

**AKAKU: Maui Community Television**  
**Balance Sheet**  
As of July 15, 2006

2:01 PM

08/28/2006

Accrual Basis

Jul 15, 06

**ASSETS**

**Current Assets**

**Checking/Savings**

100.1 · FHB Operating 21-110426	118,963.99
100.3 · FHB Trust Capital 6900	386,719.33
100.4 · FHB Trust Operating 7000	445,807.80
101 · BOH Checking #0066-034992	4,553.34
109 · Petty Cash	65.00
110 · Petty Cash-Molokai	34.97

**Total Checking/Savings** 956,144.43

**Accounts Receivable**

120 · Accounts Receivable - Other	30,803.10
126 · Receivable - Interest	8,560.27

**Total Accounts Receivable** 39,363.37

**Other Current Assets**

140 · Prepaid Expenses	
140.2 · Prepaid Misc	5,000.00
140.1 · Prepaid Rent	550.00
<b>Total 140 · Prepaid Expenses</b>	<u>5,550.00</u>

142 · Prepaid Insurance 15,048.86

**Total Other Current Assets** 20,598.86

**Total Current Assets** 1,016,106.66

**Fixed Assets**

**170 · Fixed Assets > \$500**

171 · FA-Auto/Trucks	15,600.00
173 · FA-Channel Equipment	185,341.19
178 · FA-Engineering Equipment	2,880.50
176 · FA-Leasehold Improvements	58,324.11
175 · FA-Gen Office Furniture & Equip	161,045.09
174 · FA-Production Equipment	
177 · Special Project Equipment	26,113.86
174 · FA-Production Equipment - Other	692,378.47

	<b>Jul 15, 06</b>
<b>Total 174 · FA-Production Equipment</b>	718,492.33
<b>170 · Fixed Assets &gt; \$500 - Other</b>	<u>3,137.00</u>
<b>Total 170 · Fixed Assets &gt; \$500</b>	1,144,820.22
<b>179 · Less Accumulated Depreciation</b>	<u>-971,046.85</u>
<b>Total Fixed Assets</b>	173,773.37
<b>Other Assets</b>	
<b>130.1 · A/R - Akaku Holdings</b>	<u>584,376.59</u>
<b>Total Other Assets</b>	<u>584,376.59</u>
<b>TOTAL ASSETS</b>	<u><u>1,774,256.62</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
<b>210 · Accounts Payable</b>	<u>22,076.57</u>
<b>Total Accounts Payable</b>	22,076.57
<b>Credit Cards</b>	
<b>229 · Aloha Business AirAwards</b>	43.57
<b>220 · Costco</b>	<u>76.03</u>
<b>Total Credit Cards</b>	119.60
<b>Other Current Liabilities</b>	
<b>250 · Accrued Liabilities</b>	116.41
<b>253 · Accrued Payroll</b>	14,029.64
<b>260 · Accrued Payroll Taxes</b>	
<b>261 · Accrued Federal Tax Withheld</b>	1,853.44
<b>262 · Accrued Employee FICA / Medicar</b>	1,522.01
<b>263 · Accrued State Tax Withheld</b>	1,034.45
<b>265 · Accrued Employer FICA / Medicar</b>	1,522.04
<b>267 · Accrued Employer SUI</b>	<u>320.32</u>
<b>Total 260 · Accrued Payroll Taxes</b>	<u>6,252.26</u>
<b>Total Other Current Liabilities</b>	<u>20,398.31</u>
<b>Total Current Liabilities</b>	42,594.48

**Jul 15, 06**

**Long Term Liabilities**

297 · Deferred FF-Capital	286,189.00
296 · Deferred Franchise Fees	575,419.21
295 · Deferred Grant Income	<u>18,500.00</u>
<b>Total Long Term Liabilities</b>	<b><u>880,108.21</u></b>

**Total Liabilities** 922,702.69

**Equity**

1110 · Retained Earnings	-439,848.30
3000 · Opening Bal Equity	558,418.99
314 · Fund Balance- Franc. Fee	81,370.22
315 · Fund Balance - Capital	697,443.00
Net Income	<u>-45,829.98</u>
<b>Total Equity</b>	<b><u>851,553.93</u></b>

**TOTAL LIABILITIES & EQUITY** **1,774,256.62**



Ronald A. Kawahara & Co.,  
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## ACCOUNTANTS COMPILATION REPORT

To the Board of Directors  
Maui County Community TV, Inc.  
333 Dairy Road, Suite 104-A  
Kahului, HI 96732-2449

We have compiled the accompanying Statement of Financial Position of Maui County Community TV, Inc. (a non-profit organization) as of June 30, 2006, and the related Statement of Activities and Changes in Net Assets and Statement of Cash Flows- Indirect Method, for the period then ended, and the accompanying Supplementary Schedules I and II, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Agency's assets, liabilities, net assets, revenues, expenses and cash flows. Accordingly, these statements are not designed for those who are not informed about such matters.

We are not independent with regards to Maui County Community TV, Inc.

*Ronald A. Kawahara & Co., CPAs, Inc.*

Wailuku, Hawaii  
July 25, 2006



**Maui County Community TV, Inc.**  
**Statement of Financial Position**  
**June 30, 2006**

**Assets**

**CURRENT ASSETS**

FHB Operating # 21-110426	\$ 120,478.02
FHB Trust Capital 6900	386,719.33
FHB Trust Operating 7000	204,553.13
BOH Checking #0066-034992	4,553.34
Petty Cash	45.45
Petty Cash - Molokai	<u>50.00</u>

**Subtotal - Cash** 716,399.27

Accounts Receivable	31,923.92
Receivable - Interest	8,560.27
Prepaid Expenses	9,836.85
Prepaid Insurance	<u>15,048.86</u>

**Subtotal - Current Assets** \$ 781,769.17

**RESTRICTED DEPOSITS**

**FIXED ASSETS**

Fixed Assets	29,252.29
Auto/Trucks	15,600.00
Channel Equipment	185,341.19
Production Equipment	673,671.33
Office Furn. & Equipment	158,487.89
Leasehold Improvements	58,324.11
Spec. Proj. - Equipment	21,262.91
FA Engineering Equipment	<u>2,880.50</u>
Total Depreciable Assets	1,144,820.22
Less: Accumulated Depreciation	<u>(971,046.85)</u>

**Subtotal - Fixed Assets** 173,773.37

**OTHER ASSETS**

Investments in Akaku Holdings, LLC	<u>584,376.59</u>
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**Total Other Assets** 584,376.59

**TOTAL ASSETS** \$ 1,539,919.13

**Maui County Community TV, Inc.**  
**Statement of Financial Position**  
**June 30, 2006**

**Liabilities and Net Assets**

<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$	18,803.19
Aloha Business AirAwards		43.57
Accrued Liabilities		111.58
Accrued Payroll		13,167.57
Federal Tax Withheld		1,761.39
FICA/Medicare Withheld		1,353.74
State Tax Withheld		979.71
Accrued Employer FICA/MED		1,353.72
Accrued Employer SUI		<u>284.90</u>
<b>Subtotal Current Liabilities</b>	<b>\$</b>	<b><u>37,859.37</u></b>
<b>OTHER LIABILITIES</b>		
Due to Akaku Holdings		55,000.00
Deferred Grant Income		18,500.00
Deferred Franch.Fees-Oper		288,787.21
Deferred Franch.Fees-Cap.		<u>286,189.00</u>
<b>Subtotal Other Liabilities</b>		<b><u>648,476.21</u></b>
<b>Total Liabilities</b>		<b><u>686,335.58</u></b>
<b>NET ASSETS</b>		
Unrestricted		<u>853,583.55</u>
<b>Total Net Assets</b>		<b><u>853,583.55</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u>1,539,919.13</u></b>

See Accountant's Compilation Report



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## ACCOUNTANT'S COMPILATION REPORT

To The Partners  
Akaku Holdings, LLC  
333 Dairy Rd., Suite 104  
Kahului, HI 96732

We have compiled the accompanying Statement of Assets, Liabilities, and Equity - Income Tax Basis, of Akaku Holdings, LLC, as of June 30, 2006 and the related Statement of Revenues and Expenses - Income Tax Basis, Statement of Cash Flows - Income Tax Basis, and the Statement of Revenues and Expenses - 12 Month Comparison, for the 12 months then ended, in accordance with Statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the accounting basis used by the company for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the income tax basis of accounting. If omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, net assets, revenues, expenses, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Akaku Holdings, LLC.

*Ronald A. Kawahara & Co., CPAs, Inc.*

Wailuku, Hawaii  
July 27, 2006



**Akaku Holdings, LLC**  
**Statement of Assets, Liabilities and Equity - Income Tax Basis**  
**As of June 30, 2006**

**Assets**

<b>CURRENT ASSETS</b>		
Cash Operating Checking	\$ 16,267.97	
Cash Reserves Savings	<u>82,397.12</u>	
<b>Total Current Assets</b>		<u>98,635.09</u>
 <b>OTHER CURRENT ASSETS</b>		
Due from MCCTV	<u>55,000.00</u>	
<b>Total Other Current Assets</b>		<u>55,000.00</u>
 <b>PROPERTY AND EQUIPMENT</b>		
Building - 333 Dairy Road	1,272,000.00	
Land - 333 Dairy Road	<u>1,128,000.00</u>	
Total Property	2,400,000.00	
Less: Accumulated Depreciation	<u>(39,410.27)</u>	
<b>Net Property and Equipment</b>		<u>2,360,589.73</u>
 <b>OTHER ASSETS</b>		
Loan Cost	35,062.13	
Less: Accumulated Amortization	<u>(8,765.55)</u>	
<b>Total Other Assets</b>		<u>26,296.58</u>
 <b>TOTAL ASSETS</b>		 <u>\$ 2,540,521.40</u>

See Accountant's Compilation Report



**Akaku Holdings, LLC**  
**Statement of Assets, Liabilities and Equity - Income Tax Basis**  
**As of June 30, 2006**

**Liabilities and Equity**

**CURRENT LIABILITIES**

**OTHER LIABILITIES**

Current Portion of N/P FHB	\$ 49,572.57	
Security Deposits	36,290.20	
Accrued GET	<u>2,098.84</u>	
<b>Total Other Liabilities</b>		<u>87,961.61</u>

**LONG-TERM LIABILITIES**

N/P First Hawaiian Bank	1,747,905.25	
Less Current Portion of N/P	<u>(49,572.57)</u>	
<b>Total Long-Term Liabilities</b>		<u>1,698,332.68</u>
<b>Total Liabilities</b>		<u>1,786,294.29</u>

**EQUITY**

Paid in Capital	584,376.59	
Retained Earnings	54,466.95	
Current Earnings	<u>115,383.57</u>	
<b>Total Equity</b>		<u>754,227.11</u>

**TOTAL LIABILITIES AND  
EQUITY**

**\$ 2,540,521.40**

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**Akaku Holdings, LLC**  
**Statement of Revenues and Expenses - Income Tax Basis**  
**For the 1 Month and 12 Months Ended June 30, 2006**

	Current Period	%	Year to Date	%
<b>Revenues</b>				
Rent	\$ 41,827.42	65.65	\$ 489,714.93	65.46
Percentage Rent	4,076.40	6.43	40,616.88	5.43
CAM	15,374.63	24.25	184,711.36	24.69
VA Reimburse Janitorial	(609.37)	(0.96)	(609.37)	(0.08)
GET Recovery	2,374.70	3.75	27,994.45	3.74
Interest Income	32.41	0.05	217.12	0.03
Coin Telephone Commission	0.00	0.00	267.38	0.04
Prepaid Rent	528.81	0.83	5,150.18	0.69
<b>Total Revenues</b>	<u>63,405.00</u>	<u>100.00</u>	<u>748,062.93</u>	<u>100.00</u>
<b>Expenses</b>				
<b>Non Operating Expenses</b>				
Amortization Expense	584.37	0.92	7,012.44	0.94
Depreciation Expense	2,717.95	4.29	32,615.40	4.36
Electric	0.00	0.00	241.99	0.03
Fees	0.00	0.00	8.00	0.00
Leasing Commissions	1,000.00	1.58	1,000.00	0.13
Legal	3,695.01	5.83	31,308.41	4.19
Office & Postage	0.00	0.00	102.75	0.01
Ground Rent	14,781.33	23.31	177,375.96	23.71
Repairs & Maintenance	4,044.96	6.38	4,044.96	0.54
Supplies-Office	0.00	0.00	94.87	0.01
General Excise Tax	7,224.02	11.39	26,179.21	3.50
Telephone	0.00	0.00	0.02	0.00
Miscellaneous Expense	0.00	0.00	1,606.24	0.21
Mortgage Interest	9,855.77	15.54	117,427.47	15.70
<b>Total Non Operating Expenses</b>	<u>43,903.41</u>	<u>69.24</u>	<u>399,017.72</u>	<u>53.34</u>
<b>Operating Expenses</b>				
A/C Maintenance	257.00	0.41	3,366.07	0.45
Accounting	0.00	0.00	0.00	0.00
Disposal Service	825.58	1.30	8,928.31	1.19
Electrical Repairs & Maint.	0.00	0.00	421.80	0.06
Electricity	1,252.49	1.98	13,432.41	1.80
Electricity - 2nd Floor A/C	1,258.32	1.98	11,053.63	1.48
General Repairs & Maint.	450.12	0.71	10,254.03	1.37
Insurance	2,326.11	3.67	25,059.10	3.35
Janitorial	1,081.26	1.71	26,377.45	3.53
Landscape Maintenance	825.00	0.99	8,796.02	1.18
Management Fees	3,124.99	4.93	37,499.88	5.01
Miscellaneous Expense	0.00	0.00	5.42	0.00
Office Expense	0.00	0.00	40.92	0.01
Real Property Tax	0.00	0.00	27,592.65	3.69
Repairs	0.00	0.00	0.00	0.00
Restroom Supplies	0.00	0.00	6,947.32	0.93
Supplies	139.50	0.22	1,941.06	0.26
Security Service	1,000.00	1.58	10,469.31	1.40
Telephone	46.48	0.07	485.23	0.06

See Accountant's Compilation Report

**Akaku Holdings, LLC**  
**Statement of Revenues and Expenses - Income Tax Basis**  
**For the 1 Month and 12 Months Ended June 30, 2006**

	Current Period	%	Year to Date	%
Water	5,557.30	8.76	40,991.03	5.48
Maintenance	0.00	0.00	0.00	0.00
CAM Reserve Transfer	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total Operating Expenses</b>	<b>17,844.15</b>	<b>28.30</b>	<b>233,661.64</b>	<b>31.24</b>
<b>Total Expenses</b>	<b><u>81,847.56</u></b>	<b><u>97.54</u></b>	<b><u>632,679.36</u></b>	<b><u>84.58</u></b>
<b>Net Income (Loss)</b>	<b><u>\$ 1,557.44</u></b>	<b><u>2.46</u></b>	<b><u>\$ 115,383.57</u></b>	<b><u>15.42</u></b>

See Accountant's Compilation Report

**Akaku Holdings, LLC**  
**Statement of Cash Flows - Income Tax Basis**  
**For the 1 Month and 12 Months Ended June 30, 2006**

	<u>Current Period</u>	<u>Year to Date</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income (Loss)	\$ 1,557.44	\$ 115,383.57
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation and Amortization	3,302.32	39,627.84
Losses (Gains) on sale of Fixed Assets	0.00	0.00
Decrease (Increase) in Operating Assets:		
Accounts Receivable	0.00	0.00
Increase (Decrease) in Operating Liabilities:		
Accrued Liabilities	7,965.61	51,868.64
Total Adjustments	<u>11,267.93</u>	<u>91,496.48</u>
Net Cash Provided By (Used In) Operating Activities	12,825.37	208,880.05
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds From Sale of Fixed Assets	<u>0.00</u>	<u>0.00</u>
Net Cash Provided By (Used In) Investing Activities	0.00	0.00
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Notes Payable Repayments	(7,583.45)	(94,793.10)
Capital Withdrawals	(5,000.00)	(55,000.00)
Proceeds From Sale of Stock	<u>0.00</u>	<u>0.00</u>
Net Cash Provided By (Used In) Financing Activities	<u>(12,583.45)</u>	<u>(149,793.10)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	241.92	57,086.95
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>98,393.17</u>	<u>41,548.14</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>\$ 98,635.09</u>	<u>\$ 98,635.09</u>

See Accountant's Compilation Report

# Akaku Holdings, LLC

## Statement of Revenues and Expenses

### 12 Month Comparison For 2006

	7/31/06	8/31/06	9/30/06	10/31/06	11/30/06	12/31/06	1/31/06	2/28/06	3/31/06	4/30/06	5/31/06	6/30/06	YTD Total
<b>Revenue</b>													
Rent	38,575.10	39,814.50	40,197.12	40,411.72	41,296.16	40,351.76	37,733.96	41,430.57	39,717.20	39,421.09	49,138.33	41,827.42	489,714.93
Percentage Rent	3,775.01	4,002.97	4,074.73	3,236.52	3,430.08	2,951.19	3,336.21	2,816.75	2,224.32	3,322.98	3,379.72	4,076.40	40,616.88
CAM	16,259.70	14,227.76	14,441.77	15,954.33	15,964.07	14,806.51	14,268.11	15,563.71	14,343.63	14,289.79	19,217.35	15,374.63	184,711.36
VA Reimburse Janitorial	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(609.37)	(609.37)
GET Recovery	2,241.03	2,330.26	2,033.42	2,439.71	2,407.38	2,297.93	2,129.00	2,384.64	2,210.75	2,196.12	2,949.51	2,374.70	27,994.45
Interest Income	0.00	6.96	9.37	12.63	14.23	16.97	19.26	20.20	26.11	27.73	31.25	32.41	217.12
Coin Telephone Commission	0.00	42.21	167.90	0.00	57.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	267.38
Prepaid Rent	0.00	413.16	0.00	4,046.39	0.00	161.72	0.10	0.00	0.00	0.00	0.00	528.81	5,150.18
<b>Total Revenues</b>	<b>60,850.84</b>	<b>60,837.82</b>	<b>60,924.31</b>	<b>66,101.30</b>	<b>63,169.19</b>	<b>60,586.08</b>	<b>57,476.64</b>	<b>62,215.87</b>	<b>58,522.01</b>	<b>59,257.71</b>	<b>74,716.16</b>	<b>63,405.00</b>	<b>748,062.93</b>
<b>Expenses</b>													
<b>Non Operating Expenses</b>													
Amortization Expense	584.37	584.37	584.37	584.37	584.37	584.37	584.37	584.37	584.37	584.37	584.37	584.37	7,012.44
Depreciation Expense	2,717.95	2,717.95	2,717.95	2,717.95	2,717.95	2,717.95	2,717.95	2,717.95	2,717.95	2,717.95	2,717.95	2,717.95	32,615.40
Electric	102.07	111.19	0.00	28.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	241.99
Fees	11.00	(3.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.00
Leasing Commissions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,000.00
Legal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	31,308.41
Office & Postage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	102.75
Ground Rent	14,781.33	14,781.33	14,781.33	14,781.33	14,781.33	14,781.33	14,781.33	14,781.33	14,781.33	14,781.33	14,781.33	14,781.33	177,375.96
Repairs & Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,044.96
Supplies-Office	0.00	94.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	94.87
General Excise Tax	0.00	1,979.35	2,073.11	1,638.41	1,648.67	2,065.76	1,896.49	1,837.84	2,027.40	1,879.40	1,908.76	7,224.02	26,179.21
Telephone	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02
Miscellaneous Expense	0.00	239.20	1,367.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,606.24
Mortgage Interest	9,763.94	10,067.39	10,045.92	9,701.40	10,006.34	9,668.78	9,960.99	9,943.05	8,961.61	9,894.67	9,557.61	9,855.77	117,427.47
<b>Total Non Operating Exp.</b>	<b>27,950.68</b>	<b>30,572.65</b>	<b>31,569.72</b>	<b>29,452.19</b>	<b>29,738.66</b>	<b>29,818.19</b>	<b>29,941.13</b>	<b>36,767.89</b>	<b>35,976.01</b>	<b>36,863.82</b>	<b>36,453.37</b>	<b>43,903.41</b>	<b>399,017.72</b>
<b>Operating Expenses</b>													
AC Maintenance	0.00	371.06	257.00	374.19	272.63	374.19	257.00	296.06	257.00	392.94	257.00	257.00	3,366.07
Disposal Service	651.04	651.04	731.76	733.33	716.14	716.14	733.33	787.76	787.76	787.76	806.67	825.58	8,928.31
Electrical Repairs & Maint.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	421.80
Electricity	991.37	947.51	1,001.39	1,070.91	1,176.18	1,203.19	1,242.42	1,055.27	1,190.49	1,107.22	1,193.97	1,252.49	13,432.41
Electricity - 2nd Floor AC	883.36	753.60	982.80	1,394.34	1,256.60	1,146.27	770.57	458.01	783.61	855.24	510.91	1,258.32	11,053.63
General Repairs & Maint.	0.00	561.96	617.48	838.17	682.28	444.76	400.92	304.03	533.28	4,305.36	1,115.67	490.12	10,254.03
Insurance	0.00	2,138.73	2,138.71	4,280.00	2,140.00	2,140.00	0.00	2,141.35	0.00	0.00	7,754.20	2,326.11	25,059.10
Janitorial	(187.49)	4,832.49	2,487.49	1,835.02	2,532.49	2,487.49	1,876.24	2,487.49	1,924.99	2,487.49	2,532.49	1,061.26	26,377.45

See Accountant's Compilation Report

## Akaku Holdings, LLC Statement of Revenues and Expenses 12 Month Comparison For 2006

	7/5/05	8/31/05	9/30/05	10/31/05	11/30/05	12/31/05	1/31/06	2/28/06	3/31/06	4/30/06	5/31/06	6/30/06	YTD Total
Landscape Maintenance	625.00	625.00	625.00	1,725.00	625.00	625.00	625.00	625.00	821.02	625.00	625.00	625.00	8,796.02
Management Fees	3,124.99	3,124.99	3,124.99	3,124.99	3,124.99	3,124.99	3,124.99	3,124.99	3,124.99	3,124.99	3,124.99	3,124.99	37,488.86
Miscellaneous Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.42	0.00	0.00	0.00	0.00	5.42
Office Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13,796.32	0.00	0.00	0.00	0.00	40.92
Real Property Tax	0.00	13,796.33	0.00	991.50	(5,111.63)	(500.00)	(486.37)	0.00	0.00	0.00	0.00	0.00	27,592.65
Repairs	78.12	491.94	808.33	1,921.39	668.84	598.59	784.11	0.00	0.00	1,066.72	0.00	0.00	6,947.32
Restroom Supplies	0.00	0.00	0.00	(789.82)	0.00	4.69	0.00	0.00	302.08	0.00	1,355.10	139.50	1,941.06
Supplies	826.79	62.72	0.00	0.00	0.00	0.00	0.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	10,469.31
Security Service	382.52	382.52	382.52	1,285.29	1,036.46	1,000.00	46.03	46.03	46.03	0.00	48.48	46.43	485.23
Telephone	46.00	46.02	24.07	46.03	46.03	46.03	46.03	0.00	6,123.60	0.00	5,953.71	5,557.30	40,991.03
Water	5,322.06	0.00	5,673.90	0.00	6,075.06	(650.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CAJM Reserve Transfer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Expense	<u>12,743.76</u>	<u>26,785.91</u>	<u>23,892.88</u>	<u>18,830.34</u>	<u>15,241.07</u>	<u>12,751.34</u>	<u>17,731.24</u>	<u>26,425.47</u>	<u>17,216.57</u>	<u>15,772.72</u>	<u>26,316.19</u>	<u>17,944.15</u>	<u>233,861.64</u>
Total Expense	40,704.44	59,359.56	55,462.60	49,282.53	44,979.73	42,579.53	47,672.37	63,193.36	53,192.58	52,636.54	62,769.56	61,847.56	632,679.36
Net Income (Loss)	<u>\$20,146.40</u>	<u>\$ 1,479.26</u>	<u>\$ 5,461.71</u>	<u>\$17,818.77</u>	<u>\$18,189.46</u>	<u>\$18,006.55</u>	<u>\$ 9,804.27</u>	<u>\$ (977.49)</u>	<u>\$ 5,329.43</u>	<u>\$ 5,621.17</u>	<u>\$11,946.60</u>	<u>\$ 1,557.44</u>	<u>\$115,363.57</u>

See Accountant's Compilation Report

## I. State

The Department of Commerce and Consumer Affairs (hereinafter the “DCCA”), Cable Television Division (hereinafter the “CATVD”) requires that a portion of the revenues received by cable television franchisees be used for “PEG access” through Haw. Rev. Stat. 440 and relevant administrative rules. In Maui County, Maui County Community Television dba Akaku: Maui Community Television (hereinafter “Akaku”) receives these monies and provides all services related to public, education and government access for the Maui County and Lahaina franchises.

## II. Akaku

Akaku is a domestic, non-profit corporation with an IRS determination of tax exempt status. Akaku was created in 1989 to serve as the PEG access provider for the Maui County and Lahaina franchise. Consistent with the goal of PEG access, Akaku serves as the television equivalent of the “soapbox in the park,” providing a mechanism that allows private citizens to exercise their First Amendment rights – both in producing content and viewing content. Moreover, as memorialized in the written agreement between the DCCA and Akaku, Akaku is “a media resource that promotes community development and lifelong learning; facilitates communication; and increases civic participation in the democratic process.”

## III. Services Provided

### A. Management of PEG Channels

i. Overview. Management of PEG Channels requires the management of five PEG channels on the Maui County and Lahaina franchise. Management has devolved to the University of Hawai'i and the Department of Education for two channels devoted fully to education.

ii. Technical Responsibilities. Akaku provides the engineering and technical staff to manage and maintain the head-end interface between facilities, as well as technical oversight and system monitoring to ensure proper playback operations and signal quality. Subtasks for this function include, but are not limited to, on and off air operations, work related to playback hardware and automation systems, systems configuration, the intake and distribution of live programs from

various locations, and the operation, maintenance and repair of both wide-area and local-area networks. Engineering support, maintenance and repair of internal equipment are essential elements of this function

iii. Programming Responsibilities. Akaku ensures equity and fairness in the intake and entry of programming, providing creative and technical staff and resources to develop, maintain and enhance the architecture of the channels, assigning programs (to include fillers) to appropriate channels and time slots, and producing channel promotional spots for channel identification. Programs are promoted to encourage viewership. Programming information must be provided to listing services so that viewers can determine program times and channels.

## B. Production Training

Production training is offered and provided to all segments of PEG access. Training includes both group and individual mentoring.

- i. Producer training requirements teaching of the basics of the producer role in all aspects of video production.
- ii. Camera operation training requires the teaching of the basics of camera operation.
- iii. Edit training requires the teaching of basic to advanced non-linear video editing.
- iv. Advanced camera instruction requires training on professional camera equipment and accessories. It includes review of all relevant aspects of lighting and instruction in the use of professional video monitors in ensuring quality image, framing and color correction.
- v. Linear edit instruction requires training in the competence of basic video editing using linear edit bay technology.
- vi. Advance instruction is necessary to meet growing demand for continuing education by seasoned video producers – both Akaku trained and others.
- vii. Studio production instruction teaches the basics of studio production including all key crew positions (e.g. director, floor manager, studio camera operator, switcher, graphics, teleprompter, audio, and video tape recorder operator).
- viii. Mentoring is provided to maintain the appropriate quality of training.



## C. Program Production

i. Overview. Akaku completes all tasks in the operation and provision of facilities and equipment for media centers on the islands of Maui, Molokai and Lanai for the production of programming by public, educational institutions and governmental entities. Essential task components include production training, editing, and provision of field package equipment for use on single camera or multi-camera productions.

ii. Primary Media Center. Akaku operates a primary media center on the island of Maui. Capabilities include (a) a major production studio, extensive audio, graphics and a full studio lighting system for either taped or live productions. Training must be provided to potential studio users; (b) satellite downlink capabilities that bring in non-commercial programming of community interest by satellite; and (c) maintenance of a website and ancillary services that allow the community to schedule programs to air on one channel.

iii. Government Programming. Akaku commits to providing dedicated equipment, personnel and labor for the creation of programming by the Maui County Council and a variety of County Boards and Commissions. Required equipment. Akaku must acquire and maintain equipment for sufficient video cameras, camcorders, non-linear edit stations, and production accessories necessary to produce programming.

iv. Educational and Community Programming. Akaku enables community organizations to video tape and cablecast important events by certified volunteers. Akaku also ensures that people, educational institutions and organizations can use the facilities to inform the public and other viewers of important information and events.

v. Community Programming. Akaku provides first come, first served ,non discriminatory access to all residents of Maui County to public access channel time for the cablecast of uncensored programming produced or acquired by the programmer

vi. Request Television. Akaku provides the community with a service that allows internet subscribers to request programs from its database for delivery over one of Akaku's on air dedicated channels

## E. Marketing and Promotion

i. Overview. Akaku promotes and markets both viewership of the channels generally and programs specifically.

ii. Marketing. Marketing and promotion includes (a) the designing of print material such as newsletters, brochures, outreach materials, annual reports that explain services, media center locations, channels, and programs; (b) video promoting such as video reports, magazine format programs and specific service spots and on-air educational spots; (c) using other media, including internet protocols and on-air bulletin-board programming; (d) marketing of image through print, radio and television media; and (e) establishing strategic presence at community events of all sizes.

## F. Administration and Personnel Management

i. Overview. Akaku manages and administers support staff to meet the operational needs of the station and ensure compliance with state and federal laws and DCCA contract requirements.

ii. Human Resources. Human resources support includes recruiting, staffing, performance management, training compensation, benefits, safety, health, compliance with federal and state requirements such as OSHA and FLSA, statutory benefits (e.g. worker's compensation insurance, unemployment insurance, temporary disability insurance, and health insurance), separation and retirement.

iii. Financial Management. Financial management and accounting support includes receiving, accounting, managing and disbursing funds (e.g. cable access fees, capital fees, investment income, grants, and lease payments); purchasing goods and services, maintaining and updating inventory records, coordinating leases, contracts, grant compliance requirements, insurance coverage, assisting the annual audit, facility services and other related matters.

iv. Facilities Management. Facilities management includes the management of the physical plant, maintenance of all systems (e.g. air conditioning, plumbing, security systems and

electrical issues), construction oversight of renovations, and control of property and equipment.

v. Other Insurance Requirements. Administration of other insurance requirements includes the ERISA Bond, general liability, broadcasters' liability, replacement of equipment and facilities, and directors and officers liability, automobile insurance and other coverage as necessary and proper.

#### G. Outreach Activities

i. Overview. Akaku develops and maintains partnerships and programs that promote public involvement and participation in PEG access and enhance the value of programming and communication throughout the community.

ii. Public Outreach. Integrated within the other services a broad range of activities Akaku engages in its public outreach efforts.

iii. Educational Outreach. Akaku provides a variety of trainings geared towards complementary co-curricular education to traditional K-12 formats. A variety of services and activities for K-12 age children is also provided without keying to co-curricular complementarity. Akaku also provides regular and annual funding to public institutional agencies through agreements.

iv. Government Outreach (State). Akaku provides and maintains dedicated equipment (at no charge) for live cablecasts of the state legislature when in session and captures microwave feeds to recording devices to allow later playback. Akaku also facilitates live broadcasts and subsequent replay of messages from Maui legislators to constituents.

v. Government Outreach (County).

a. Akaku provides dedicated equipment to the County Council that permits live cablecasts of County Council sessions and related events produced by the Office of Council Services.

b. Akaku produces and cablecasts County government programming.

c. Akaku provides additional production staff, support, equipment, and channel space for County Council meetings that originate outside of the Council's Chambers.

d. Akaku produces and cablecasts special events such as the County Mayor's State of the County.

e. Akaku provides additional production support, staff, equipment and channel space to the Office of the Maui for cablecasting Boards and Commissions meetings

convened at various locations throughout the county.