



FRIENDS OF  
MOKU'ULA, INC.

I Ka Wā Mamua, Ka Wā Mahope  
The Future Is In The Past

(808) 661-3659  
Fax (808) 661-1676  
505 Front Street, Suite 221  
Lāhainā, Hawai'i 96761  
E-mail: friends@mokuula.com  
www.mokuula.com

January 9, 2012

Mr. Mike White, Chair  
Economic Development, Agriculture and  
Recreation Committee  
County of Maui  
200 S. High Street  
Wailuku, HI 96793

**SUBJECT: Lease and License of County-Controlled Parcels to Friends of  
Moku'ula, Inc. (EDR-23)**

Dear Chairman White:

Thank you for your letter of December 16<sup>th</sup> with reference to the Lease and License of County-Controlled Parcels to Friends of Moku'ula, Inc. (EDR-23).

Thank you for granting us an extension on submitting our reports to accommodate my vacation. At your request, we are enclosing copies of our annual reports covering the periods of July 1, 2009 to June 30, 2010 and July 1, 2010 to June 30, 2011. These reports were completed upon the request of the County of Maui Parks & Recreation Department.

I am also enclosing copies of the audits that FOM has done every 3<sup>rd</sup> year by a local auditor for the following periods:

1. Russell Yamane & Associates CPAs, Inc.  
For Year Ended June 30, 2004
2. Carbonaro DeMichele CPAs  
For Year Ended June 30, 2007
3. Carbonaro DeMichele CPAs  
For Year Ended June 30, 2010

OFFICE OF THE  
COUNTY COUNCIL

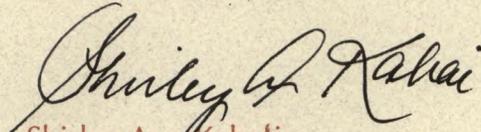
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RECEIVED

Mr. Mike White, Chair  
Page Two  
January 9, 2012

These audits were requested at my initial presentation to the Maui Council Council Economic Development, Agriculture and Recreation Committee on December 1, 2011.

Me ka ha'a ha'a,

A handwritten signature in black ink, appearing to read "Shirley Ann Kaha'i". The signature is written in a cursive, flowing style.

Shirley Ann Kaha'i  
Executive Director

/sak

Enclosures

D. **Reporting Requirements.** The GRANTEE shall submit to the COUNTY a Quarterly Allotment Report (QAR) not later than the thirtieth (30th) day of the month which represents the start of each quarter, as follows:

<u>Quarterly Allotment Report</u>	<u>Due to the County NO LATER THAN</u>
First Quarter (Jul-Sept 2001)	October 30, 2001
Second Quarter (Oct-Dec 2001)	January 30, 2002
Third Quarter (Jan-Mar 2002)	April 30, 2002
Fourth Quarter (Apr-Jun 2002)	July 30, 2002

Each Quarterly Allotment Report shall be submitted in a timely manner and authenticated as to its accuracy by the GRANTEE, verified by a designated COUNTY official and shall include a certification by the GRANTEE that the work for which payment was received was performed in accordance with the terms of this Agreement.

E. **Program Monitoring.** The GRANTEE shall permit the COUNTY or its duly authorized agent free access to any and all GRANTEE programs, facilities, events or activities without advance or formal notification or appointment when such access is for the express purpose of monitoring, investigating, researching or formulating programs, services, or related policies and procedures or when the COUNTY is otherwise in the pursuit of any official business relative to any aspect of this Agreement.

F. **Documents and Files**

1. Any information, data, report, record, summary, table, map or study given to or prepared or assembled by the GRANTEE under this Agreement that the COUNTY requests to be kept confidential shall not be made available to any individual or organization other than any subcontractor to which the material may relate, without prior written approval of the COUNTY.
2. The COUNTY shall have complete ownership of all material, both finished and unfinished that is developed, prepared, assembled, or conceived by the GRANTEE pursuant to this Agreement, and all such materials shall be considered "works made for hire." All such material



**Friends of Moku'ula, Inc.**  
**Grant Report for County of Maui**  
**Department of Parks & Recreation**  
**Moku'ula Restoration Project**  
**Phase I**

**Grant Agreement No. G1304**  
**Covering Period**  
**July 1, 2009-June 30, 2010**

# PARKS REAL PROPERTY GRANTS NARRATIVE REPORT

Fiscal Year Ending 2010

ORGANIZATION: Friends of Moku'ula, Inc. GRANT NO. G 1304

Program Name: Moku'ula Restoration Project

## INSTRUCTIONS

Provide a narrative response to each question below.  
Respond to each question below in the order they appear.

I. Submit Minutes of the Board of Directors meetings for the fiscal report.

### II. Program Status Summary

1. List each program goal/benchmark for this fiscal year at the leased/licensed site.
2. What objectives/action steps were completed this fiscal year for each goal?
3. What measurable outcomes were achieved this fiscal year?
4. Give actual number of clients served for activities, programs and events.
5. What objectives/actions steps will be accomplished during the next fiscal year, except if this is for the last fiscal year?

### III. Narrative Report

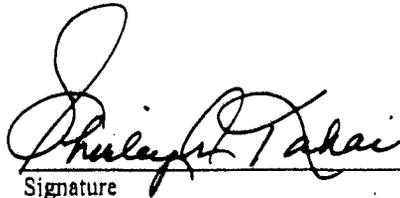
1. What program challenges occurred this fiscal year and how were they addressed and/or resolved?
2. What staffing changes occurred this fiscal year?
3. What staffing changes are pending?
4. List any improvements made to the building during this fiscal year.
5. Describe the building and/or park's current condition and concerns. If there are any improvements necessary to the building or park, please note what has been done by your organization thus far to correct the problem.
6. Grants/funds/projects anticipated for next fiscal year (i.e. improvements to building or park).

Narrative Report Prepared by:

Shirley Ann Kaha'i

Acting Executive Director

Print Name/Title

  
Signature

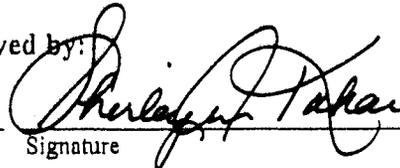
7/20/10  
Date

Narrative Report Reviewed/approved by:

Shirley Ann Kaha'i

Acting Executive Director

Name/Title

  
Signature

7/20/10  
Date

## COUNTY OF MAUI GRANT REPORT

**Project Name: Moku'ula Restoration Project**  
**Grant Agreement #: G1304**  
**Report Period: July 1, 2009 to June 30, 2010**  
**Report Date: June 20, 2010**

### I. PROGRAM STATUS SUMMARY

1. **List each program goal/benchmark for this program year (2010).**
  - a) Enter into negotiations/arbitration with Kauahikaua & Chun, Architects for Phase I development to try to resolve design issues.
  - b) Complete Construction drawings and specifications, including landscaping plans.
  - c) Update County SMA construction start extension.
  - d) Submit extension for NPDES storm water discharge permit.
  - e) Meet with Army Corps of Engineers to continue with their "Feasibility Study & Ecosystem Restoration Report."
  - f) Commence Archeology field research in association with UH Maui College.
  - g) Clean, clear and grub property again with additional fill material to be placed on the site and leveled.
  
2. **What objectives/action steps were completed this quarter for each goal?**
  - a) Entered negotiations with arbitration judge and K & C architects in November of 2009.
  - b) Amount of additional and corrective work necessary to complete Construction Drawings work was discussed at length in arbitration.
  - c) SMA – Commencement of Work process pending extension.
  - d) NPDES extension granted.



Project Name: Moku'ula Restoration Project  
Grant Agreement #: G1304  
Report Period: July 1, 2009 to June 30, 2010  
Report Date: June 20, 2010

e) Army Corps issues in progress: GPS mapping of site incorporating all known maps, surveys, and archeology; hydrology study; Pond boundary and revetment design discussion; Wetland restoration; Identifying stake holders: neighborhood, community.

f) Two open forums with community on Archaeology process. Initial fieldwork commences.

g) Cleaning and grubbing of site complete in addition to small number of native species planted.

3. **What measurable outcomes were achieved this quarter?**

a) In February, 2010, the FOM Board approved resolution to terminate contract with Kauhiakaua and Chun. New design team or working on Phase I plan based on original plans.

b) Design development in progress.

c) SMA construction extension was joined with Field Archeology permit. Both have been approved.

d) Army Corps: Provided maps & survey; identified stake holders; discussed and updated site plan.

e) Ongoing field Archeology work with UH Maui College

f) Maintaining site through volunteer and staff efforts. Also incorporating landscaping on berm with kokua from Kamehameha School's Ho'olauna Program. Recently hired Daniel Enso of Aloha Arbor to trim the leaves and cut down the coconut from six coconut trees on berm of back lot as a safety precaution and beautification effort.



Project Name: Moku'ula Restoration Project  
Grant Agreement #: G1304  
Report Period: July 1, 2009 to June 30, 2010  
Report Date: June 20, 2010

**4. Give actual number of clients served for activities, programs and events.**

Maui Nei Native Hawaiian Expeditions, is the only tour company who is in partnership with a non-profit organization, The Friends of Moku'ula. Together they are dedicated to the restoration of Moku'ula at Lahaina, Maui. Through the combined efforts, a total of 1,276 cruise ship visitors, 439 FIT visitors, 671 students from a total of 10 educational institutions, and 82 volunteers generating 503 volunteer hours. The Friends of Moku'ula participated in conferences statewide with booth exhibits and gave presentations to various organizations and the total number of people they serviced exceeded 500.

In addition, the Ka 'I'imi 'Ike Archaeology field school, in partnership with the UH Maui College, is currently running through funding awarded by the Hawaii Tourism Authority (program period ended June 30, 2010). There were a total of nearly 75 students, volunteers and visitors to the site interested primarily in the field school and archaeology activities.

**5. What objectives/action steps will be accomplished during the next quarter, except if this is for the last quarter?**

- a) Review and approve design fee proposals.
- b) Finalize site plan. Start Working Drawings mid August.
- c) Continue UHMC Field Archeology program.
- d) Maintain new landscaping and manage existing parking lot facility.

**II. NARRATIVE REPORT**

**1. What program challenges occurred this quarter and how were they addressed and/or resolved?**

During arbitration with judge, it became clear that Kauhiakaua and Chun were unwilling to modify design without substantial additional fees. The Board agreed to terminate contract. New Maui based design team is moving forward on improving design while still incorporating original Plan design concepts.



Project Name: Moku'ula Restoration Project  
Grant Agreement #: G1304  
Report Period: July 1, 2009 to June 30, 2010  
Report Date: June 20, 2010

**2. What staffing changes occurred this fiscal year?**

Due to health complications, The Friends of Moku'ula lost its Founder and Executive Director, Akoni Akana in July 2009. Presently, Shirley Ann Kaha'i, has been appointed Acting Executive Director and is handling the day-to-day operations. She marks her 9<sup>th</sup> anniversary with the organization this year and was initially hired as the Project Assistant. In November, 2009, the part-time Program Assistant accepted a full-time position with Montessori Schools. Her position is open.

**3. What staffing changes are pending?**

An official appointment of an Executive Director is expected to be decided on by the end of this quarter. In the event Shirley Kaha'i is promoted to the Executive Director's position, FOM will have to fill the Project Assistant position. If she is not selected as the Executive Director, she will then revert back to her duties as the Project Assistant. FOM is also in search of a Program Consultant (contract basis at 20 hours/week).

**4. List any improvements made to the building during this fiscal year.**

No facility built; however, property is on a maintenance program for clean-up and landscaping through volunteer and staff endeavors.

**5. Describe the building and/or park's current condition and concerns. If there are any improvements necessary to the building or park, please note what has been done by your organization thusfar to correct the problem.**

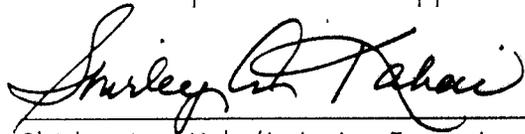
The continued challenge at Maluuluolele Park is the influx of homeless vagrants that "take up residency" and leave their belongings and trash on site. FOM and Steve Grant, Managing Director of 505 Front Street, have initiated dialog with the Salvation Army and the State to seek an alternative site. On a side note, a portion of Moku'ula island is located under the Salvation Army facility.

Project Name: Moku'ula Restoration Project  
Grant Agreement #: G1304  
Report Period: July 1, 2009 to June 30, 2010  
Report Date: June 20, 2010

6. **Grants/funds/projects anticipated for next fiscal year (i.e. improvements to building or park.**

FOM has acquired a volunteer through the VISTA Americorps program thanks to the generosity of Robin Danner, ED of the Council for Native Hawaiian Advancement. Shirley Kaha'i is a member of the board for CNHA. We hope to be aggressive with our grant writing once the volunteer is officially on board August 2, 2010. He will be writing grants for three non-profit organizations for the next 6 months.

Narrative Report Reviewed/Approved By:

  
\_\_\_\_\_  
Shirley Ann Kaha'i, Acting Executive Director

Date 7/20/10

## COUNTY OF MAUI GRANT REPORT

**Project Name: Moku'ula Restoration Project**

**Grant Agreement #: G1304**

**Report Period: July 1, 2010 to June 30, 2011**

### I. MINUTES

Enclosed are copies of FOM Board Minutes.

### II. PROGRAM STATUS SUMMARY

#### 1. List each program goal/benchmark for this program year (2011).

- a) Solicit Design Development proposals for redesign of Phase I Design.
- b) Revise Phase I Construction drawings and specifications, including: site and civil plans, Hawaiian hale plans, site support building plans, landscaping plans.
- c) Update FOM's Strategic Plan.
- d) Help facilitate Army Corps request for approval from Burial Council for site soil sampling. Nearly one-year delay in process.
- e) Meet with Army Corps of Engineers to continue with their "Feasibility Study & Ecosystem Restoration Report."
- f) Continue Archaeology field research in partnership with UH Maui College for Ka 'I'imi 'Ike program following one-year delay while seeking approval from the Cultural Resource Commission and Burial Council.
- g) Clean, clear and grub property.
- h) Obtain Arborist report of conditions of trees in Phase I development area.

#### 2. What objectives/action steps were completed this quarter for each goal?

- a) Proposals for redesign of Phase I development were accepted. The following Maui-based design team was selected: Hans Riecke, HR Architects; Anthony Riecke-Gonzales, RSK Architects; Austin Tsutsumi & Associates; Kevin Tanaka, Landscape Architect. (Copies of proposals previously submitted.)
- b) As of June 30<sup>th</sup>, revised Phase I plans were in final weeks of design development with design work at 80% completion.

Project Name: Moku'ula Restoration Project  
Grant Agreement #: G1304  
Report Period: July 1, 2010 to June 30, 2011

- c) In May of 2011, FOM's Board, staff and consultants meet for a 2-day workshop on providing a updated Strategic Plan. Subsequent workshops by the Board with staff, finalized Strategic Plan, and work in progress.
- d) Burial Council: After initial refusal to grant Army Corps request to perform site soil test boring and subsequent inability of Council to meet and take action on request, SHPD ruled that the Burial Council did not have jurisdiction in this matter.
- e) Army Corps planning progress: GPS mapping of site incorporating all known maps, surveys, and archeology; hydrology study; pond boundary and revetment design discussion; wetland restoration; meeting with stakeholders: neighborhood, community.
- f) UH Maui College Archaeology Program proceeded with initial fieldwork. Student Work is being monitored by FOM Cultural Practices Consultants.
- g) Cleaning and grubbing of site complete in addition to small number of native species planted.
- h) Arborist report of Shaw Street trees indicates one monkey pod tree is badly infested & diseased and another monkey pod tree with a split trunk needs to be removed. All trees are in need of pruning.

**3. What measurable outcomes were achieved this quarter?**

Significant improvement/simplification of Phase I plans were instituted. Initial cost analysis between original plan and present plan indicates significant construction cost savings with new plan.

- a) Redesign of Phase I include: Revised site plan with significant less hard-scape, better bus parking and traffic flow. Separation of parking lot from cultural area with stone privacy wall and gated entry. Incorporation of traditional Hawaiian Hale as main cultural pavilion with modern facility support building taking less visible position. Incorporation of a Hawaiian Pa for outdoor presentations and adding substantial use of indigenous planting.

Project Name: Moku'ula Restoration Project  
Grant Agreement #: G1304  
Report Period: July 1, 2010 to June 30, 2011

- a) New Strategic Plan provides for measurable, achievable benchmarks and action plans for the Board use.
- b) Soil sampling tests were performed in June of 2011.
- c) Army Corps completed hydrology and drainage study. Present plan development is on going.
- d) Field Archeology work with UH Maui College commenced with the semester schedule.
- e) Site clean-up occurred throughout the year.

**4. Give actual number of clients served for activities, programs and events.**

Maui Ne'i Native Hawaiian Expeditions, is the only tour company who is in partnership with a non-profit organization, The Friends of Moku'ula. Together they are dedicated to the restoration of Moku'ula at Lahaina, Maui. Through combined efforts, a total of over 1,200 cruise ship visitors, 750 FIT visitors, 500 students from a total of 24 educational institutions, including Kamehameha Schools' Ho'olauna and Ka Ipu Kukui Programs, and 200 volunteers generating almost 1,000 volunteer hours. The Friends of Moku'ula participated in 7 conferences and events statewide with booth exhibits and gave presentations to various organizations and the total number of people they serviced exceeded 5,000 people.

In addition, the Ka 'I'imi 'Ike Archaeology field school, in partnership with the UH Maui College, is currently running through funding awarded by the Hawaii Tourism Authority (program period ended June 30, 2010). There were a total of nearly 50 students, numerous volunteers and countless visitors to the site interested primarily in the field school and archaeology activities.

**5. What objectives/action steps will be accomplished during the next quarter, except if this is for the last quarter?**

- a) Review and approve design fee proposals.
- b) Finalize site plan. Start Working Drawings mid August.
- c) Continue UHMC Field Archeology program.
- d) Maintain new landscaping and manage existing parking lot facility.

Project Name: Moku'ula Restoration Project  
Grant Agreement #: G1304  
Report Period: July 1, 2010 to June 30, 2011

## **II. NARRATIVE REPORT**

### **1. What program challenges occurred this quarter and how were they addressed and/or resolved?**

At the January meeting with the Mayor, he graciously offered to extend original FOM County grants. Mayor's office will assist in work toward moving Salvation Army to new west side location. Mayor's office will help expedite County Building Permit review process for Phase I development. Need of updated Strategic Plan became apparent. Board and staff worked diligently to create new plan.

### **2. What staffing changes occurred this fiscal year?**

The Friends of Moku'ula and Maui Ne'i lost its Founder and first Executive Director, Akoni Akana in March 2011. Shirley Ann Kaha'i, has been appointed Executive Director and is handling the day-to-day operations. She marks her 10<sup>th</sup> anniversary with the organization this year.

### **3. What staffing changes are pending?**

A position of in house grant writer and administrative assistant is under review.

### **4. List any improvements made to the building during this fiscal year.**

No facility built; however, property is on a maintenance program for clean-up and landscaping through volunteer and staff endeavors.

### **5. Describe the building and/or park's current condition and concerns. If there are any improvements necessary to the building or park, please note what has been done by your organization thus far to correct the problem.**

The continued challenge at Malu'uluolele Park is the influx of homeless vagrants that "take up residency" and leave their belongings and trash on site. FOM and Steve Grant, Managing Director of 505 Front Street, have initiated dialog with the Salvation Army and the State to seek an alternative site. On a side note, a portion of Moku'ula Island is located under the Salvation Army facility.

### **6. Grants/funds/projects anticipated for next fiscal year (i.e. improvements to building or park.)**

Completion of Phase I working drawings and submission for building Permits is anticipated this calendar year. Major grant and fund raising effort are in process to fund anticipated construction cost of \$4.2 million for Phase I.

Project Name: Moku'ula Restoration Project  
Grant Agreement #: G1304  
Report Period: July 1, 2010 to June 30, 2011

Narrative Report Reviewed/Approved By:

  
\_\_\_\_\_  
Shirley Ann Kaha'i, Executive Director

Date 7/21/11



FRIENDS OF  
MOKU'ULA, INC.

I Ka Wā Mamua, Ka Wā Mahope  
The Future Is In The Past

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Fax (808) 661-1676  
505 Front Street, Suite 221  
Lāhainā, Hawai'i 96761  
E-mail: friends@mokuula.com  
www.mokuula.com

July 21, 2010

Ms. Tamara Horcajo  
Director of Parks & Recreation  
700 Hali'a Nakoa Street, Unit 2  
Wailuku, HI 96793

Aloha Tamara:

Attached is our Annual Report for the Friends of Moku'ula, Inc. containing the following information:

President & Director Emeritus  
Akemi Akana

Officers

President  
James Kama Falconer

Vice President  
Kathleen Bartlett

Secretary  
Kathleen Bartlett

Treasurer  
Matthew Erickson

Directors

Amanda Albinger

Donna Curmano

Walter England

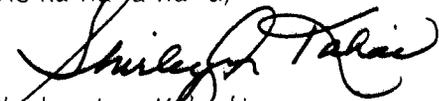
Vanessa Grayson

Vanessa Stewart-Watson

- Program status summary
- Program data summary
- Summary of participant characteristics
- Financial Statement for year ending June 30, 2010
- Parks Real Property Grants Narrative Report
- Minutes of Board of Director's Meetings

If you need any additional information, please let us know.

Me ka hana ha'a,

  
Shirley Ann Kaha'i  
Acting Executive Director

/sak

*Thanks to everyone  
for all you do!!*

**FRIENDS OF MOKU'ULA**

**FOR THE YEAR ENDED  
JUNE 30, 2010**

*FINANCIAL STATEMENTS*

*Caribbean  
CPAs & Leadership Groups*

**FRIENDS OF MOKU'ULA, INC.**

**AUDITED FINANCIAL STATEMENTS  
(With Independent Auditors' Report)**

**FOR THE YEAR ENDED JUNE 30, 2010**

**(WITH SUMMARIZED COMPILED TOTALS FOR THE YEAR ENDED JUNE 30, 2009)**



Certified Public Accountants  
Member: AICPA  
HSCPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Friends of Moku'ula, Inc.  
Lahaina, HI 96761

We have audited the accompanying statement of financial position of the Friends of Moku'ula, Inc. (a Hawai'i nonprofit corporation) as of June 30, 2010, and the related statements of activity and changes in net assets, functional expenses 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 accounting 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 5 to the financial statements, the Organization does not consolidate Ka Lua O Kiha, Inc., a wholly owned subsidiary. In our opinion, accounting principles generally accepted in the United States of America require that all wholly owned subsidiaries be accounted for as consolidated with the parent company.

In our opinion, except for the effects of not consolidating the financial statement of Ka Lua O Kiha, Inc. as explained in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Friends of Moku'ula, Inc. as of June 30, 2010, and the related statement of activity and 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.

The 2009 financial statements were compiled by Christine Riecke-Gonzalez, CPA, and on her report thereon, dated August 3, 2009, stated she did not audit or review those financial statements and, accordingly, expressed no opinion or other form of assurance on them.

*Carbonaro DeMichele CPAs*

Wailuku, Hawai'i  
September 9, 2010

FRIENDS OF MOKU'ULA, INC.  
**Statement of Financial Position**  
As of June 30, 2010  
(With summarized compiled totals as of June 30, 2009)

ASSETS	2010	2009
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents:		
Checking - American Savings Bank	\$ 662	\$ 76,600
Savings - American Savings Bank	46,838	46,784
Checking - First Hawaiian Bank -Maui Nei	13,534	12,401
Petty Cash	300	300
Total Cash	61,334	136,085
Accounts Receivable	20,405	2,250
Prepaid Expense	562	599
Total Current Assets	82,301	138,934
<b>FIXED ASSETS</b>		
Furniture and Equipment	16,900	14,554
Building Improvements	7,661	7,661
	24,561	22,215
Less Accumulated Depreciation	(12,463)	(10,139)
Net Fixed Assets	12,098	12,076
<b>OTHER ASSET</b>		
Investment in Ka Lua O Kiha , Inc. (Note 5)	100	100
Construction in Progress	267,967	244,240
	268,067	244,340
<b>TOTAL ASSETS</b>	<b>\$ 362,466</b>	<b>\$ 395,350</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 1,810	\$ 3,572
Payroll Taxes Payable	780	1,557
Accrued Vacation	3,970	2,598
Total Current Liabilities	6,560	7,727
<b>NET ASSETS (Note 2)</b>		
Unrestricted Net Assets	326,986	352,234
Temporarily Restricted Net Assets (Note 8)	28,920	35,389
Total Net Assets	355,906	387,623
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 362,466</b>	<b>\$ 395,350</b>

FRIENDS OF MOKU'ULA, INC.  
**Statement of Activity and Changes in Net Assets**  
For the Year the Ended June 30, 2010  
(With summarized compiled totals for the year ended June 30, 2009)

	Temporarily    Permanently			2010	2009
	Unrestricted	Restricted	Restricted		
<b>PUBLIC SUPPORT AND REVENUE</b>					
In-Kind Revenue (Note 3)	\$ 49,310	\$ -	\$ -	\$ 49,310	\$ 43,681
Maui Nei Walking Tours	34,649	-	-	34,649	34,374
Ka Lua O Kiha Contributions (Note 5)	30,000	-	-	30,000	40,000
County of Maui Grants	17,977	-	-	17,977	1,673
HTA Grant	9,699	301	-	10,000	15,000
Other Grants	-	7,500	-	7,500	9,000
Donations	26,008	-	-	26,008	38,044
Membership Dues	722	-	-	722	950
Other Income	52	-	-	52	506
Interest Income	54	-	-	54	84
Net Assets Released From Restrictions	14,270	(14,270)	-	-	-
<b>Total Public Support and Revenue</b>	<b>182,741</b>	<b>(6,469)</b>	<b>-</b>	<b>176,272</b>	<b>183,312</b>
<b>EXPENSES</b>					
Program Services	145,288	-	-	145,288	154,003
Management and General	61,221	-	-	61,221	27,494
Fundraising	1,480	-	-	1,480	4,241
<b>Total Expenses</b>	<b>207,989</b>	<b>-</b>	<b>-</b>	<b>207,989</b>	<b>185,738</b>
<b>CHANGE IN NET ASSETS</b>	<b>(25,248)</b>	<b>(6,469)</b>	<b>-</b>	<b>(31,717)</b>	<b>(2,426)</b>
Beginning of Year Net Assets	352,234	35,389	-	387,623	390,049
End of Year Net Assets	\$ 326,986	\$ 28,920	\$ -	\$ 355,906	\$ 387,623

The accompanying notes and Auditors' report are an integral part of these financial statements.

**FRIENDS OF MOKU'ULA, INC.**

**Statement of Functional Expenses**

For the Year Ended June 30, 2010

(With summarized compiled totals for the year ended June 30, 2009)

	2010							2009
	Program Services			Supporting Services				Total
	Site Restoration	Maui Nei	Total Program Services	Management and General	Fundraising	Total Supporting Services		
In-kind Facilities Rental (Note 3)	32,670	4,356	37,026	6,534	-	6,534	43,560	43,560
Salaries and Wages	\$ 28,703	\$ 4,594	\$ 33,297	\$ 6,891	\$ -	\$ 6,891	\$ 40,188	\$ 56,836
Maintenance & Utilities	4,184	558	4,742	836	-	836	5,578	6,411
Tour Expenses								
Guides	-	8,997	8,997	-	-	-	8,997	8,085
Operations & Office Manager	-	11,601	11,601	-	-	-	11,601	11,305
Tour Admissions	-	1,996	1,996	-	-	-	1,996	1,740
Food and Beverage	-	365	365	-	-	-	365	323
Professional Fees	133	18	151	41,778	553	42,331	42,482	3,442
Payroll Taxes and Fringe Benefits	12,306	1,641	13,947	2,461	-	2,461	16,408	19,900
Cultural Adviser	10,500	-	10,500	-	-	-	10,500	11,811
In-kind Site Maintenance (Note 3)	5,750	-	5,750	-	-	-	5,750	-
Archeologist	5,500	-	5,500	-	-	-	5,500	5,000
Telephone and Communication	2,223	939	3,162	444	-	444	3,606	4,036
Insurance	963	1,628	2,591	193	-	193	2,784	2,929
Supplies	1,111	84	1,195	376	405	781	1,976	1,625
Advertising and Promotion	520	-	520	-	520	520	1,040	1,258
Travel and Related Expenses	805	-	805	-	-	-	805	832
Bank Service Charges	-	-	-	783	-	783	783	685
Printing and Reproduction	-	655	655	95	-	95	750	1,613
Site Maintenance	323	-	323	-	-	-	323	483
Dues, Taxes & Licenses	55	-	55	159	2	161	216	1,033
Postage and Shipping	119	16	135	24	-	24	159	271
Board Development & Meetings	-	-	-	158	-	158	158	519
Staff Development	-	-	-	140	-	140	140	-
<b>Total Expenses Before Depreciation</b>	<b>105,865</b>	<b>37,448</b>	<b>143,313</b>	<b>60,872</b>	<b>1,480</b>	<b>62,352</b>	<b>205,665</b>	<b>183,697</b>
Depreciation	1,743	232	1,975	349	-	349	2,324	2,041
<b>Total Expenses</b>	<b>\$ 107,608</b>	<b>\$ 37,680</b>	<b>\$ 145,288</b>	<b>\$ 61,221</b>	<b>\$ 1,480</b>	<b>\$ 62,701</b>	<b>\$ 207,989</b>	<b>\$ 185,738</b>

The accompanying notes and Auditors' report are an integral part of these financial statements.

FRIENDS OF MOKU'ULA, INC.

**Statement of Cash Flows**  
For the Year Ended June 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Grants, Contributions and Memberships	\$ 92,207
Cash Received from Maui Nei Walking Tours	34,649
Other Income	52
Interest Income	54
Cash Paid to Employees and Vendors	<u>(175,640)</u>
Net Cash Used by Operating Activities (Note 6)	(48,678)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	(2,346)
Construction in Progress Expenditures	<u>(23,727)</u>
Net Cash Used by Investing Activities	(26,073)
CASH FLOWS FROM FINANCING ACTIVITIES	
	-
Net Decrease in Cash for the Year	<u>(74,751)</u>
CASH AT BEGINNING OF YEAR	<u>136,085</u>
CASH AT END OF YEAR	<u><u>\$ 61,334</u></u>

The accompanying notes and Auditors' report are an integral part of these financial statements.  
Page 5

FRIENDS OF MOKU'ULA, INC.

Notes to the Financial Statements  
June 30, 2010

Note 1. ORGANIZATION

Friends of Moku'ula, Inc. was incorporated in March 1997 to perpetuate native Hawaiian culture through promotion of public awareness and activities, including the support of a native Hawaiian cultural site restoration and learning center. The Organization's activities are carried out primarily on the West side of Maui County, State of Hawai'i. The organization has two major programs as follows:

Site Restoration -- The Organization is in the process of restoring, protecting, and preserving a historically significant pond at Lahaina known as Moku'ula and Mokuhina.

Maui Nei -- The Organization provides a walking tour through Lahaina, visiting and explaining significant historical sites throughout the area.

The Friends of Moku'ula, Inc. depends significantly on parking concession fees and grants to carry out its program activities. In addition, a fee is charged for the Maui Nei walking tour to cover program costs.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of Accounting:* The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Under this method of accounting, revenue is recognized when earned rather than when received and expenses are recognized when incurred rather than when paid. For contributions and donations, revenue is recognized when the gift is received. For grants and contracts, revenue is recognized as the applicable grant requirements are fulfilled. Deferred revenue represents funds received from grantors and not yet expended for the grant's purposes.

*Basis of Presentation:* Net assets of the Friends of Moku'ula, Inc. and changes therein are classified and reported as follows:

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of June 30, 2010, there was a total of \$28,920 in temporarily restricted net assets.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. There were no permanently restricted funds as of June 30, 2010.

*Use of Estimates:* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FRIENDS OF MOKU'ULA, INC.

Notes to the Financial Statements  
June 30, 2010

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Fixed Assets:* Property and equipment are stated at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 30 years. Donated property and equipment are recorded as revenue at their estimated fair value. Such donations are reported as unrestricted revenue unless the donor has restricted the donated asset to a specific purpose. Substantially all assets would revert back to the State of Hawai'i upon discontinuance of their intended use.

*Income Taxes:* The Friends of Moku'ula, Inc. is exempt from federal income taxes under section 501 (c) (3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

Note 3. DONATED SERVICES

Under FASB ASC 958-605-25-16 "Not-for-Profit Entities, Contributed Services", contributions of donated services that create or enhance non-financial assets or that require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. During the year, project management services for the site restoration project were donated at an estimated cost of \$5,750.

Additionally, the Organization is not required to pay rent or common area maintenance costs for its facilities. The minimum lease payments have been valued at approximately \$43,560 and, accordingly, have been recorded as in-kind revenue and expense.

Note 4. OPERATING LEASE

The Organization leases a parcel of land from the County of Maui for \$1 per year through January 2037. Every five years, the County of Maui will review the usage of the lot and at its discretion can deny the continued operation of a parking concession.

Management has not determined the fair value of the lease and accordingly no In-Kind revenue or expense is reflected in the financial statements for it.

Note 5. RELATED ORGANIZATIONS

The Organization owns 100% of the stock of Ka Lua O Kiha, Inc., a for-profit feeder corporation. The Friends of Moku'ula, Inc. and Ka Lua O Kiha, Inc. share common board members, employees and operating costs. During the fiscal year ending June 30, 2010, Friends of Moku'ula received approximately \$30,000 (17%) of its revenues from this related for-profit corporation. The Organization records revenue as it is received from Ka Lua O Kiha, Inc. which prepares its own financial statements and prepares its own tax returns.

The Friends of Moku'ula, Inc., has entered into an agreement with Ka Lua O Kiha, Inc. (a related organization), whereby Ka Lua O Kiha, Inc., is to provide site maintenance and management of the intended restoration site in exchange for parking concession fees. The site is currently being used as a parking facility and the net proceeds must be used for non-profit purposes.

FRIENDS OF MOKU'ULA, INC.

Notes to the Financial Statements  
June 30, 2010

Note 6. RECONCILIATION OF CHANGE IN NET ASSETS WITH NET CASH USED BY OPERATING ACTIVITIES

Change in Net Assets	\$ (31,717)
Add Depreciation	2,324
Adjustments to reconcile:	
Change in Grants & Accounts Receivable	(18,155)
Change in Prepaid Expenses	37
Change in Accruals	595
Change in Payables	<u>(1,762)</u>
Net Cash Used by Operating Activities	<u>\$ (48,678)</u>

Note 7. COUNTY OF MAUI GRANTS

As of June 30, 2010, the Organization has been awarded \$500,000 in grants from County of Maui for the purpose of site restoration. As of June 30, 2010, the Organization received approximately \$36,000 since it began in 2001. The grant has been extended and expires on December 31, 2010.

Note 8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2010 were comprised of:

	<u>Received</u>	<u>Expended</u>	<u>Net</u>
Capital campaign	\$ 500	\$ 0	\$ 500
Fred Baldwin	7,500	0	7,500
HTA	10,000	9,699	301
Archeologist	<u>35,000</u>	<u>14,381</u>	<u>20,619</u>
	<u>\$ 53,000</u>	<u>\$ 24,080</u>	<u>\$ 28,920</u>

Note 9. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 9, 2010, the date the financial statements were available to be issued.

FRIENDS OF MOKU'ULA, INC

FOR THE YEAR ENDED JUNE 30, 2007

*Camborahua*  
CPA  
and Chartered Accountants

**FRIENDS OF MOKU‘ULA, INC.**

AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007



Certified Public Accountants  
Member: AICPA  
HSCPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Friends of Moku'ula, Inc.,  
Lahaina, HI 96761

We have audited the accompanying statement of financial position of the Friends of Moku'ula, Inc., (a Hawai'i nonprofit corporation) as of June 30, 2007, and the related statement of activity and changes in net assets, statement of functional expenses 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 accounting 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Friends of Moku'ula, Inc., as of June 30, 2007, and the related statement of activity and 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.

*Carbonaro DeMichele, CPAs*

Wailuku, Hawai'i  
June 25, 2008

FRIENDS OF MOKU'ULA, INC.  
**Statement of Financial Position**  
June 30, 2007

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents:

Checking - American Savings Bank	\$ 26,618
Savings - American Savings Bank	8,789
Checking - First Hawaiian Bank -Maui Nei	6,387
Petty Cash	300
	300

Total Cash 42,094

Accounts Receivable 88,229

Inventory 180

Prepaid Expense 513

Total Current Assets 131,016

**FIXED ASSETS**

Furniture and Equipment 9,109

Building Improvements 7,661

16,770

Less Accumulated Depreciation (6,423)

Net Fixed Assets 10,347

**OTHER ASSET**

Investment in Ka Lua O Kiha , Inc. (Note 5) 100

Construction in Progress 237,722

237,822

TOTAL ASSETS \$ 379,185

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable 30,775

Payroll Taxes Payable 1,143

Accrued Vacation 1,402

Deferred Revenue (Note 2) 367

Total Current Liabilities 33,687

**NET ASSETS (Note 2)**

Unrestricted Net Assets 325,121

Temporarily Restricted Net Assets (Note 9) 20,377

Permanently Restricted Net Assets -

Total Net Assets 345,498

TOTAL LIABILITIES AND NET ASSETS \$ 379,185

FRIENDS OF MOKU'ULA, INC.  
**Statement of Activity and Changes in Net Assets**  
For the Year the Ended June 30, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE</b>				
In-Kind Revenue (Note 3)	\$ 59,560	\$ -	\$ -	59,560
Maui Nei Walking Tours	43,074			43,074
Ka Lua O Kiha Contributions	32,600	-	-	32,600
County of Maui Grants	10,000	-	-	10,000
OHA Grant	4,633	5,000	-	9,633
Other Income	9,831	-	-	9,831
Fundraising	8,814	-	-	8,814
Membership Dues	375	-	-	375
Interest Income	106			106
Net Assets Released From Restrictions	123	(123)		-
<b>Total Public Support and Revenue</b>	<b>169,116</b>	<b>4,877</b>	<b>-</b>	<b>173,993</b>
<b>EXPENSES</b>				
Program Services	173,516	-	-	173,516
Management and General	23,563	-	-	23,563
Fundraising	1,725	-	-	1,725
<b>Total Expenses</b>	<b>198,804</b>	<b>-</b>	<b>-</b>	<b>198,804</b>
<b>EXCESS SUPPORT AND REVENUE OVER EXPENSES</b>	<b>(29,688)</b>	<b>4,877</b>	<b>-</b>	<b>(24,811)</b>
Net Assets, June 30, 2006	354,809	15,500	-	370,309
Net Assets, June 30, 2007	\$ 325,121	\$ 20,377	\$ -	345,498

The accompanying notes and Auditors' report are an integral part of these financial statements.

FRIENDS OF MOKU'ULA, INC.

Statement of Functional Expenses  
For the Year Ended June 30, 2007

	Program Services			Supporting Services				
	Site Restoration	Maui Nei	Total Program Services	Management and General		Total Supporting Services		Total
				Fundraising				
Salaries and Wages	\$ 43,685	\$ 5,825	\$ 49,510	\$ 8,737	\$ -	\$ 8,737	\$ 58,247	
Maintenance & Utilities	4,619	930	5,549	-	-	-	5,549	
In-kind Facilities Rental (Note 3)	32,213	3,981	36,194	7,366	-	7,366	43,560	
Tour Expenses								
Guides	-	13,761	13,761	-	-	-	13,761	
Operations & Office Manager	-	11,900	11,900	-	-	-	11,900	
Tour Admissions	-	2,860	2,860	-	-	-	2,860	
Food and Beverage	-	426	426	-	-	-	426	
Payroll Taxes and Fringe Benefits	9,114	1,216	10,330	1,823	-	1,823	12,153	
Telephone and Communication	3,124	417	3,541	625	-	625	4,166	
Legal Expenses	9,633	-	9,633	-	-	-	9,633	
General Excise Taxes	-	-	-	-	9	9	9	
Accounting	428	286	714	2,141	-	2,141	2,855	
Insurance	1,577	771	2,348	278	-	278	2,626	
Moving Expenses	1,673	223	1,896	335	-	335	2,231	
Board Development	-	-	-	908	-	908	908	
Travel and Related Expenses	592	4	596	7	-	7	603	
Dues, Subscriptions, Taxes & Licenses	571	76	647	154	-	154	801	
Website Development	625	-	625	-	625	625	1,250	
Advertising and Promotion	856	-	856	114	-	114	970	
Supplies	590	75	665	113	40	153	818	
Printing and Reproduction	388	217	605	68	-	68	673	
Site Maintenance	141	-	141	-	-	-	141	
In-kind Site Maintenance (Note 3)	16,000	-	16,000	-	-	-	16,000	
Merchant Fees	-	-	-	-	621	621	621	
Postage and Shipping	354	29	383	64	-	64	447	
Fundraising Expenses								
Archeologist	123	-	123	-	-	-	123	
Flooding Expenses	1,295	173	1,468	259	-	259	1,727	
Staff Development	300	40	340	60	-	60	400	
Volunteer Expenses	4	-	4	-	-	-	4	
Bank Service Charges	-	-	-	88	-	88	88	
Total Expenses Before Depreciation	127,905	43,210	171,115	23,140	1,295	24,435	195,550	
Income Taxes	-	-	-	-	430	430	430	
Depreciation	992	133	1,125	198	-	198	1,323	
Loss on Asset Abandonment	1,126	150	1,276	225	-	225	1,501	
	<u>\$ 130,023</u>	<u>\$ 43,493</u>	<u>\$ 173,516</u>	<u>\$ 23,563</u>	<u>\$ 1,725</u>	<u>\$ 25,288</u>	<u>\$198,804</u>	

The accompanying notes and Auditors' report are an integral part of these financial statements.

FRIENDS OF MOKU'ULA, INC.

**Statement of Cash Flows**  
For the Year Ended June 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from grants, contributions and memberships	\$	47,621
Cash Received from Maui Nei walking tours		43,074
Fundraising		8,600
Other Income		843
Interest Income		106
Cash Paid to Employees and Vendors		<u>(121,664)</u>
Net Cash Used by Operating Activities (Note 7)		(21,420)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Carpet		(1,066)
Construction in Progress Expenditures		<u>(10,353)</u>
Net Cash Used by Investing Activities		(11,419)

CASH FLOWS FROM FINANCING ACTIVITIES

Net Decrease in Cash for the Year		<u>(32,839)</u>
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CASH AT BEGINNING OF YEAR 74,933

CASH AT END OF YEAR \$ 42,094

Note: Non-cash investing activities during the year included \$2,465 of disposed fixed assets.

FRIENDS OF MOKU'ULA, INC.

Notes to the Financial Statements  
June 30, 2007

Note 1. ORGANIZATION

Friends of Moku'ula, Inc. was incorporated in March 1997 to perpetuate native Hawaiian culture through promotion of public awareness and activities, including the support of a native Hawaiian cultural site restoration and learning center. The Organization's activities are carried out primarily on the West side of Maui County, State of Hawai'i. The organization has two major programs as follows:

Site Restoration – The Organization is in the process of restoring, protecting, and preserving a historically significant pond at Lahaina known as Moku'ula and Mokuhina.

Maui Nei – The Organization provides a walking tour through Lahaina, visiting and explaining significant historical sites throughout the area.

The Friends of Moku'ula, Inc. depends significantly on parking concession fees and grants to carry out its program activities. In addition, a fee is charged for the Maui Nei walking tour to cover program costs.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of Accounting:* The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Under this method of accounting, revenue is recognized when earned rather than when received and expenses are recognized when incurred rather than when paid. For contributions and donations, revenue is recognized when the gift is received. For grants and contracts, revenue is recognized as the applicable grant requirements are fulfilled. Deferred revenue represents funds received from grantors and not yet expended for the grant's purposes.

*Basis of Presentation:* Net assets of the Friends of Moku'ula, Inc. and changes therein are classified and reported as follows:

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of June 30, 2007, there was a total of \$ 20,377 in temporarily restricted net assets.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. There were no permanently restricted funds as of June 30, 2007.

*Use of Estimates:* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FRIENDS OF MOKU'ULA, INC.

Notes to the Financial Statements  
June 30, 2007

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Fixed Assets:* Property and equipment are stated at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 30 years. Donated property and equipment are recorded as revenue at their estimated fair value. Such donations are reported as unrestricted revenue unless the donor has restricted the donated asset to a specific purpose. Substantially all assets would revert back to the State of Hawai'i upon discontinuance of their intended use.

*Income Taxes:* The Friends of Moku'ula, Inc. is exempt from federal income taxes under section 501 (c) (3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

Note 3. DONATED SERVICES

Under SFAS No. 116, contributions of donated services that create or enhance non-financial assets or that require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. During the year, trees needed to be removed from the construction site. A contractor donated the services to remove the trees at an estimated cost of \$16,000. Additionally, the Organization is not required to pay rent or common area maintenance costs for its facilities. The minimum lease payments have been valued at approximately \$43,560 and, accordingly, have been recorded as In-Kind revenue and expense.

Note 4. OPERATING LEASE

The Organization leases a parcel of land from the County of Maui for \$1 per year through January 2037. Every five years, the County of Maui will review the usage of the lot and its discretion can deny the continued operation of a parking concession.

Management has not determined the fair value of the lease and accordingly no In-Kind revenue or expense is reflected in the financial statements for it.

The Friends of Moku'ula, Inc., has entered into an agreement with Ka Lua O Kiha, Inc. (a related organization), whereby Ka Lua O Kiha, Inc., is to provide site maintenance and management of the intended restoration site in exchange for parking concession fees. The site is currently being used as a parking facility and the net proceeds must be used for non-profit purposes.

Note 5. RELATED ORGANIZATIONS

The Organization owns 100% of the stock of Ka Lua O Kiha, Inc., a for-profit feeder corporation. The Friends of Moku'ula, Inc. and Ka Lua O Kiha, Inc. share common board members, employees and operating costs. During the fiscal year ending June 30, 2007, Friends of Moku'ula received approximately \$32,600 (25%) of its revenues from this related for-profit corporation.

FRIENDS OF MOKU'ULA, INC.

Notes to the Financial Statements  
June 30, 2007

Note 6. RELATED PARTY TRANSACTION

The Organization received a grant from the Office of Hawaiian Affairs to assist a Member of the Native Hawaiian community with a land dispute. An attorney, who is a member of the Board of Directors, was paid \$9,633 for her services.

Note 7. RECONCILIATION OF EXCESS EXPENSES OVER SUPPORT AND REVENUE WITH NET CASH USED BY OPERATING ACTIVITIES

Excess Expenses over Support and Revenue	\$ (24,811)
Add Depreciation	1,323
Loss on Asset Disposal	1,501
Adjustments to reconcile:	
Change in Grants & Accounts Receivable	(14,616)
Change in Prepaid Expenses	378
Change in Inventory	60
Change in Accruals	(2,906)
Change in Payables	17,284
Change in Deferred Revenue	367
	<hr/>
Net Cash Used by Operating Activities	<u>\$ (21,420)</u>

Note 8. COUNTY OF MAUI GRANTS

As of June 30, 2007, the Organization has been awarded \$500,000 in grants from County of Maui for the purpose of site restoration. As of June 30, 2007, the Organization received approximately \$106,000 since it began in 2001. The grant has been extended and expires on December 31, 2009.

Note 9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2007 were comprised of:

	<u>Received</u>	<u>Expended</u>	<u>Net</u>
Capital campaign	\$ 500	\$ 0	\$ 500
OHA Grant	5,000	0	5,000
Archeologist	<u>15,000</u>	<u>123</u>	<u>14,877</u>
	<u>\$ 20,500</u>	<u>\$ 123</u>	<u>\$ 20,377</u>

**FRIENDS OF MOKU'ULA, INC.  
(A Hawaii Non-Profit Corporation)**

**Financial Statements  
For the Year Ended June 30, 2004**

*Russell Yamane & Associates CPAs, Inc.*

# FRIENDS OF MOKU'ULA, INC.

## Statement of Financial Position June 30, 2004

### ASSETS

Current Assets:	
Cash	\$ 51,530
Accounts receivable	18,430
Inventory	555
Other current assets	952
Total current assets	<u>71,467</u>
Property And Equipment, Net (Note 3)	<u>152,134</u>
TOTAL ASSETS	<u>\$ 223,601</u>

### LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	\$ 32,825
Accrued income taxes (Note 6)	30,000
Other current liabilities	24,748
Total current liabilities	<u>87,573</u>
Net Assets - Unrestricted	<u>136,028</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 223,601</u>

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

**FRIENDS OF MOKU'ULA, INC.**  
**(A Hawaii Non-Profit Corporation)**

**Financial Statements**  
**For the Year Ended June 30, 2004**

# FRIENDS OF MOKU'ULA, INC.

## Statement of Activities For the year ended June 30, 2004

### Revenue:

Parking concession	\$ 165,604
Program service charges	67,278
Government Grants	56,942
In-kind contribution (Note 4)	56,009
Fundraising and special events	14,572
Contributions	6,583
Membership income	1,125
Interest income	27
Total revenue	<u>368,140</u>

### Expenses:

#### Program Services:

Site restoration	137,686
Maui Nei	<u>59,652</u>
Total program services	<u>197,338</u>

#### Supporting Services:

Management and general	20,326
Fundraising and parking concession	<u>96,271</u>
Total supporting services	<u>116,597</u>
Total expenses	<u>313,935</u>

Excess revenue over expenses	<u>\$ 54,205</u>
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*The accompanying notes are an integral part of the financial statements.*

FRIENDS OF MOKU'ULA, INC.

Statement of Functional Expenses  
For the year ended June 30, 2004

	Program Services			Supporting Services			Total
	Site Restoration	Maui Nei	Total Program Services	Management and General	Fundraising and Parking	Total Supporting Services	
Salaries and wages	\$ 52,991	\$ -	\$ 52,991	\$ 9,221	\$ 30,666	\$ 39,887	\$ 92,878
Facilities rental, maintenance, and Utilities	54,045	1,840	55,885	6,209	3,043	9,252	65,137
Maui Nei Program:							
Guides	-	22,017	22,017	-	-	-	22,017
Sales and marketing	-	19,747	19,747	-	-	-	19,747
Tour admissions	-	3,594	3,594	-	-	-	3,594
Food and beverage	-	1,511	1,511	-	-	-	1,511
Other	-	3,391	3,391	-	-	-	3,391
Site restoration program expenses:							
Cultural program	1,112	-	1,112	-	-	-	1,112
Archival learning center and education program	642	-	642	-	-	-	642
Site maintenance	328	-	328	-	-	-	328
Fundraising expenses:							
Parking lot	-	-	-	-	729	729	729
Luau	-	-	-	-	11,166	11,166	11,166
T-shirts and posters	-	-	-	-	229	229	229
Payroll taxes and fringe benefits	12,717	-	12,717	1,413	6,965	8,378	21,095
Telephone and communication	3,786	1,562	5,348	421	2,105	2,526	7,874
General excise taxes	-	-	-	-	7,447	7,447	7,447
Consultants	2,898	676	3,574	303	686	989	4,563
Advertising and promotion	504	3,034	3,538	-	-	-	3,538
Supplies	532	1,925	2,457	59	624	683	3,140
Insurance	1,099	-	1,099	122	1,221	1,343	2,442
Board development	-	-	-	1,989	-	1,989	1,989
Office equipment	1,621	-	1,621	-	-	-	1,621
Travel and related expenses	1,413	177	1,590	-	-	-	1,590
Staff development	1,232	-	1,232	137	-	137	1,369
Dues and subscriptions	1,116	130	1,246	-	-	-	1,246
Merchant fees	-	-	-	-	992	992	992
Postage and shipping	547	-	547	61	-	61	608
Other	47	48	95	274	-	274	369
Expenses before depreciation and income taxes	136,630	59,652	196,282	20,209	65,873	86,082	282,364
Income taxes	-	-	-	-	30,398	30,398	30,398
Depreciation	1,056	-	1,056	117	-	117	1,173
	\$ 137,686	\$ 59,652	\$ 197,338	\$ 20,326	\$ 96,271	\$ 116,597	\$ 313,935

FRIENDS OF MOKU'ULA, INC.

Statement of Changes in Net Assets  
For the Year Ended June 30, 2004

	Unrestricted
Net Assets June 30, 2003	\$ 81,823
Excess Revenue over Expenses	<u>54,205</u>
Net Assets June 30, 2004	<u>\$ 136,028</u>

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

# FRIENDS OF MOKU'ULA, INC.

## Statement of Cash Flows For the Year Ended June 30, 2004

<b>Cash Flow From Operating Activities:</b>	
Cash received from parking concession	\$ 165,031
Cash received from program fees	67,373
Cash received from grants	92,803
Cash received from contributions and other	22,307
Cash paid to suppliers and employees	<u>(276,160)</u>
Net cash provided by operating activities	<u>71,354</u>
<b>Cash Flow From Investing Activities:</b>	
Construction in progress expenditures	<u>(52,112)</u>
Net cash used in investing activities	<u>(52,112)</u>
<b>Net Change In Cash</b>	19,242
<b>Cash Balance At Beginning Of Year</b>	<u>32,288</u>
<b>Cash Balance At End Of Year</b>	<u><u>\$ 51,530</u></u>

### Reconciliation of excess revenue over expenditures to net cash provided by operating activities

<b>Cash Flow From Operating Activities:</b>	
Excess revenue over expenses	<u>\$ 54,205</u>
Adjustments to reconcile excess revenue over expenses to net cash provided by (used in) operating activities:	
Depreciation	1,173
(Increase) decrease in assets:	
Accounts receivable	35,383
Inventory	374
Other current assets	(513)
Increase (decrease) in liabilities:	
Accounts payable	(11,788)
Accrued income taxes	30,000
Other current liabilities	<u>(37,480)</u>
Total adjustments	<u>17,149</u>
Net cash provided by operating activities	<u><u>\$ 71,354</u></u>

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

Friends of Moku'ula, Inc.  
Notes to the financial statements  
June 30, 2004

1. Organization

Friends of Moku'ula, Inc. was incorporated in March 1997 to perpetuate native Hawaiian culture through promotion of public awareness and activities, including the support of a native Hawaiian cultural site restoration and learning center. The Organization's activities are carried out primarily on the West side of Maui County, State of Hawaii. The Organization has two major programs as follows:

Site Restoration - The Organization is currently in the process of restoring, protecting, and preserving a historically significant pond at Lahaina known as Moku'ula and Mokuhina.

Maui Nei - The Organization provides a walking tour through Lahaina visiting and explaining significant historical sites throughout the area.

The Organization depends significantly on grants from government agencies to carry out its program activities. In addition, a fee is charged for the Maui Nei walking tour to cover program costs.

Friends of Moku'ula, Inc. is exempt from Federal income taxes pursuant to Internal Revenue Code Section 501(c)(3), and exempt from State income taxes under Section 416-19 and 416-20 of the Hawaii Revised Statutes. However the Organization operates a parking facility adjacent to the project site for which it collects parking fees. The net profit from this operation is subject to Federal and State of Hawaii income taxes, as well as the State of Hawaii general excise tax.

2. Summary of Significant Accounting Policies

*Method of Accounting:* The Organization uses the accrual method of accounting for financial statement reporting according to Generally Accepted Accounting Principles. Under this method of accounting, revenue is recognized when earned rather than when received and expenses are recognized when incurred rather than when paid. Deferred revenue on the balance sheet represents cash received for future periods.

*Property and Equipment:* The Organization capitalizes all furniture and equipment with a useful life greater than one year. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the assets' estimated useful lives.

Friends of Moku'ula, Inc.  
Notes to the financial statements  
June 30, 2004

*Revenue and Expenses Recognition:* The Organization uses the accrual method of accounting as defined by Generally Accepted Accounting Principles. Under this method of accounting, revenue is recognized when earned rather than when received and expenses are recognized when incurred rather than when paid. Accounts Receivable represents fees due and not yet received. For certain grants revenue is recorded only when an allowable expense has been incurred.

*Estimates:* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Net Assets:* The Organization has conformed to Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Accordingly, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets temporarily restricted net assets and permanently restricted net assets.

**Unrestricted net assets** - Net assets that are not subject to donor-imposed stipulations.

**Temporarily restricted net assets** - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Center and/or the passage of time.

**Permanently restricted net assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed stipulations. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets, such as fulfillment of donor-stipulated purpose and/or the stipulated time period has elapsed, are reported as reclassifications between the applicable classes of net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted revenue. At June 30, 2004, the organization did not have temporarily or permanently restricted net assets.

*Cash and Cash Equivalents:* Cash and cash equivalents are defined for the purposes of presenting the statement of cash flows as checking accounts, savings accounts, certificates of deposit, and money market accounts that are readily converted to cash within one year.

**Friends of Moku'ula, Inc.**  
**Notes to the financial statements**  
**June 30, 2004**

**3. Property and Equipment**

At June 30, 2004, property and equipment was comprised of the following:

Building and Improvements	\$ 7,661
Furniture and Equipment	11,176
	<u>18,837</u>
Less Accumulated Depreciation	(9,612)
	<u>9,225</u>
Construction in Progress - Site Restoration	142,909
	<u>142,909</u>
Total	<u>\$ 152,134</u>

Leasehold improvements are depreciated over their estimated useful life of 30 years. Furniture and equipment are depreciated over their estimated useful life of 3 to 5 years.

**4. In-Kind Contributions**

The landlord does not require minimum lease payments from the Organization for its office facilities. The Organization pays common area costs and any repairs and maintenance that may be necessary. The minimum lease payments have been valued at approximately \$56,000 and accordingly have been recorded as in-kind revenue and expense.

**5. Operating Lease**

The Organization leases a parcel of land from the County of Maui for \$1 per year through January 2037. The lot is currently being used as a parking facility of which the net proceeds must be used for the non-profit purpose. Every 5 years the County of Maui will review the usage of the lot and at its discretion can deny the continued operation of a parking concession.

Management has not determined a fair value of the lease and accordingly no in-kind revenue and expense is reflected in the financial statements.

**6. Income Taxes**

Because the operation of the parking facility does not fall under the mission and purpose of the Organization, the net profit is subject to taxation at the corporate rates for both Federal and State of Hawaii purposes. The income tax liability for Federal and State of Hawaii was approximately \$24,500 and \$5,500, respectively.

**Friends of Moku'ula, Inc.**  
**Notes to the financial statements**  
**June 30, 2004**

**7. County of Maui Grants**

As of June 30, 2004 the Organization has been awarded \$500,000 in grants from the County of Maui for the purpose of site restoration. As of June 30, 2004, the Organization has received approximately \$106,000. The grants expire on December 31, 2005.