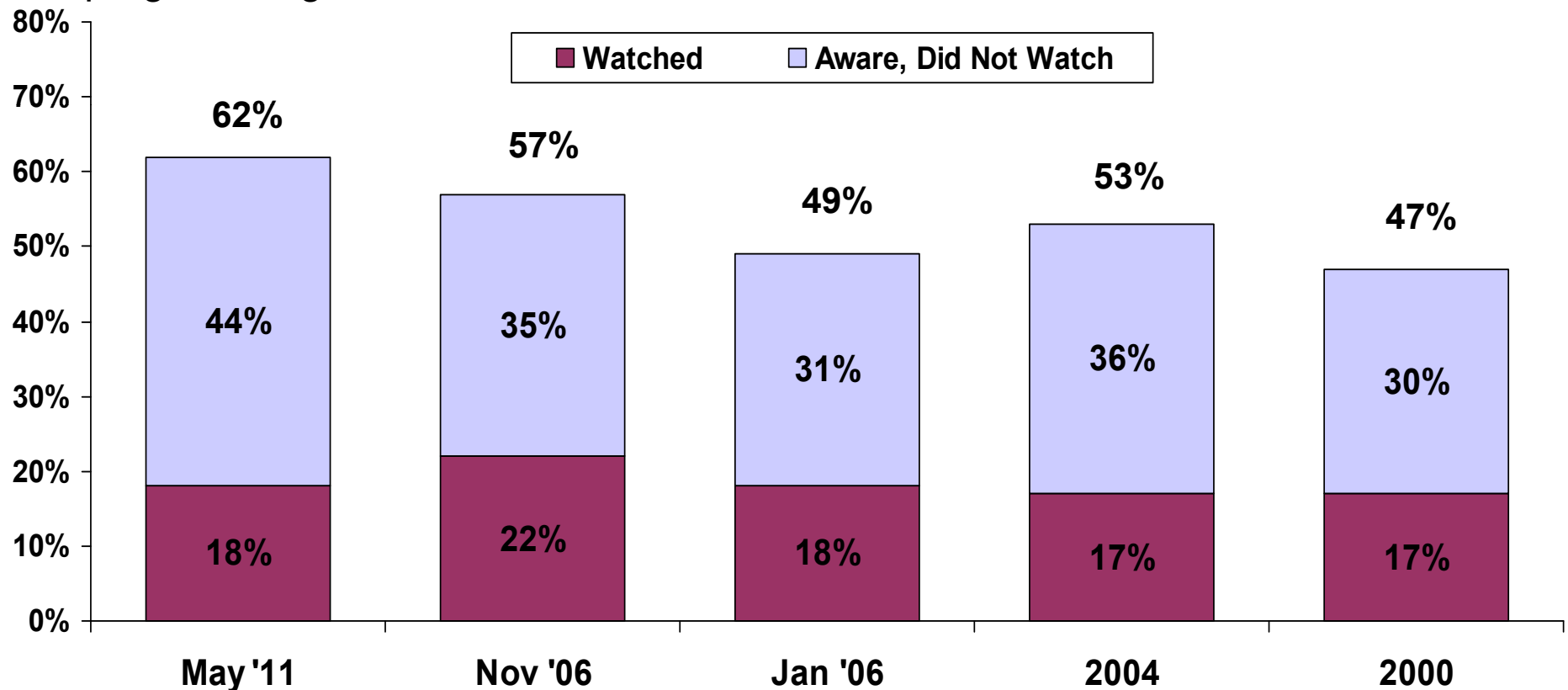
Additional Findings

- Those significantly more likely to have watched Channel 52 (OAHU) in the past month included:
 - ✓ Those who consider PEG Access Channels to be very valuable (31%), as compared to those who find these stations to be somewhat valuable (13%) or who do not find value in these stations (2%);
 - ✓ Older cable subscribers 55+ years of age (20%) or those between the ages of 35 to 54 years (20%), versus younger cable subscribers less than 35 years of age (9%); and
 - ✓ Filipino (33%) and Caucasian (25%) cable subscribers, as opposed to Japanese (6%) cable subscribers.



Awareness & Viewing: Channel 54 (VIEWS) -- Tracking

- Total awareness of Channel 54 (VIEWS) continued on an upward trend, with past month viewership comparable to that reported around non-election year programming.



BASE: May 2011: n= 407; Nov. 2006: n=406; Jan. 2006: n=403; 2004: n=401; 2000: n=401



Awareness & Viewing: Channel 54 (VIEWS) – Additional Findings

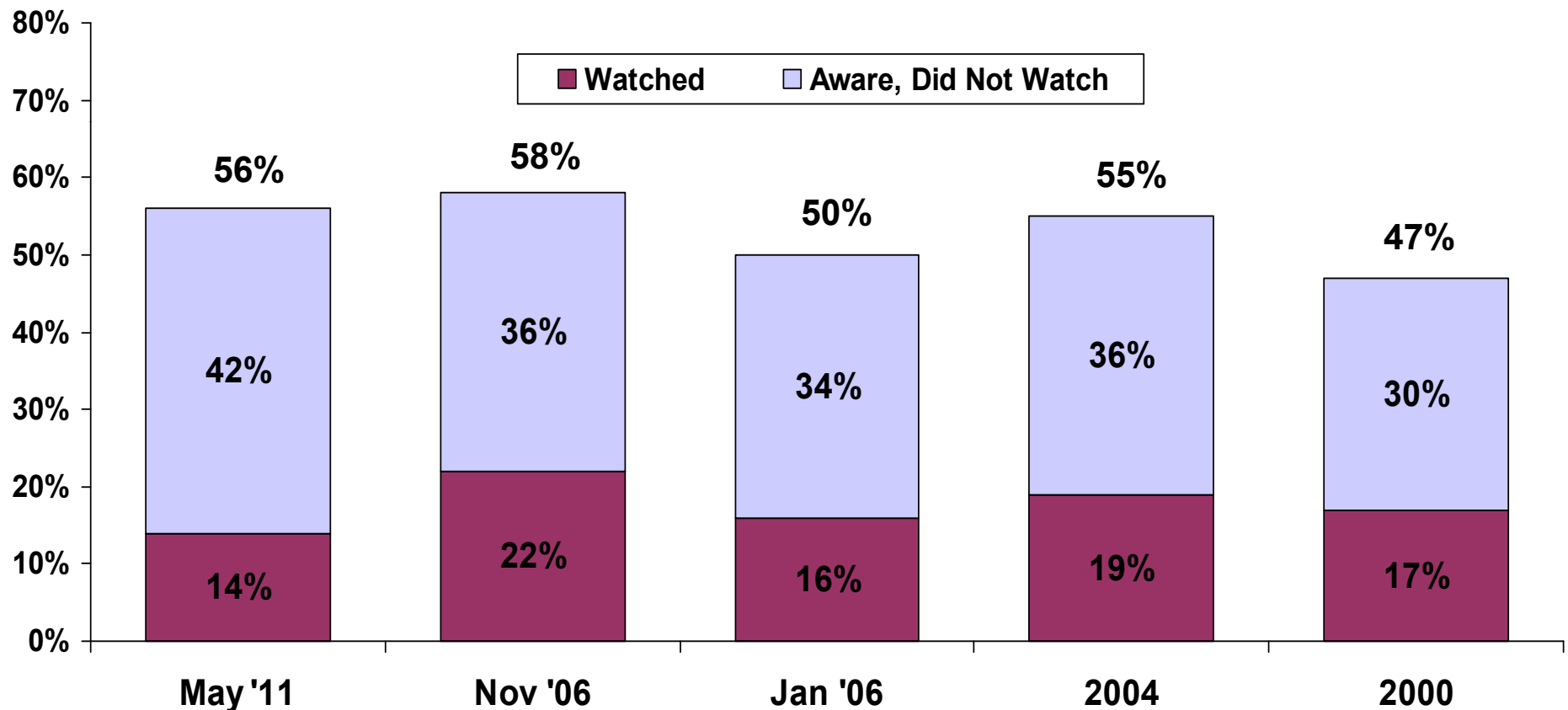
Additional Findings

- Those significantly more likely to have watched Channel 53 (NATV) in the past month included:
 - ✓ Those who consider PEG Access Channels to be very valuable (31%), as compared to those who find these stations to be somewhat valuable (15%) or who do not find value in these stations (3%);
 - ✓ Cable subscribers between the ages of 35 to 54 years (23%) and those 55+ years (19%), versus younger cable subscribers less than 35 years of age (8%); and
 - ✓ Hawaiian (25%), Filipino (25%) and Caucasian (18%) viewers, as opposed to Japanese (6%) viewers.



Awareness & Viewing: Channels 55 & 56 (TEC/TEACH) -- Tracking

- Total awareness of Channels 55 and 56 (TEC/TEACH) fluctuated very little since November 2006 despite a significant decline in viewership (14%; down 8 points).



BASE: May 2011: n= 407; Nov. 2006: n=406; Jan. 2006: n=403; 2004: n=401; 2000: n=401



Awareness & Viewing:

Channels 55 & 56 (TEC/TEACH) – Additional Findings

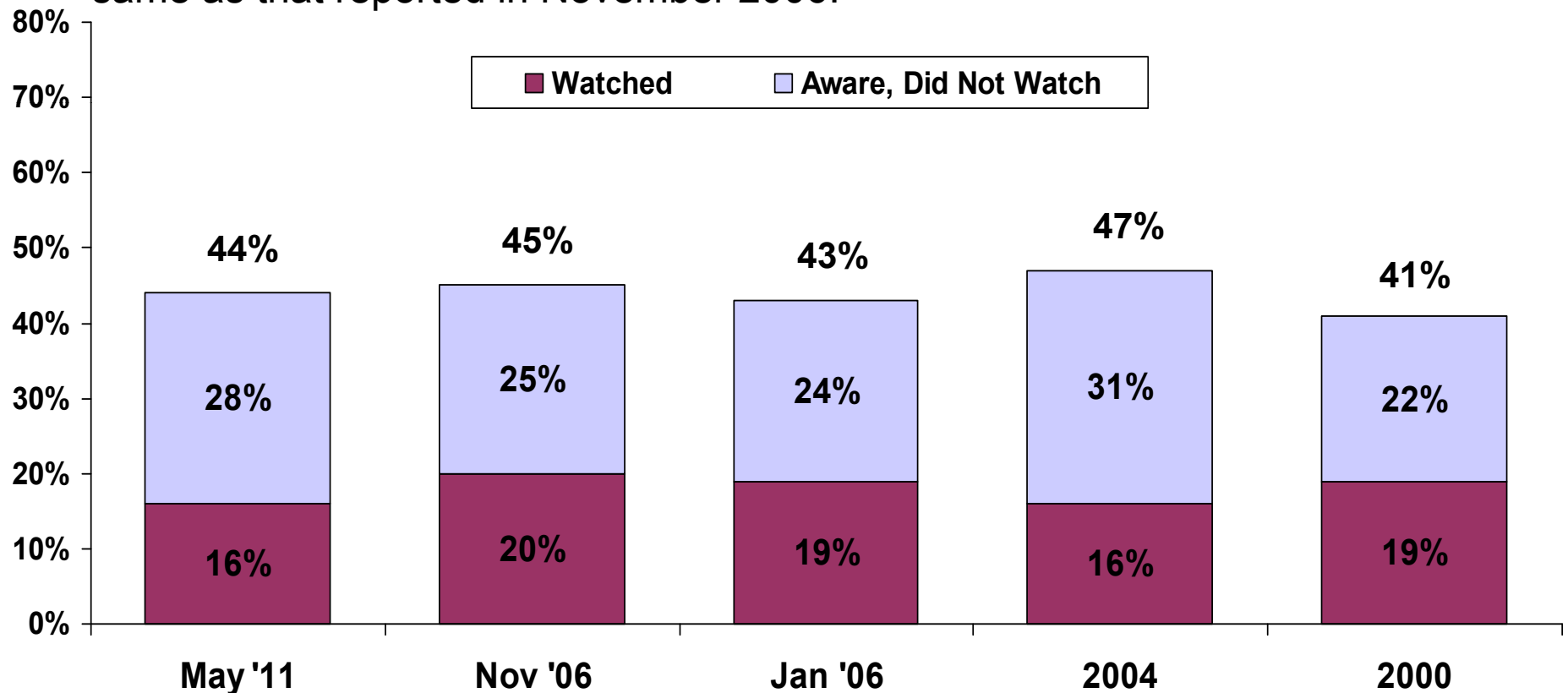
Additional Findings

- Those significantly more likely to have watched Channels 55 or 56 (TEC/TEACH) in the past month included:
 - ✓ Those who consider PEG Access Channels to be very valuable (26%), as compared to those who find these stations to be somewhat valuable (11%) or who do not find value in these stations (3%); and
 - ✓ Filipino (22%) and Hawaiian (20%) viewers, versus Japanese (5%) viewers.



Awareness & Viewing: Channel 53 (NATV) -- Tracking

- Despite a slight decline in past month viewership (16%; down 4 points), overall awareness of Channel 53 – NATV (44%; down 1 point) remained relatively the same as that reported in November 2006.



BASE: May 2011: n= 407; Nov. 2006: n=406; Jan. 2006: n=403; 2004: n=401; 2000: n=401



Awareness & Viewing: Channel 53 (NATV) – Additional Findings

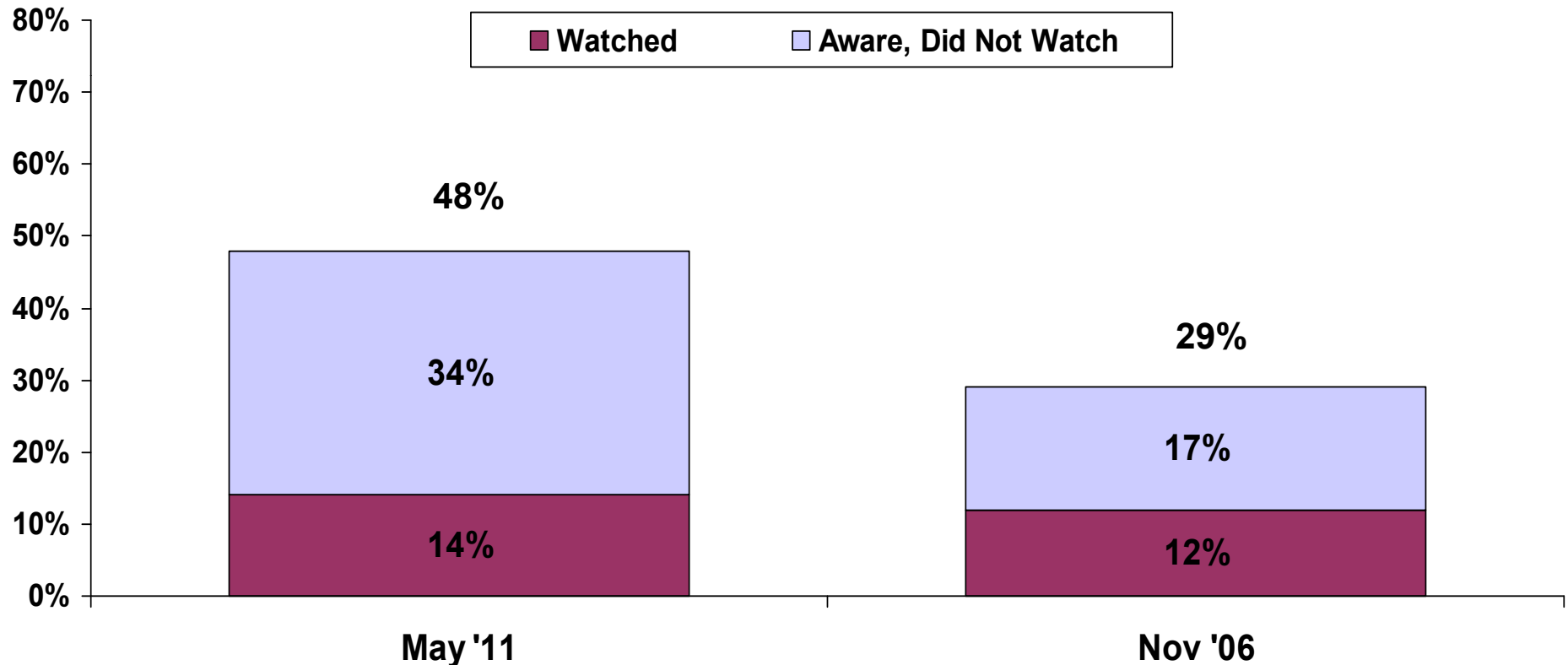
Additional Findings

- Those significantly more likely to have watched Channel 53 (NATV) in the past month included:
 - ✓ Those who consider PEG Access Channels to be very valuable (28%), as compared to those who find these stations to be somewhat valuable (13%) or who do not find value in these stations (3%); and
 - ✓ Hawaiian (25%), Filipino (23%) and Caucasian (22%) viewers, as opposed to Japanese (4%) viewers.



Awareness & Viewing: Channel 49 (FOCUS) -- Tracking

- Although past month viewership changed very little (14%; up 2 points), overall awareness of Channel 49 – FOCUS (48%; up 19 points) increased notably from that reported in November 2006.



BASE: May 2011: n= 407; Nov. 2006: n=406



Awareness & Viewing:

Channel 49 (FOCUS) – Additional Findings

Additional Findings

- Those significantly more likely to have watched Channel 49 (FOCUS) in the past month included:
 - ✓ Those who consider PEG Access Channels to be very valuable (28%), as compared to those who find these stations to be somewhat valuable (10%) or who do not find value in these stations (2%); and
 - ✓ Filipino (25%), Hawaiian (16%), and Caucasian (14%) cable subscribers, as opposed to Japanese (3%) cable subscribers.



Viewing of Specific PEG Access Channels (Digital vs. Analog Subscribers)

- Past month viewership for most individual PEG Access Channels dipped slightly since the previous tracking in November 2006 among both digital and analog subscribers.
- The most notable changes were declines in past month viewership of TEC/TEACH among both digital (12%; down 8 points) and analog (17%; down 8 points) subscribers.
- The lone exception among both segments was past month viewership of Channel 49 FOCUS, which remained unchanged among digital subscribers (13%; no change) and increased slightly among analog subscribers (15%; up 2 points).

| Past Month Viewership | | |
|-----------------------|--------------|--------------|
| Digital Subscribers | May 2011 | Nov. 2006 |
| OAHU | 15% | 21% |
| IEWS | 17% | 22% |
| NATV | 14% | 18% |
| TEC/TEACH | 12% | 20% |
| FOCUS | 13% | 13% |
| Base: Digital | (210) | (205) |
| Analog Subscribers | May 2011 | Nov. 2006 |
| OAHU | 19% | 23% |
| IEWS | 18% | 24% |
| NATV | 18% | 22% |
| TEC/TEACH | 17% | 25% |
| FOCUS | 15% | 13% |
| Base: Analog | (197) | (193) |



Awareness & Viewing of PEG Access Channels: Summary

- Awareness of most PEG Access Channels has changed very little since November 2006, with the exception of VIEWS (up 5 points) and FOCUS (up 19 points).
- Viewership dipped slightly for most PEG Access Channels over this same period, with a significant decline in cable viewership for TEC/TEACH.
- FOCUS continues to improve in cable viewer awareness, although viewership has not increased much in the last five years.

| Viewing Public Access Channels: Tracking | | | | | | | | | |
|--|------------------|--------------|--------------|-----------------------|--------------|--------------|--------------------------------|---------|---------|
| | Aware of Channel | | | Watched in Past Month | | | # Times Watched (Viewers Only) | | |
| | May '11 | Nov '06 | Jan '06 | May '11 | Nov '06 | Jan '06 | May '11 | Nov '06 | Jan '06 |
| OAHU | 58% | 58% | 58% | 17% | 21% | 19% | 4.17 | 4.98 | 5.84 |
| VIEWS | 62% | 57% | 49% | 18% | 22% | 18% | 3.77 | 3.48 | 4.76 |
| NATV | 44% | 45% | 43% | 16% | 20% | 19% | 3.98 | 3.74 | 5.77 |
| TEC/TEACH | 56% | 58% | 50% | 14% | 22% | 16% | 3.78 | 3.24 | 4.94 |
| FOCUS | 48% | 29% | n/a | 14% | 12% | n/a | 3.10 | 3.39 | n/a |
| Base: | (407) | (406) | (403) | (407) | (406) | (403) | -- | -- | -- |



Awareness & Viewing of PEG Access Channels: (Profile of Respondents Summary)

| Ethnicity | Total | Awareness of 'Ōlelo | | Watched 'Ōlelo | |
|------------------------|--------------|---------------------|-------------|----------------|--------------|
| | | Aware (Unaided) | Unaware | Yes | No |
| Caucasian | 19% | 16% | 28% | 22% | 17% |
| Chinese | 8 | 6 | 12 | 6 | 8 |
| Filipino | 14 | 12 | 21 | 21 | 11 |
| Hawaiian/Part-Hawaiian | 17 | 19 | 9 | 22 | 15 |
| Japanese | 22 | 26 | 10 | 8 | 29 |
| Mixed | 11 | 12 | 7 | 11 | 11 |
| Other | 9 | 8 | 11 | 9 | 9 |
| Refused | 1 | 1 | 1 | 2 | <1 |
| Age | | | | | |
| 18 to 24 | 7% | 7% | 6% | 6% | 8% |
| 25 to 34 | 22 | 19 | 34 | 17 | 25 |
| 35 to 44 | 18 | 21 | 11 | 15 | 20 |
| 45 to 54 | 18 | 19 | 15 | 26 | 14 |
| 55 to 64 | 17 | 17 | 16 | 18 | 17 |
| 65 and older | 17 | 17 | 19 | 18 | 17 |
| Mean | 46.8 | 46.9 | 46.2 | 48.9 | 45.7 |
| Base: | (407) | (316) | (91) | (134) | (273) |

Note: Shaded areas show statistically significant differences between segments



Awareness & Viewing of PEG Access Channels: (Profile of Respondents Summary)

| Gender | Total | Awareness of 'Ōlelo | | Watched 'Ōlelo | |
|-------------------------|-----------------|---------------------|-----------------|-----------------|-----------------|
| | | Aware (Unaided) | Unaware | Yes | No |
| Male | 47% | 47% | 47% | 51% | 45% |
| Female | 53 | 53 | 53 | 49 | 55 |
| Household Income | | | | | |
| Less than \$35,000 | 19% | 15% | 30% | 21% | 17% |
| \$35,000 to <\$50,000 | 15 | 15 | 15 | 13 | 16 |
| \$50,000 to <\$75,000 | 18 | 20 | 14 | 20 | 18 |
| \$75,000 to <\$100,000 | 17 | 17 | 16 | 18 | 16 |
| \$100,000+ | 12 | 14 | 8 | 12 | 12 |
| Refused | 19 | 20 | 17 | 17 | 20 |
| MEAN: | \$51,470 | \$53,180 | \$45,500 | \$51,970 | \$51,230 |
| Base: | (407) | (316) | (91) | (134) | (273) |

Note: Shaded areas show statistically significant differences between segments

Sources of Awareness About PEG Access Channels



Sources of Awareness: PEG Access Channels

- Channel surfing remains the most widely-used method of finding PEG Access Channels, although the proportion who cited channel surfing declined since November 2006.
- Newspaper and other television guides is now the second most frequently mentioned source, followed by the Channel 12/On-screen guide and word-of-mouth from friends and family.

| Q: How did you learn about these channels? | | |
|---|-----------------|------------------|
| Source | May 2011 | Nov. 2006 |
| Channel surfing | 63% | 74% |
| Newspaper & other television guides | 12 | 5 |
| Channel 12/On-screen guide | 8 | 7 |
| Word-of-mouth/friends/family | 7 | 7 |
| Through work or school | 4 | 0 |
| Online guide | 2 | 0 |
| Ads on other channels | 2 | 1 |
| I've known for a long time | 2 | 3 |
| Base | (134) | (178) |



Sources of Awareness: PEG Access Channels – Additional Findings

Additional Findings

- Older viewers 55+ years of age were more reliant than others on television listings (through either the newspaper and other television guides or Channel 12/on-screen guide) to learn about public access channels.
- A relatively greater proportion of younger viewers less than 35 years heard about PEG Access Channels via word-of-mouth from friends and family.

Reasons Not To Watch Public Access Channels



Reasons For Not Watching Public Access Channels

- Lack of interest in Public Access Channel programming was the top reason for not watching these channels in May 2011, followed by set behaviors and limited television time.

| Reason For Not Watching Any Public Access Channels (Top Reasons) | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| Why not watch these channels? | May 2011 | Nov. 2006 | Jan. 2006 | 2004 | 2000 |
| Not interested / Programs boring | 39% | 33% | 20% | 24% | 24% |
| Watch only certain channels | 20 | 21 | 26 | 24 | 24 |
| Don't watch enough TV | 13 | 21 | 24 | 30 | 29 |
| Not familiar with public access | 11 | 9 | 9 | 11 | 6 |
| Nothing appealing | 8 | 15 | 19 | 14 | 0 |
| Base | (266) | (229) | (263) | (240) | (247) |

- A lack of interest in public access programming is more prevalent among those from middle-income households between \$50,000 and \$74,999 (64% mention among this segment), those who do not find PEG Access Channels to be a valuable resource (55%), and Japanese viewers (50%).

Q: Why did you not watch any of these channel(s)?

Perceived Value of PEG Access Channels



Perceived Value of PEG Access Channels

Those surveyed were asked the following question regarding the perceived value of PEG Access Channels:

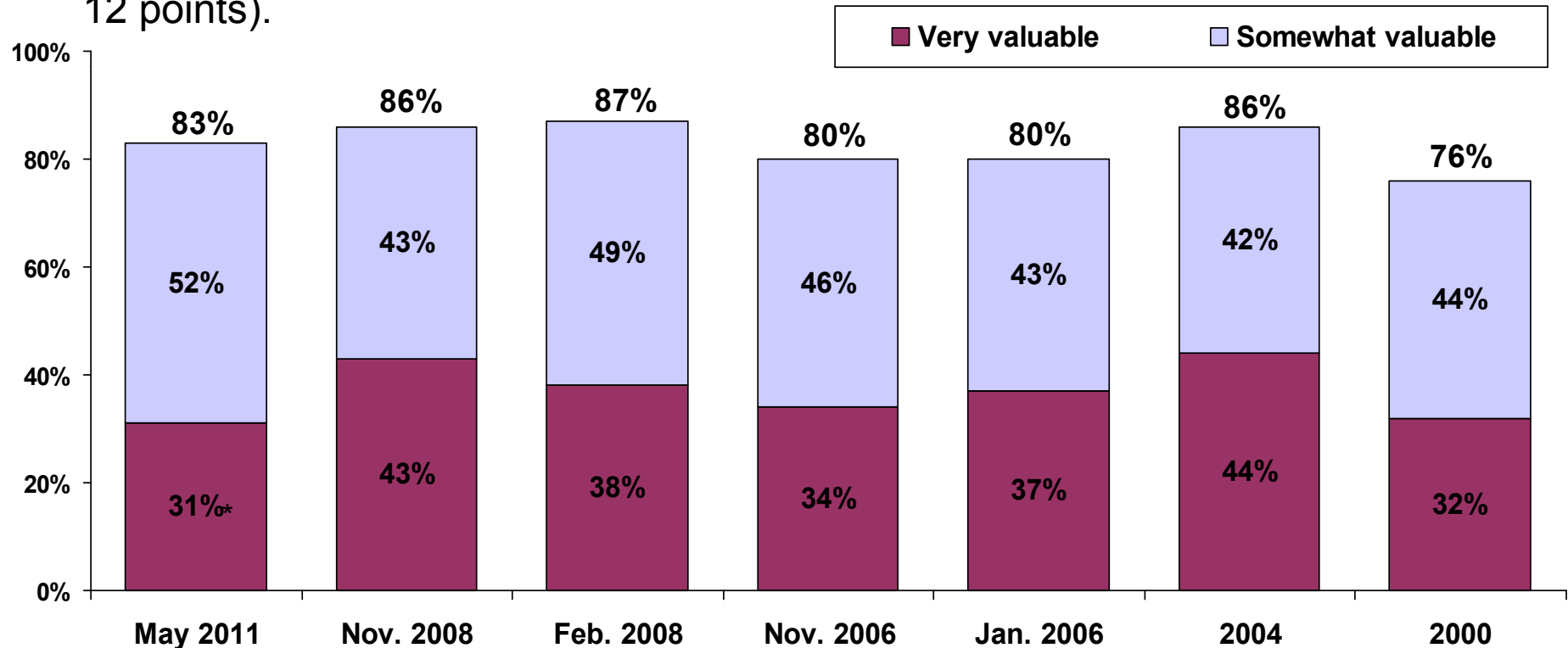
“As you may know, many of the programs aired on channels 49, 52, 53, 54, 55 and 56, called ‘public, education and government or PEG access’ channels, are produced by the community --- either by individuals or by local organizations, and not by TV professionals. How valuable do you believe these programs are to the community in general? Would you say they are very valuable, somewhat valuable, not very valuable, or not at all valuable?”

[Note: This question was asked on two Omnibus surveys conducted by Ward Research on behalf of ‘Ōlelo in February 2008 and November 2008. Results from those two Omnibus surveys are incorporated with the tracking data for this question on the following page.]



Perceived Value of PEG Access Channels

- Overall support for PEG Access Channels continues on a gradual downward trend, with the proportion of those who find these channels to be “very valuable” experiencing a significant decline since November 2008 (31%); down 12 points).



Base: May 2011 (407); Nov. 2008 (360); Feb. 2008 (368); Nov. 2006 (406); Jan. 2006 (403); 2004 (401); 2000 (401)

*Note: A new weighting scheme (HH technologies) was used in May 2011. Based on the old weighting scheme (landline only), “very valuable” for May ’11 was 41% (see page 69).



Perceived Value of PEG Access Channels – Additional Findings

Additional Findings

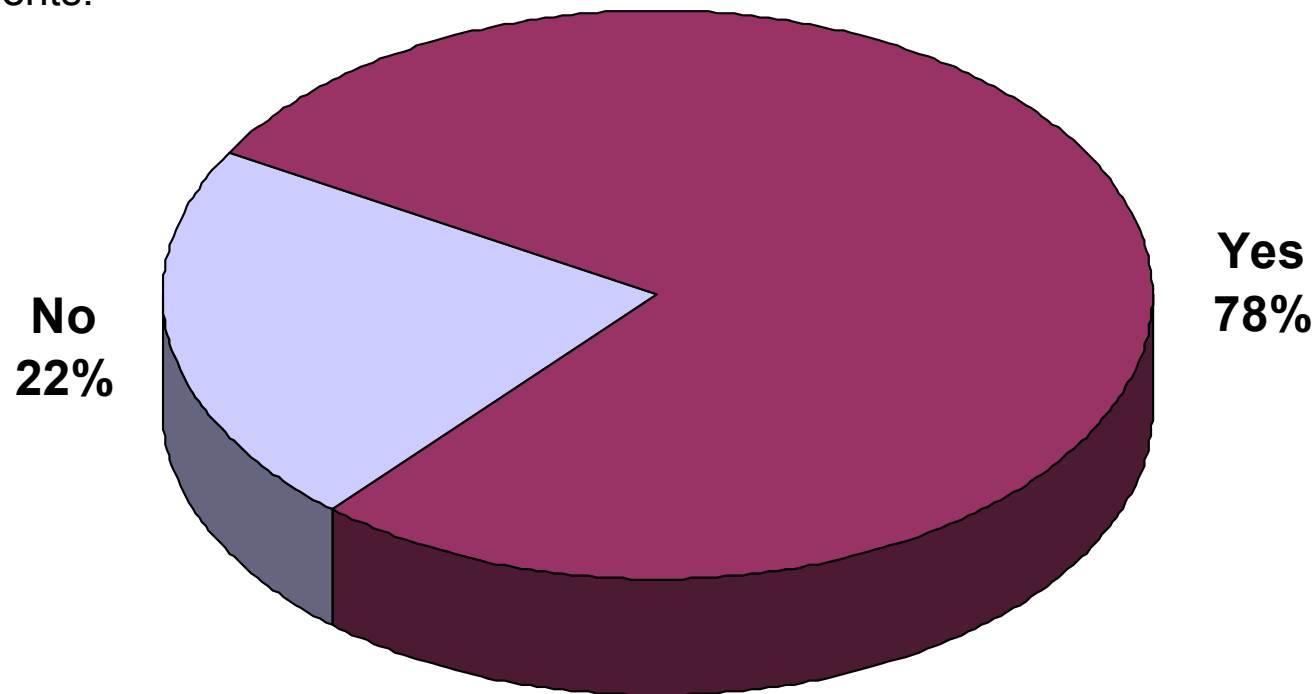
- A significantly greater proportion of Filipino (41%), Caucasian (39%), and Hawaiian (34%) cable subscribers find PEG Access Channels to be “very valuable”, as compared to the proportion of Japanese (12%) cable subscribers who said likewise.
- Those from lower-income households of less than \$50,000 (39%) were significantly more likely than those from middle-income households of \$50,000 to \$74,999 (21%) or from upper-income households of \$75,000+ (25%) to find PEG Access Channels to be “very valuable”.

‘Ōlelo Community Media: Programs and Services



Heard of 'Ōlelo Community Media

- Overall, more than three-fourths of those cable subscribers surveyed said that they have heard of 'Ōlelo Community Media (78%).
- Awareness of 'Ōlelo Community Media was significantly higher among Japanese (90%) and Hawaiian (88%) respondents than it was among Caucasian (67%) and Filipino (67%) respondents.



Base: May 2011 (407)

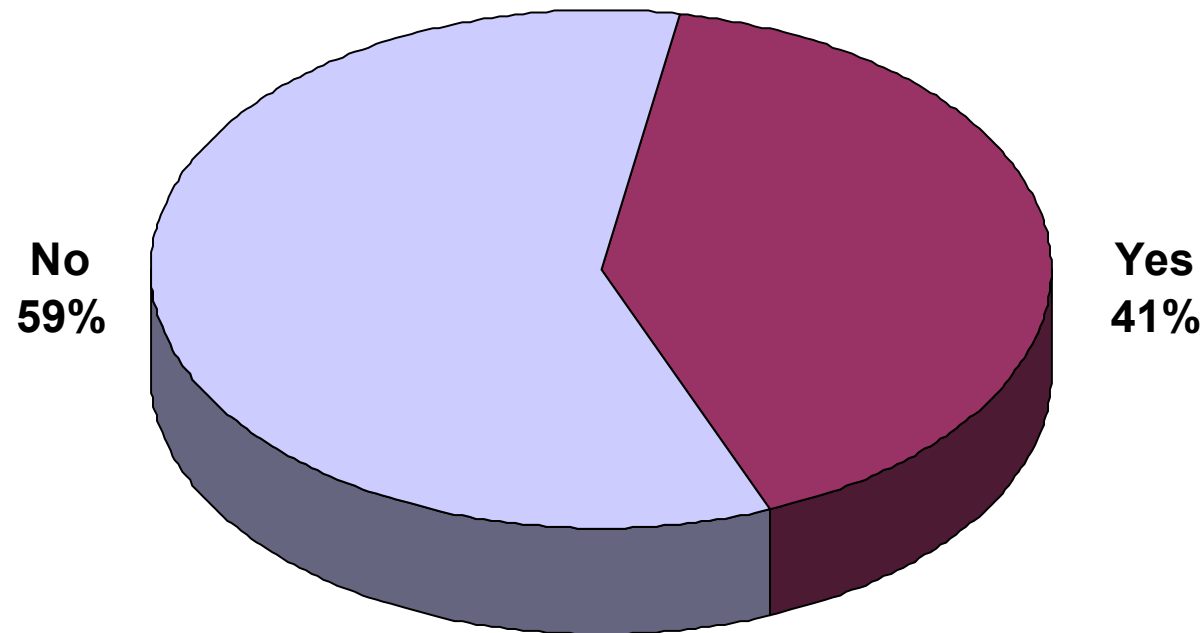
Q: Have you ever heard of 'Ōlelo Community Media?

Note: Question was not asked in November 2006. In January 2006 and before, question was asked "Have you ever heard of 'Ōlelo Community Television"?"



Aware of 'Ōlelo-Sponsored Community Programs & Services

- Overall, two-fifths of those cable subscribers surveyed said that they were aware of 'Ōlelo-sponsored community programs and services.
- Awareness of 'Ōlelo-sponsored programs and services was significantly higher among those 35 to 54 years (50%) and those 55+ years (42%), versus those less than 35 years of age (28%).



Note: Question was asked for the first time in May 2011

Base: May 2011 (407)

Q: Are you aware of any of 'Ōlelo's community programs or services?



Aware of 'Ōlelo-Sponsored Community Programs & Services (cont.)

All respondents surveyed were asked if they were aware of several 'Ōlelo-sponsored community programs and services and how valuable they perceived each one to be. The following programs and services were tested:

- ✓ Video training, certification classes, equipment & production facilities at six various community Media Centers across O'ahu;
- ✓ Youth Xchange Student video Competition, an annual program to train and educate students about the value and importance of speaking out through the powerful medium of video;
- ✓ Vote Informed election programming. Candidate presentations, debates & forums during the primary and general elections;
- ✓ Live legislative sessions & Live City Council meetings; and
- ✓ Provides free services for non-profit organizations enabling non-profits to educate the community on issues and services available.

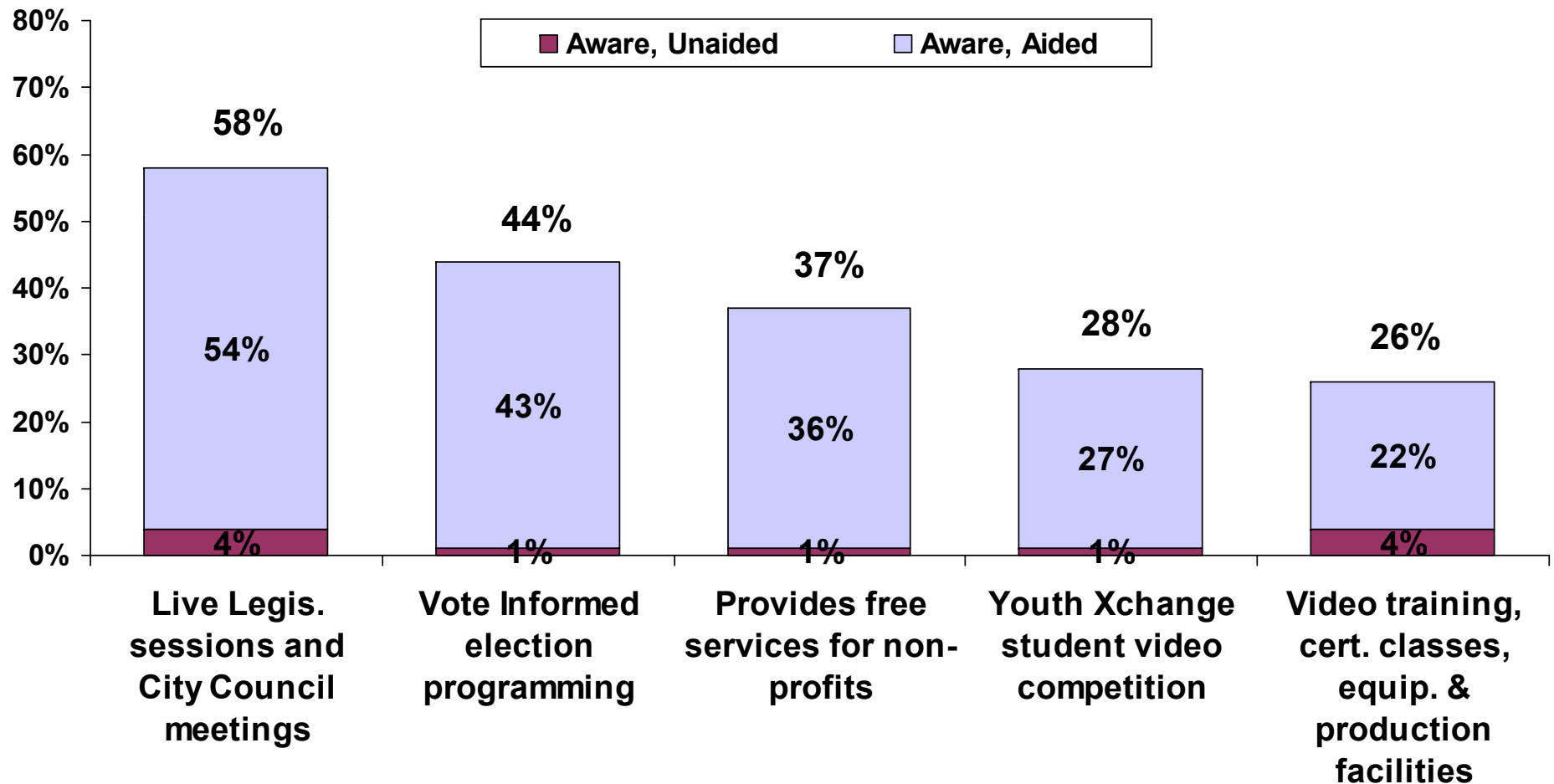


Aware of 'Ōlelo-Sponsored Community Programs & Services (cont.)

- As shown on the following page, viewer awareness was highest for 'Ōlelo offering live Legislative sessions and City Council meetings (58%); the only program/service tested recalled by a majority of respondents.
- Just under half recalled Vote Informed election programming (44%).
- More than one-third knew that 'Ōlelo provides free services for non-profit organizations (37%).
- Slightly more than one-fourth were aware that 'Ōlelo sponsors the Youth Xchange student video competition (28%) and that 'Ōlelo offers video training, certification classes, equipment and production facilities at six various community Media Centers across O'ahu (26%).
- Practically all mention of 'Ōlelo-sponsored community programs and services came on an aided basis, as very few could recall any of the programs or services on their own.



Aware of 'Ōlelo-Sponsored Community Programs & Services (cont.)



Base: May 2011 (407)

Note: Question was asked for the first time in May 2011



Aware of 'Ōlelo-Sponsored Community Programs & Services (Additional Findings)

Additional Findings

- Viewer awareness of 'Ōlelo offering live Legislative sessions and City Council meetings was significantly higher among those between 35 and 54 years of age (69%), as well as those from middle-income (68%) or upper-income (68%) households.
- Viewer recall of Vote Informed election programming was significantly higher among those 55+ years of age (55%) and males (51%).
- Filipinos (9%) were less aware than all other ethnic segments that 'Ōlelo offers video training, certification classes, equipment and production facilities at six various community Media Centers across O'ahu.
- A significantly greater proportion of those between 35 and 54 years of age (44%) knew that 'Ōlelo provides free services for non-profit organizations enabling non-profits to educate the community on issues and services available.

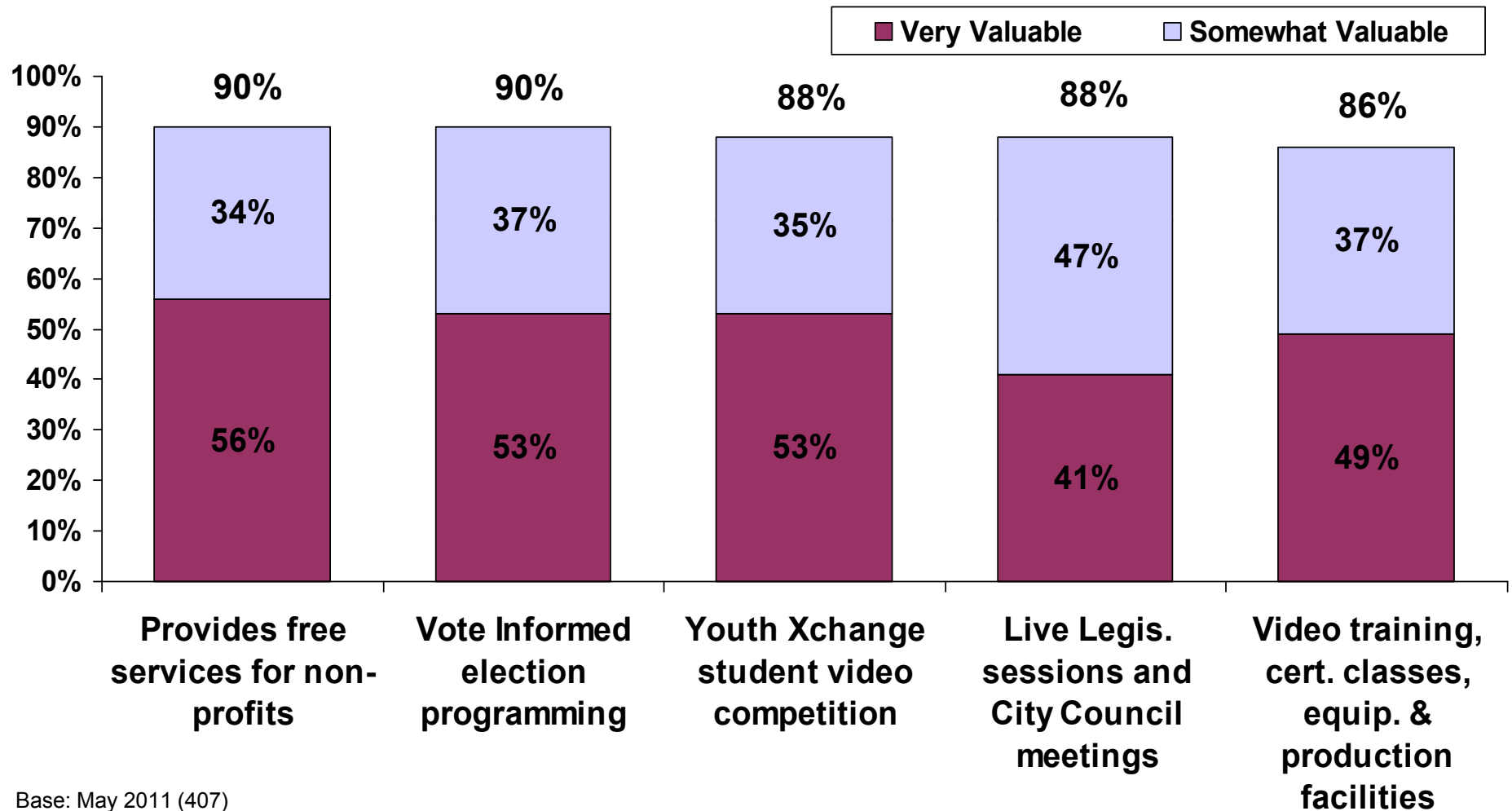


Perceived Value of 'Ōlelo-Sponsored Community Programs & Services

- As shown on the following page, all 'Ōlelo-sponsored community programs and services tested were considered to be valuable; with each one receiving either a “very valuable” or “somewhat valuable” rating from roughly 9 in 10 respondents.
- A slight majority of cable subscribers surveyed considered 'Ōlelo-provided free services for non-profit organizations (56%), Vote Informed election programming (53%), and the Youth Xchange student video competition (53%) to be “very valuable”.
- Roughly half considered 'Ōlelo video training, certification classes, equipment and production facilities at six various community Media Centers (49%) to be “very valuable”.
- Two in 5 considered live Legislative sessions and City Council meetings (41%) to be “very valuable”.



Perceived Value of 'Ōlelo-Sponsored Community Programs & Services



Base: May 2011 (407)

Note: Question was asked for the first time in May 2011



Perceived Value of 'Ōlelo-Sponsored Community Programs & Services (Additional Findings)

- Generally speaking, a significantly greater proportion of females than males found all of the 'Ōlelo-sponsored community programs and services tested to be “very valuable”.
- Hawaiian viewers were more likely to find the Youth Xchange student video competition, live Legislative sessions and City Council meetings, and Vote Informed election programming to be “very valuable”, while Japanese viewers were relatively less likely to agree.
- Those from lower-income households of less than \$50,000 were more likely than those from upper-income households to find live Legislative sessions and City Council meetings to be “very valuable”.

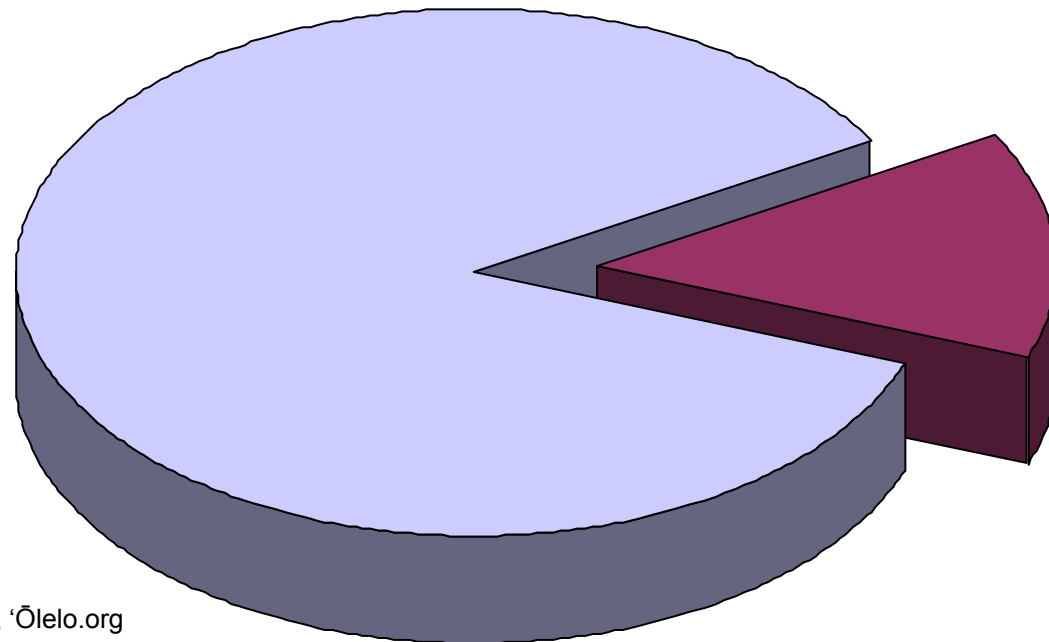


Ever Gone To 'Ōlelo's Website?

- Overall, 1 in 7 cable subscribers surveyed said that they have gone to 'Ōlelo's website in the past (14%).
- Those who have gone to 'Ōlelo's website have gone an average of 3 times in the past three months --- or once a month, on average.

**MEAN = 3.0 times/
Past 3 months**

**No
86%**



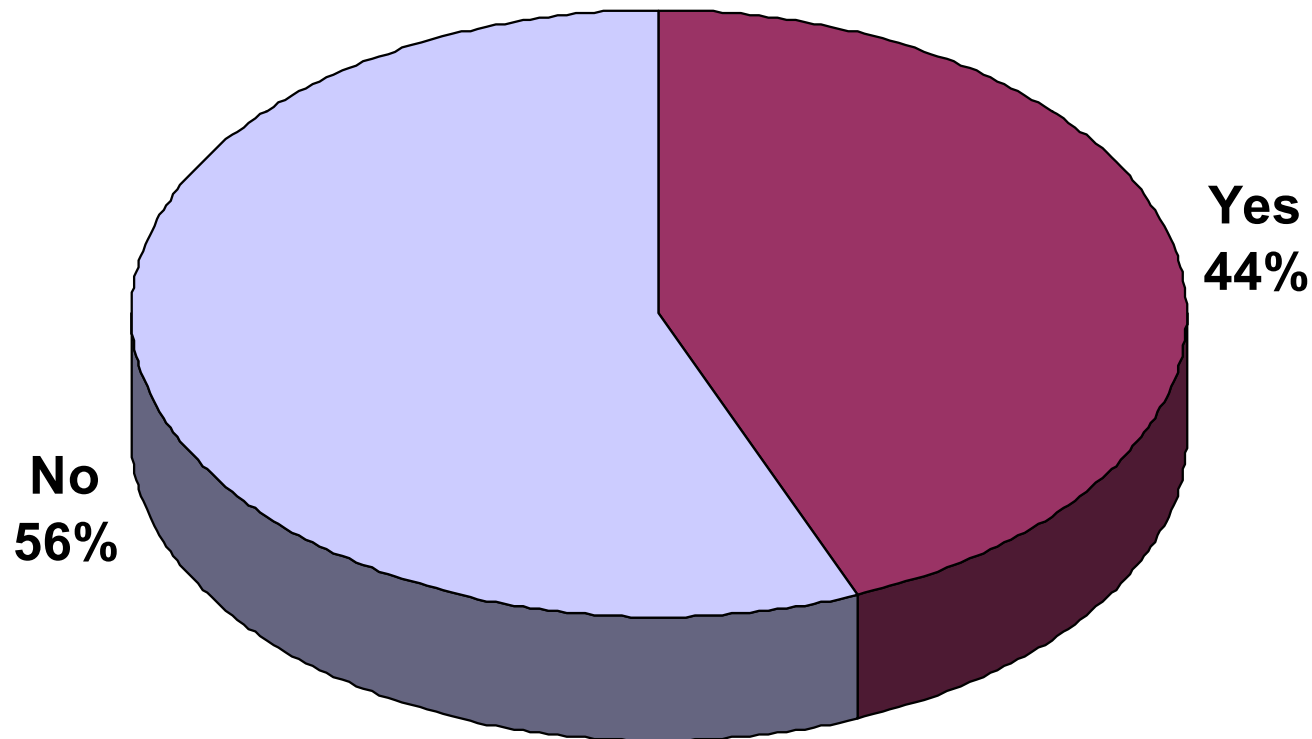
**Yes
14%**

Q: Have you ever gone to 'Ōlelo's website, 'Ōlelo.org
Base: May 2011 (407)
Note: Question was asked for the first time in May 2011



Watched Full Episode of Any Television Program On The Internet

- Overall, 4 in 9 cable subscribers surveyed said that they have watched a full episode of a television program on the Internet (44%).



Q: Have you ever watched a full episode of any television program on the Internet?

Base: May 2011 (407)

Note: Question was asked for the first time in May 2011.



Watched Full Episode of Any Television Program On The Internet (Additional Findings)

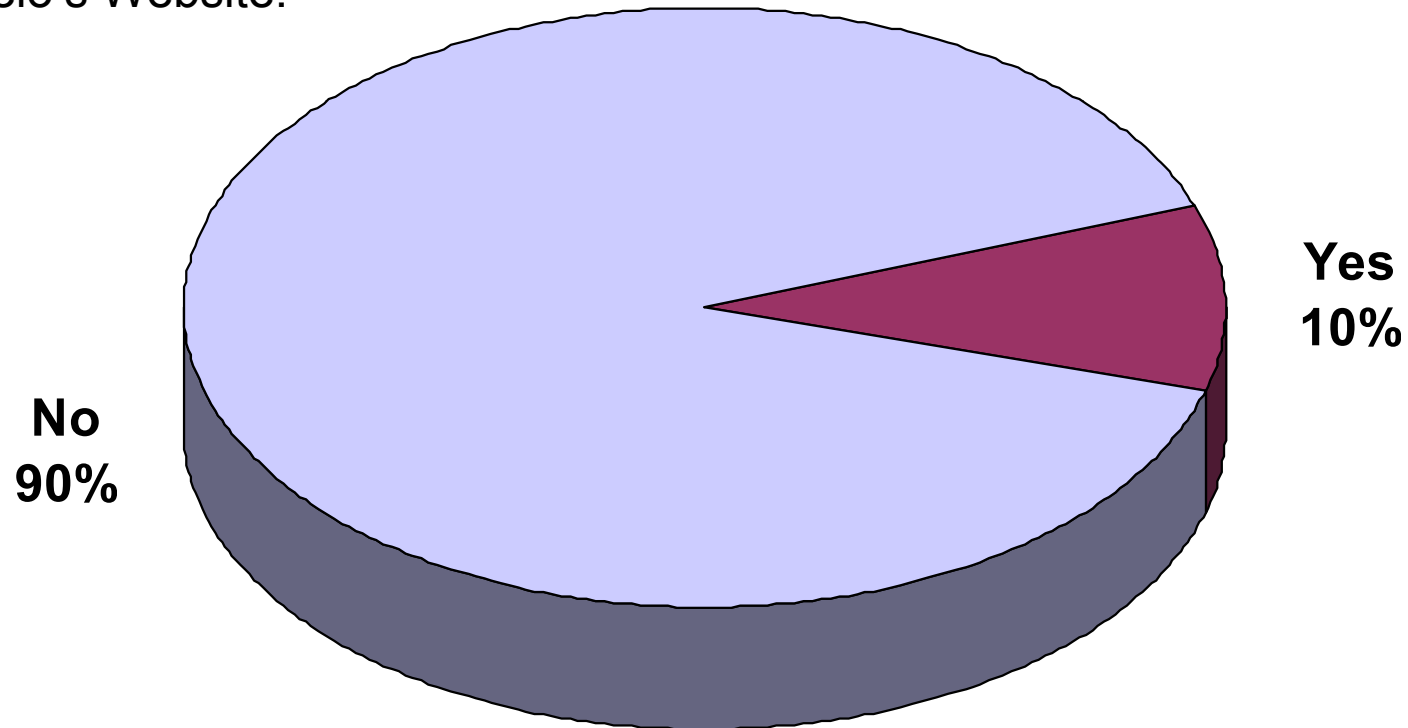
Additional Findings

- Among those more likely than others to have watched a full episode of a television program on the Internet were:
 - ✓ Younger cable subscribers less than 35 years of age (62%) and those between 35 and 54 years (56%), versus older cable subscribers 55+ years of age (16%);
 - ✓ Japanese (46%) and Hawaiian (45%) viewers, as compared to Filipino (27%) viewers; and
 - ✓ Those from upper-income households of \$75,000+ (54%), versus those from lower-income households of less than \$50,000 (38%).



Aware of On-Demand Videos/ Programs At 'Ōlelo's Website?

- Overall, 1 in 10 cable subscribers surveyed said that they were aware that they could access, watch, or listen to videos and programs on-demand at 'Ōlelo's Website.



Q: Did you know that you can access, watch, or listen to videos and programs on-demand at 'Ōlelo's website?

Base: May 2011 (407)

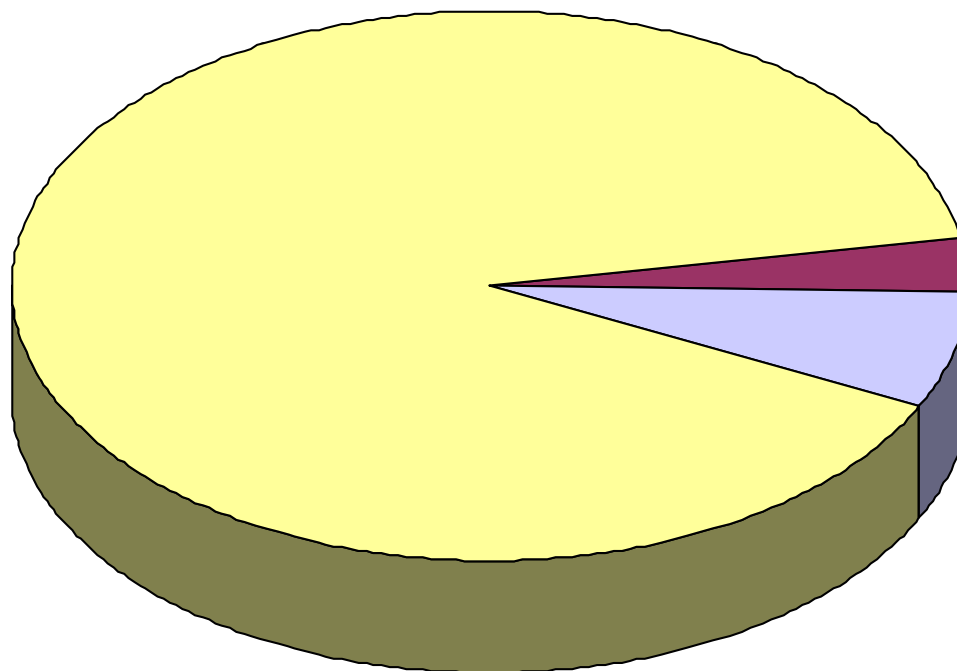
Note: Question was asked for the first time in May 2011.



Ever Watched or Listened To A Video/ Program On-Demand At 'Ōlelo's Website?

- Overall, only a few respondents indicated that they have ever watched or listened to a video or program on-demand at 'Ōlelo's Website (3%).
- Those between the ages of 35 to 54 years were more likely than others to have watched or listened to a video or program on-demand at 'Ōlelo's Website.

**No, Not Aware of
Website
90%**



**Yes
3%**

**No, Aware of
Website
7%**

Q: Did you know that you can access, watch, or listen to videos and programs on-demand at 'Ōlelo's website? Have you ever watched or listened to a video or program on-demand at 'Ōlelo's website?

Base: May 2011 (407)

Note: Question was asked for the first time in May 2011.



Likelihood of Watching/Listening To On-Demand Programming At 'Ōlelo's Website?

Those surveyed were read detailed descriptions of the types of programming available free on-demand at 'Ōlelo's Website and asked how likely they were to watch or listen to each program in the next few months. The following descriptions were read:

- Community-based issues, sports and entertainment programming shown on Cable Channel 52, also known as OAHU
- Programs covering events and issues of interest about Hawaiians and other Pacific Islanders, shown on Cable Channel 53, also known as NATV
- Neighborhood Boards, City Council and issues-related programming shown on Cable Channel 54, also known as VIEWS
- Legislative programs, neighborhood boards, and other programs about events and issues of interest in the community shown on Cable Channel 49, also known as FOCUS 49
- Current livestreams of Cable Channels 49, 52, 53, or 54
- 'ŌleloNet on Demand videos of Honolulu City Council meetings, State Senate and State House sessions
- Current traffic camera views and livestreams
- Cultural/Ethnic events and programming previously broadcast on 'Ōlelo
- Inspiration and growth programming previously broadcast on 'Ōlelo
- Sports, Arts & entertainment programming previously broadcast on 'Ōlelo



Likelihood of Watching/Listening To On-Demand Programming At 'Ōlelo's Website?

| Q: How likely would you be to watch or listen free on-demand at 'Ōlelo's website in next few months? | | | |
|--|-------------|-----------------|--------------|
| Program | Very Likely | Somewhat Likely | Total Likely |
| Current traffic camera views and livestreams | 20% | 32% | 52% |
| Cultural/Ethnic events and programming previously broadcast on 'Ōlelo | 14% | 31% | 45% |
| Sports, Arts & entertainment programming previously broadcast on 'Ōlelo | 13% | 31% | 44% |
| Community-based issues, sports and entertainment programming shown on Cable Channel 52, also known as OAHU | 12% | 32% | 44% |
| Programs covering events & issues of interest about Hawaiians/other Pacific Islanders, shown on Cable Channel 53, also known as NATV | 13% | 26% | 39% |
| Neighborhood Boards, City Council and issues-related programming shown on Cable Channel 54, also known as VIEWS | 13% | 26% | 39% |
| 'ŌleloNet on Demand videos of Honolulu City Council meetings, State Senate & State House sessions | 13% | 23% | 36% |
| Current livestreams of Cable Channels 49, 52, 53, or 54 | 9% | 27% | 36% |
| Legislative programs, neighborhood boards, and other programs about events and issues of interest in the community shown on Cable Channel 49, also known as FOCUS 49 | 12% | 23% | 35% |
| Inspiration and growth programming previously broadcast on 'Ōlelo | 10% | 23% | 33% |

- Of those programs tested, those cable subscribers surveyed would be most likely to watch current traffic camera views and livestreams in the next few months (52% likely; 20% very likely).
- Just under half indicated that they would be likely to watch or listen to:
 - Cultural/ethnic events and programming previously broadcast on 'Ōlelo (45% likely; 14% very likely);
 - Sports, arts & entertainment programming previously broadcast on 'Ōlelo (44% likely; 13% very likely); or
 - Community-based issues, sports and entertainment programming shown on Cable Channel 52, also known as OAHU (44% likely; 12% very likely).



Likelihood of Watching/Listening To On-Demand Programming At 'Ōlelo's Website? (Additional Findings)

Additional Findings

- Based on survey responses, Filipino cable subscribers would be the most likely demographic segment to utilize on-demand programming at 'Ōlelo's website in the next few months.
- In addition, those from lower-income households also appear to be strong candidates to be “very likely” users of on-demand programming at 'Ōlelo's website.
- In contrast, Japanese and Caucasian viewers, as well as those 55+ years of age, displayed a greater propensity than others to be “not at all likely” to take advantage of on-demand programming at 'Ōlelo's website.

Effects of New Methodology



Data Set Comparisons

With the change in the survey methodology in May 2011, there are questions as to whether any changes noted in the findings are a result of a change in the methodology versus actual changes in the population. In order to address these concerns, May 2011 data was run in two ways for comparison purposes: 1) Based on the new recommended weights based on combined methodologies and household technologies and 2) By selecting only those who completed the survey via landline and weighing the data by age (as was done in past tracking data). Comparisons based on key tracking metrics are presented in the tables to follow. There were several areas of note where variance in key tracking metrics appeared to be a result of the change in methodology --- and a more accurate representation of current population viewing behaviors.



Data Set Comparisons (cont.)

- Looking at landline data only from the May 2011 survey, awareness numbers for all individual PEG Access Channels with the exception of Channel 52 (OAHU) would be reportedly lower.

| Viewing Public Access Channels: Tracking | | | | |
|---|-------------------------|---|----------------|----------------|
| | Aware of Channel | | | |
| | May '11 | May '11 (Landline Data Only) | Nov '06 | Jan '06 |
| OAHU | 58% | 58% | 58% | 58% |
| VIEWS | 62% | 55% | 57% | 49% |
| NATV | 44% | 40% | 45% | 43% |
| TEC/TEACH | 56% | 50% | 58% | 50% |
| FOCUS | 48% | 42% | 29% | n/a |
| Base: | (407) | (265) | (406) | (403) |



Data Set Comparisons (cont.)

- There is very little difference noted in viewership numbers for each individual PEG Access Channel based on the landline only sample; Viewership still declined across all channels with the exception of Channel 49 (FOCUS).

| Viewing Public Access Channels: Tracking | | | | |
|---|------------------------------|---|----------------|----------------|
| | Watched in Past Month | | | |
| | May '11 | May '11 (Landline Data Only) | Nov '06 | Jan '06 |
| OAHU | 17% | 18% | 21% | 19% |
| IEWS | 18% | 19% | 22% | 18% |
| NATV | 16% | 17% | 20% | 19% |
| TEC/TEACH | 14% | 15% | 22% | 16% |
| FOCUS | 14% | 14% | 12% | n/a |
| Base: | (407) | (265) | (406) | (403) |



Data Set Comparisons (cont.)

- Differences related to the new methodology are more pronounced when looking at total viewership of any PEG Access Channel (where there appears to be higher unduplicated reach among the landline sample) and those who perceived PEG Access Channels to be “very valuable” (much higher among the landline sample).

| | May '11 | May '11 (Landline Data Only) | Nov '06 | Jan '06 |
|---|--------------|------------------------------------|--------------|--------------|
| Aware of Any PEG Access Channel | | | | |
| Yes | 78% | 81% | 76% | 79% |
| Watched Any PEG Access Channel | | | | |
| Yes | 33% | 40% | 39% | 40% |
| Perceived Value of PEG Access Channels | | | | |
| Very Valuable | 31% | 41% | 34% | 37% |
| Somewhat Valuable | 52% | 45% | 46% | 43% |
| Base: | (407) | (265) | (406) | (403) |

Appendix