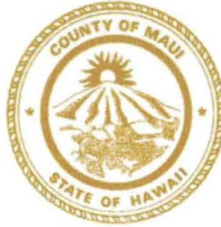


MICHAEL P. VICTORINO
Mayor

LORI TSUHAKE
Director

LINDA R. MUNSELL
Deputy Director



DEPARTMENT OF HOUSING
& HUMAN CONCERNS
COUNTY OF MAUI
2200 MAIN STREET, SUITE 546
WAILUKU, MAUI, HAWAII 96793
PHONE: (808) 270-7805

November 9, 2020

Honorable Michael P. Victorino
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

Michael P. Victorino 11/12/20
Mayor Date

For Transmittal to:

Honorable Riki Hokama, Chair
Healthy Families and Communities Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Hokama:

SUBJECT: LA'AKEA VILLAGE (PAIA) (HFC-74)

In response to your letter dated November 5, 2020, attached is a copy of the 2005 proposal from the La'a Kea Foundation related to plans for the property as requested.

Thank you for the opportunity to provide this information. Should you have any questions, please feel free to contact me at Ext. 7805.

Sincerely,

A handwritten signature in blue ink, reading "Lori Tsuhako".

LORI TSUHAKE, LSW, ACSW
Director of Housing and Human Concerns

Attachment

The La'a Kea Foundation
Proposed
La'a Kea Community Village
Paia, Maui
TMK (2) 2-5-05:30



PROJECT SUMMARY

A residential, farm village for
developmentally disabled adults.

La'a Kea Foundation



(808) 281-3463
www.laakea.org
PO Box 791276
Paia, HI 96779

501(c)(3) tax exempt organization
identification number: 99 0348 754



COUNTY OF MAUI
DEPARTMENT OF HOUSING & HUMAN CONCERNS

MAUI COUNTY GRANTS OF REAL PROPERTY

APPLICANT

Legal Name of Organization:

La'a Kea Foundation

Address:

P.O. Box 791276 (38 Ulumau Place)
Paia, HI 96779

Director/Manager:

Andrea Hall-Rodgers

Phone (808) 281-3463

Fax: 661-7656

Organization President:

Christina Chang

Phone (808) 249-0254

Fax: _____

Contact Person (Grant Writer):

Andrea Hall-Rodgers

Title: Executive Director

Phone: (808) 281-3463

Total annual budget of organization: \$ 23,152.00

Has the applicant applied for funds from the County of Maui this fiscal year?

☐ Yes Source: _____

☒ No

TERM OF LEASE/LICENSE REQUESTED: 55 years

TYPE OF REQUEST: ☒ New ☐ Renewal ☐ Extension

DESCRIPTION OF PROPERTY:

Please provide the Tax Map Key Number, Address (if available), Metes & Bounds description (if available) and area (i.e. ___ sq. ft., ___ acres) of real estate for which lease/license is being requested.

TMK(2) 2-5-05:30 12.203 acres

In one (1) sentence, DESCRIBE THE INTENDED USAGE of the facility for which the lease/license is being requested.

To create a residential, farm village for developmentally disabled adults.

Last Revised - January 2002

The La'a Kea Community Village Narrative

1. Provide a description of the nature and purpose of the agency requesting the lease or license-to-occupy, including:

1.10 goals and objectives of the organization

Mission Statement:

The mission of the La'a Kea Foundation is to bring to the Hawaiian Islands a new model of a socially therapeutic community for adults with developmental disabilities. This model is inspired by the realization that every person, regardless of ability or disability, needs friendship, a consistent, supportive social environment, meaningful work, and opportunities for creative expression.

Vision Statement:

The La'a Kea Foundation will establish a socially, supportive residential community on Maui, with developmentally disabled adults, offering meaningful work in farming and crafts. The village will consist of several residential homes, farm buildings, greenhouses and a farmer's market. In addition, a cultural arts/therapy building will serve both the needs of the residents and create a bridge for the education and enjoyment of the greater community.

1.20 Population/clientele served

A residential village for adults with developmental disabilities.

1.30 Services provided (including numbers served)

The La'a Kea Foundation proposes to build six houses with homes for 30 to 40 developmentally disabled adults to reside along with necessary care providers and their families on this 12.203 acre parcel. Each home will have five to eight developmentally disabled adults in residence as allowed by state law. The unique approach of the Camphill style community creates a true family atmosphere. The core staff live and work as an Ohana, side by side with the residents at The La'a Kea Village Community.

The vocation of the residents comes from the activities of organic gardening and through selling their produce at the farmer's market and to the community at large. Farm buildings, gardens, green houses and a farmer's market are an integral part of The La'a Kea Village Community. As the project develops The Village may also offer day programs with wage earning opportunities and agricultural respite/camp programs.

1.40 Sources of funding/support for the organizations services and activities

The La'a Kea Foundation has been gifted modest initial funding from private sources. The receiving of the 12.203 acres will act as a catalyst to obtain secure substantial gifts from individuals, foundations and government sources such as Housing and Urban Development and other federal grants. In addition, a number of local, state and federal funding sources are currently available for licensed facilities and community development. These include, Section 8 Housing, respite care, and benefits tied to the Domicilliary and Adult Residential Care Home (ARCH) Housing. Each home will be licensed as either a Domicilliary or ARCH home. The village intends to contract with The State of Hawaii Department of Health to be their own HCBS DD/MR waiver provider for the residents. The waiver program will provide salaries to the staff.

1.50 Administrative/management structure

The La'a Kea Foundation is a charitable, 501(c)(3) nonprofit organization. The property and affairs of the corporation is managed by a Board of Directors with use of an advisory council. The Board of Directors appoints an Executive Director who serves on behalf of the Board and has such powers and duties designated and delegated by the Board, including managing the general operation of the La'a Kea Foundation, hiring and firing employees and reporting to the Board at each quarterly meeting.

2. Please explain the intended usage of the facility (or site) for which the lease/license-to-occupy is being requested. Include information about:

2.10 The specific use(s)/activity(ies) to be conducted at the facility/site

The La'a Kea Foundation will establish a socially, supportive residential community on Maui, with developmentally disabled adults, offering meaningful work in farming and crafts. The village will consist of several residential homes, farm buildings, greenhouses and a farmer's market. In addition, a cultural/arts/therapy building will serve both the needs of the residents and create a bridge for the education and enjoyment of the greater community.

The vocation of the residents comes from the activities of organic gardening and through selling their produce at the farmer's market and to the community at large. Farm buildings, gardens, green houses and a farmer's market are an integral part of The La'a Kea Village Community. As the project develops The Village may also offer day programs with wage earning opportunities and agricultural respite/camp programs.

2.20 The reason and justification of need for these services/activities

The special needs population of Maui is estimated at greater than 1200 people of whom more than 300 are developmentally disabled. The Department of Education acknowledges that

there are approximately 25 special needs high school students graduating in each of the next three years in Maui County. This represents a total of 75 new special needs adults by June 2007. Upon leaving the care of the Department of Education these young adults will be requiring services and placement in Maui County. The "self-determination Act of 1982", a state law, requires that this population have choices in the kinds of programs, both residential and vocational, available to them. There are presently few rural based programs and there are no community residential settings for the developmentally disabled adults of Maui. Residential placement of the developmentally disabled population is also challenged by the lack of affordable housing.

Because The La'a Kea Community Village is a residential, farm community with few licensed drivers, there will be little impact on current traffic patterns in the Paia area.

2.30 The target population to be served at the facility/site

Adults with developmental disabilities including, but not limited to, Autism, Down Syndrome and Mental Retardation.

2.40 The estimated number of people using the facility/site on a weekly basis

Upon completion, the 12.203 acres will have no less than six (6) homes offering residence to 30 to 40 developmentally disabled adults along with necessary caregivers. As the project develops The Village may also offer day programs and respite/camp programs.

The goal of The La'a Kea Foundation is to assist and support as many developmentally disabled adults as possible to have a life filled with friendship, a consistent, supportive social environment, meaningful work, and opportunities for creative expression.

2.50 The frequency of use of the facility/site

The La'a Kea Community Village is designed as a residential facility.

2.60 The schedule/hours of operation of the facility/site

The residential program operates 24 hours a day. The proposed farmers market, Cultural/Arts/Therapy building and day programs when/if created will have varying hours.

3. Explain how/where the services/activities described above are currently being carried out and how use of the requested facility/site will improve delivery of these services/activities.

There are no similar projects on the Hawaiian Islands. The La'a Kea Foundation model is

inspired by Camphill with over 100 villages worldwide, eight currently in North America. Members of the La'a Kea Foundation have visited and are in contact with other Camphill inspired communities. (See Camphill video or www.camphill.org)

The "self-determination Act of 1982", a state law, requires that the special needs population have choices in the kinds of programs, both residential and vocational, available to them. There are presently few rural based programs and there are no community residential settings for the developmentally disabled adults of Maui. Residential placement of the developmentally disabled population is also challenged by the lack of affordable housing.

4. Describe the management plan for the facility/site. Who and how will daily management of the facility/site be handled?

The property and affairs of the corporation is managed by a Board of Directors. The Board of Directors appoints an Executive Director who serves on behalf of the Board and has such powers and duties designated and delegated by the Board, including managing the general operation of the La'a Kea Foundation, hiring and firing employees and reporting to the Board at each quarterly meeting.

5. What would be the impact on the services/activities to be conducted at/trough the facility/site *IF* a lease/license-to-occupy is not granted? What other facility/sites alternatives have you considered?

The special needs population of Maui is estimated at greater than 1200 people of whom more than 300 are developmentally disabled. The Department of Education acknowledges that there are approximately 25 special needs high school students graduating in each of the next three years in Maui County. This represents a total of 75 new special needs adults by June 2007. Upon leaving the care of the Department of Education these young adults will be requiring services and placement in Maui County. The "self-determination Act of 1982", a state law, requires that this population have choices in the kinds of programs, both residential and vocational, available to them. There are presently few rural based programs and there are no community residential settings for the developmentally disabled adults of Maui. Residential placement of the developmentally disabled population is also challenged by the lack of affordable housing.

There are no similar projects on the Hawaiian Islands. The La'a Kea Foundation model is inspired by Camphill with over 100 villages worldwide, eight currently in North America. Members of the La'a Kea Foundation have visited and are in contact with other Camphill inspired communities. (See Camphill video or www.camphill.org)

Prior to the partnership offer with The County of Maui for the 12.203 acres, The La'a Kea Foundation was fundraising to purchase 38 acres of Agricultural land in Waihee.

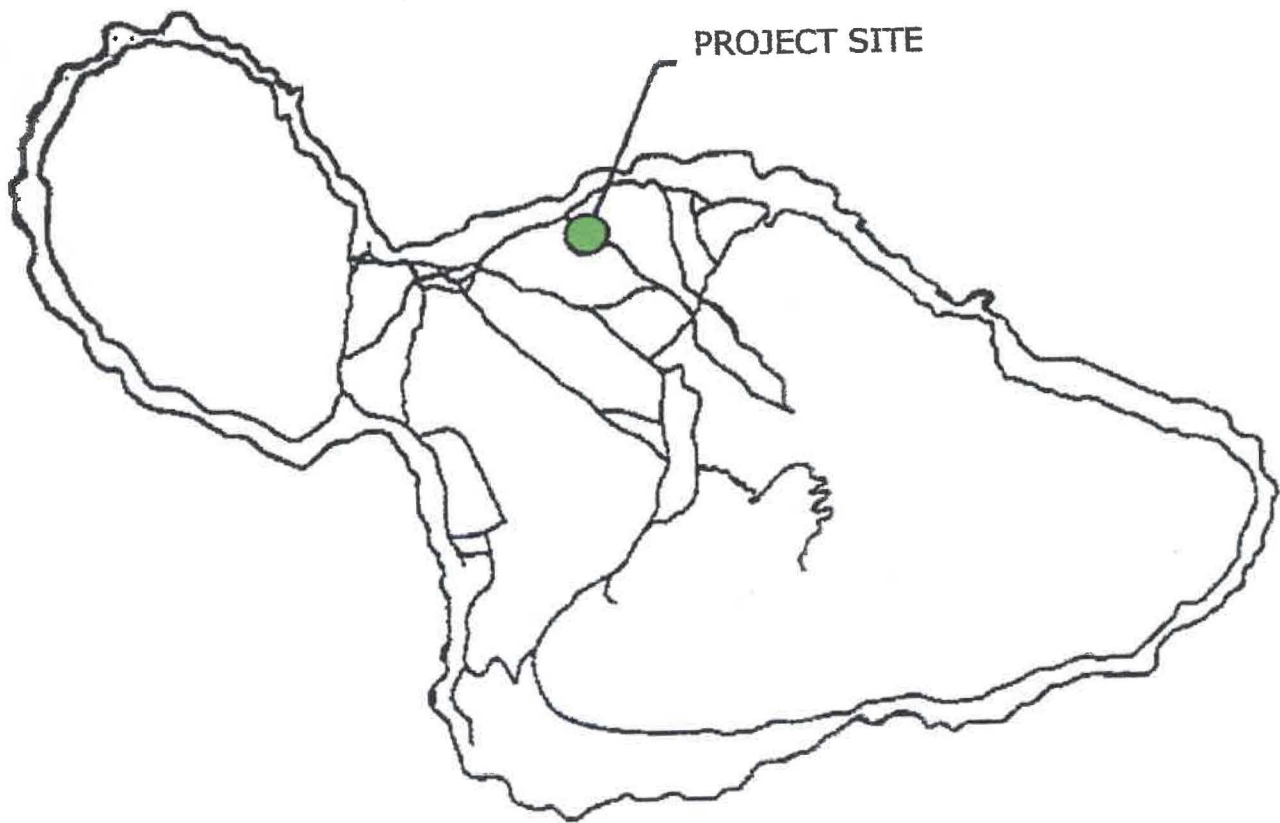
6. If major improvements/construction is planned on the requested site, please provide the following:

FINANCIAL MODEL

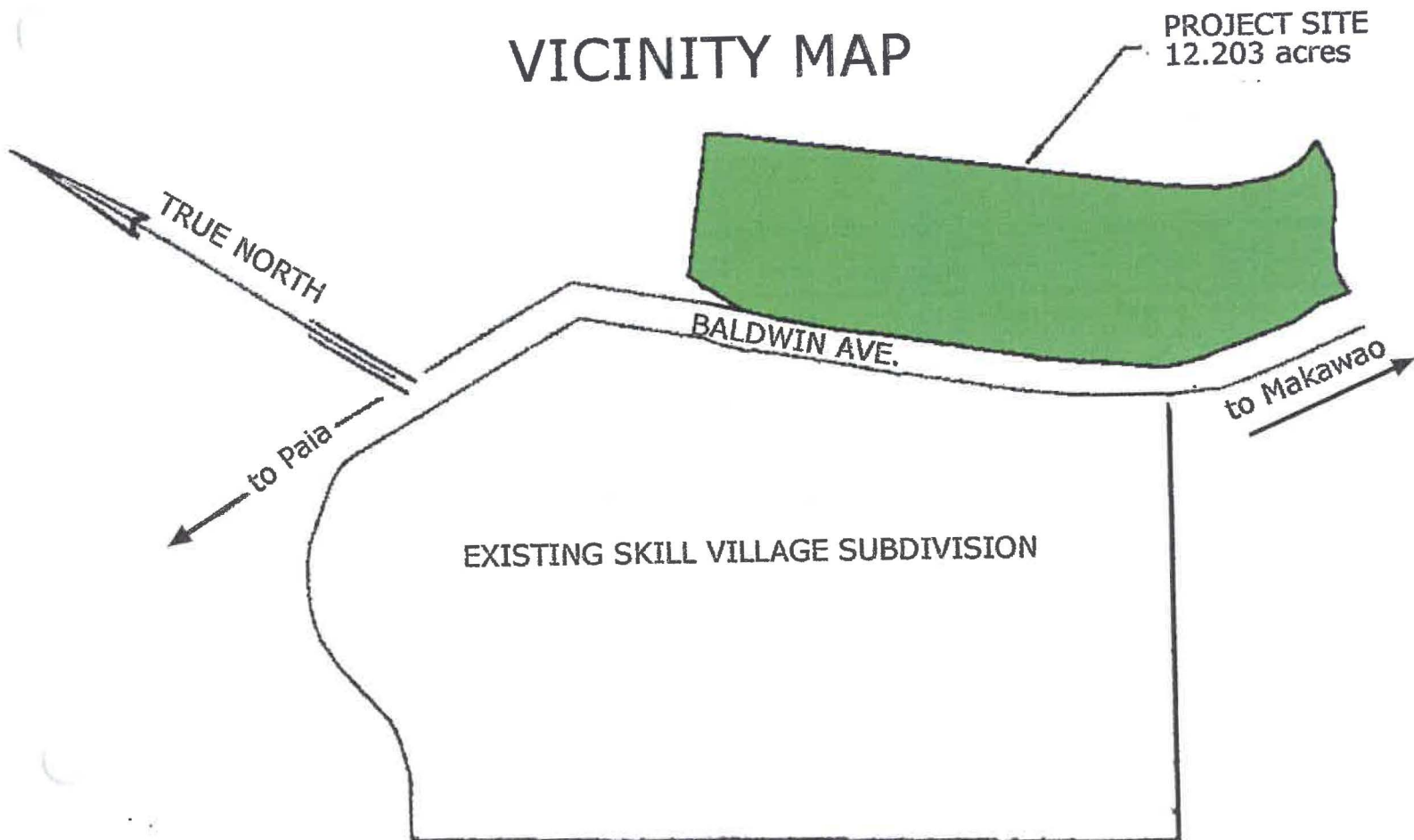
	2004-05	%chg	2005-06	%chg	2006-07	%chg	2007-08	%chg	2008-09
Includes:	1st House		2nd House		2 Workshops		3rd House		
			Admin Bldg		Barn		Pool		
Income									
Residential fee per person (no 24hour care)	40,000	0%	40,000	5%	42,000	0%	42,000	5%	44,000
# of residential	5	100%	10	0%	10	50%	15	0%	15
Residential Tuition	200,000	100%	400,000	5%	420,000	50%	630,000	5%	660,000
Day fee / Work Program Cost			21,000	10%	23,000	4%	24,000	4%	25,000
# of day participants			5	100%	10	0%	10	0%	10
Day Tuition			105,000	119%	230,000	4%	240,000	4%	250,000
# day program only					2	100%	4	25%	5
Day fee					22,000	9%	24,000	4%	25,000
Day Fee only					44,000	118%	96,000	30%	125,000
Total # of res. students	5	100%	10	0%	10	50%	15	0%	15
Full Fee	40,000	53%	61,000	7%	65,000	2%	66,000	5%	69,000
Total Fee Income	200,000	205%	610,000	14%	694,000	56%	1,086,000	7%	1,160,000
Respite/Weekend Day Fee			100	0%	100	20%	120	0%	120
# of participants			1	200%	3	67%	5	20%	6
# of weekends			50	0%	50	0%	50	0%	50
Weekend Income			5,000	200%	15,000	100%	30,000	20%	36,000
Food Stipend Income (1193x12)	14,300								
Additional 1/1 Staffing	24,000	100%	48,000	0%	48,000	50%	72,000	0%	72,000
Total Tuition Income	238,300	178%	663,000	14%	757,000	57%	1,188,000	7%	1,268,000
Other Income									
Development/Annual Fund etc	60,000	-33%	40,000	0%	40,000	25%	50,000	0%	50,000
Fees									10,000
Therapy billing							10,000	0%	10,000
Interest income							5,000	0%	5,000
Other									
Total Other Income	60,000	-33%	40,000	0%	40,000	63%	65,000	15%	75,000
TOTAL INCOME	298,300	136%	703,000	13%	797,000	57%	1,253,000	7%	1,343,000
Expenses									
Maintenance	5,000	100%	10,000	0%	10,000	50%	15,000	33%	20,000
Transportation	5,000	60%	8,000	25%	10,000	50%	15,000	33%	20,000
Postage	3,000	0%	3,000	33%	4,000	25%	5,000	0%	5,000
Professional Fees	20,000	0%	20,000	0%	20,000	50%	30,000	67%	50,000
Supplies	5,000	100%	10,000	20%	12,000	50%	18,000	-11%	16,000
Household items	6,000	50%	9,000	11%	10,000	50%	15,000	33%	20,000
Food	25,000	140%	60,000	0%	60,000	50%	90,000	11%	100,000
Phone	4,000	50%	6,000	17%	7,000	14%	8,000	0%	8,000
Equipment	5,000	60%	8,000	25%	10,000	50%	15,000	33%	20,000
Land Maintenance	2,000	150%	5,000	0%	5,000	200%	15,000	33%	20,000
Animal Husbandry	1,000	200%	3,000	67%	5,000	200%	15,000	-33%	10,000
Farm Equipment					20,000	0%	20,000	0%	20,000
Liability Insurance	30,000	33%	40,000	0%	40,000	50%	60,000	17%	70,000
Utilities	10,000	50%	15,000	0%	15,000	33%	20,000	20%	24,000
Instructional Costs other	6,000	67%	10,000	0%	10,000	0%	10,000	100%	20,000
Faculty support/Prof. Develop	3,000	67%	5,000	0%	5,000	0%	5,000	100%	10,000
Total before Payroll	130,000	63%	212,000	15%	243,000	47%	356,000	22%	433,000
Development/Fundraising 1/2	25,000	0%	25,000	100%	50,000	0%	50,000	20%	60,000
Admin Staff 1/2 time	25,000	0%	25,000	60%	40,000	25%	50,000	20%	60,000
Day Program Staff (2)			96,000	4%	100,000	0%	100,000	10%	110,000
Live in House Parent (2)	48,000	100%	96,000	4%	100,000	70%	170,000	6%	180,000
Home Support Staff (2)	48,000	100%	96,000	4%	100,000	60%	160,000	6%	170,000
1/1 Aid/Support Staff	24,000	100%	48,000	0%	48,000	50%	72,000	4%	75,000
Therapy salaries/med			10,000	100%	20,000	50%	30,000	33%	40,000
Total Payroll	170,000	133%	396,000	16%	458,000	38%	632,000	10%	695,000
Employment Taxes	9,000	122%	20,000	25%	25,000	80%	45,000	22%	55,000
Worker's Comp	9,000	67%	15,000	33%	20,000	50%	30,000	33%	40,000
Payroll Other									
Health Insurance					50,000	60%	80,000	-88%	10,000
Pension Plan									
Total Salary costs	188,000	129%	431,000	28%	553,000	42%	787,000	2%	800,000
Contingency	10,000	100%	20,000	0%	20,000	50%	30,000	0%	30,000
Future Planning	5,000	100%	10,000	0%	10,000	100%	20,000	0%	20,000
Development Costs			10,000	0%	10,000	50%	15,000	0%	15,000
TOTAL EXPENSE	333,000	102%	673,000	23%	826,000	44%	1,193,000	8%	1,283,000
NET INCOME (LOSS)	(34,700)		30,000		(29,000)		60,000	0%	60,000
Non Operating Income									
Gift	700,000	7%	750,000	-73%	200,000	250%	700,000	-86%	100,000
Bequests							100,000	-100%	
Non Operating Expense									
Capital Expenses, construction	600,000	0%	600,000	-100%			700,000	-100%	
Barn, 2 Workshops					200,000	-100%			50,000
Admin Building			50,000	-100%					50,000
Infrastructure	100,000	0%	100,000	-100%			100,000	-75%	25,000

ISLAND OF MAUI

Apendix B

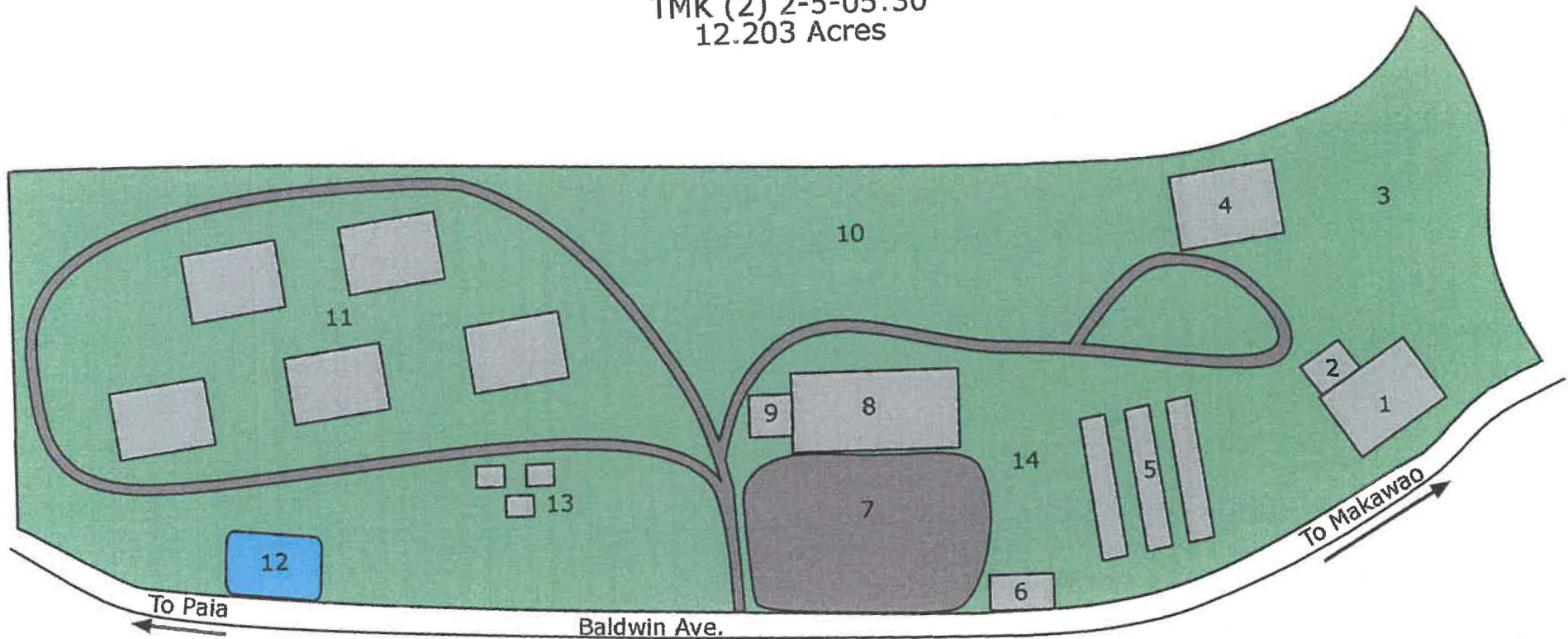


VICINITY MAP



La'a Kea Foundation

Facility Design in Progress
TMK (2) 2-5-05:30
12.203 Acres



1. Barn and stables
2. Workshop
3. Farmland
4. Farmhouse
5. Greenhouses
6. Farmers Market
7. Public Parking
8. Art/Cultural Therapy Center
9. Administrative Offices
10. Farmland
11. Residential Housing
12. Water tank
13. Workshops
14. Hawaiian Botanical Gardens

La'a Kea Foundation

(808) 281-3463
www.laakea.org
PO Box 791276
Paia, HI 96779



APPLICANT SUBMITTAL

La'a Kea Foundation

(Applicant) submits this application to receive a grant of real property lease/license to occupy for *a residential, farm village for developmentally disabled adults* (Project Title) and hereby agrees to utilize and manage the real property according to the terms and conditions of the lease/license to occupy agreement. DHHC reserves the right to revoke the lease/license to occupy agreement at any time the applicant/grantee is not in compliance with the terms of said agreement and in accordance with the cancellation provisions contained in said agreement. It is the policy of the County of Maui and for those who do business with the County to provide equal employment opportunities to all persons regardless of race, physical disabilities, color, religion, sex, age or national origin as mandated by the Federal Civil Rights Acts, as amended, and any other federal state laws relating to equal employment opportunities.

AUTHORITY AND CAPACITY OF APPLICANT

The applicant assures that it has the authority and capacity to develop and submit the application, and to manage the real property for which a lease/license to occupy is being requested and to carry out a program(s) pursuant to the application.

QUALIFYING STANDARDS FOR APPLICANTS

An applicant making a request for a grant of real property shall meet all of the following standards: (Please check all boxes which your organization complies with)

- ☒ Be a profit organization incorporated under the laws of the State of Hawaii, or a nonprofit organization determined to be exempt from federal income tax by the Internal Revenue Service and in good standing with the State Department of Commerce & Consumer Affairs;
- ☒ As a nonprofit organization, have a board of directors whose members have no conflict of interest and serve without compensation;
- ☒ Have signed bylaws, charter of incorporation and policies which describe the manner in which business is conducted. Such documents shall include provisions relating to nepotism, potential conflict of interest situations, non discrimination and financial audit requirements;
- ☒ Be licensed and accredited in accordance with applicable requirements of federal, state and county governments, as necessary;
- ☒ Be current in all state, federal and local tax payments and;
- ☒ Post and maintain the following drug free policy for staff and program participants, "This is a tobacco, alcohol and drug free work place and program". Wherever appropriate, the applicant also agrees to integrate alcohol, tobacco, and other drug free messages and prevention materials, information and activities into programs/activities it conducts at the County property for which a lease/license to occupy is being requested.

RECORDS AND REPORTS

The applicant will submit an annual report using the prescribed format as appended to the lease/license to occupy agreement.

GRANT CONDITIONS

The applicant agrees to comply with the following conditions before receiving a grant of real property:

- A. Employ and/or have under contract such person(s) as are qualified to manage the real property for which a lease/license to occupy is requested;
- B. Employ and/or have under contract such person(s) as are qualified to engage in the activity to be conducted in the County facility for which a lease/license to occupy is requested ; and provided that for nonprofit organizations, no two or more members of a family or kin of the first or second degree shall be employed or under contract by the organization;
- C. Comply with applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, physical handicap, marital status, parental status, arrest and court record, National Guard participation, or HIV infection;
- D. Provide certification of necessary insurance;
- E. Comply with such other requirements to ensure adherence by the provider or recipient with applicable federal, state, and county laws; and
- F. Allow the DHHC and County Auditors full access to records, reports, files, and other related documents in order that the program, management, administrative and fiscal practices of the recipient may be monitored and evaluated to assure the proper and effective administration of the program/activities for which use of County real property is being requested.

RECOGNITION

The grant recipient will give the County of Maui appropriate recognition in all County-funded programs, audio/visual, publicity and advertising, and printed materials.

GRIEVANCE PROCEDURE

The applicant will adopt a grievance procedure to assure proper accounting for any concerns and complaints about its programs or services that may arise from its members, employees, clients or from other members of the public.

DISCLOSURE OF INFORMATION

All information, data, or any other material provided to the County by virtue of this application shall be subject to the Uniform Practice Act (UPA), Chapter 92F, Hawaii Revised Statutes. All such material is deemed government record, open to the public and may be provided to other public and/or private funding sources.

CONTINUED ELIGIBILITY

Any recipient or provider who withholds or omits any material facts or deliberately misrepresents such facts to the County of Maui shall be in violation of the terms of this agreement. Such recipient or provider shall be prohibited from receiving any grant, subsidy, purchase of service, or lease/license agreement from the County of Maui for a period of up to five years.

UNSIGNED PROPOSALS WILL NOT BE ACCEPTED!

Christina Chang
Signature of President/Chairperson/Other
Authorized Officer

2-19-05

Date

President

and Title

Print Name

Andrea Hall-Rodgers

Signature of Director/Manager
Authorized Officer

2-21-05

Date

Director

Print Name and Title

County of Maui
DEPARTMENT OF HOUSING & HUMAN CONCERNS

Real Property Lease/License Application

Financial Information

Include a copy of the current year operational budget for the programs/services conducted at/through the facility for which you are requesting a lease/license to occupy. **Show separately County grant income and expenses, if any.**

YES

NO

- | | | | |
|---------------|---------------|----|--|
| <u> </u> | <u> X </u> | 1. | Are fees assessed for services/activities conducted at/through the County facility? If YES , please explain (1) fee schedule and (2) assistance provided to clients unable to pay fee. |
| <u> </u> | <u> X </u> | 2. | Are any commercial activities conducted at/through the facility? If YES , please provide information on (1) nature of the activity, (2) annual gross receipts, and (3) use/disposition of income generated. (<i>Attach separate sheet for explanation.</i>) |
| <u> X </u> | <u> </u> | 3. | Does your Board of Directors approve a budget before the start of each fiscal year? If NO , please explain. |
| <u> X </u> | <u> </u> | 4. | Do your Board meeting minutes show that financial statements are approved? If NO , explain. |
| <u> X </u> | <u> </u> | 5. | Are bank reconciliations and accounting done by someone other than the check signatory? If NO , please explain. |
| <u> X </u> | <u> </u> | 6. | Is the agency free of any pending litigation, liens or judgements? If NO , please explain. |

I hereby certify that this information is true and correct to the best of my knowledge.

Agency: The La'a Kea Foundation

Phone: 281-3463

Prepared by: Christina Chang, President
Print Name/Title

Christina Chang 2-19-05
Signature Date

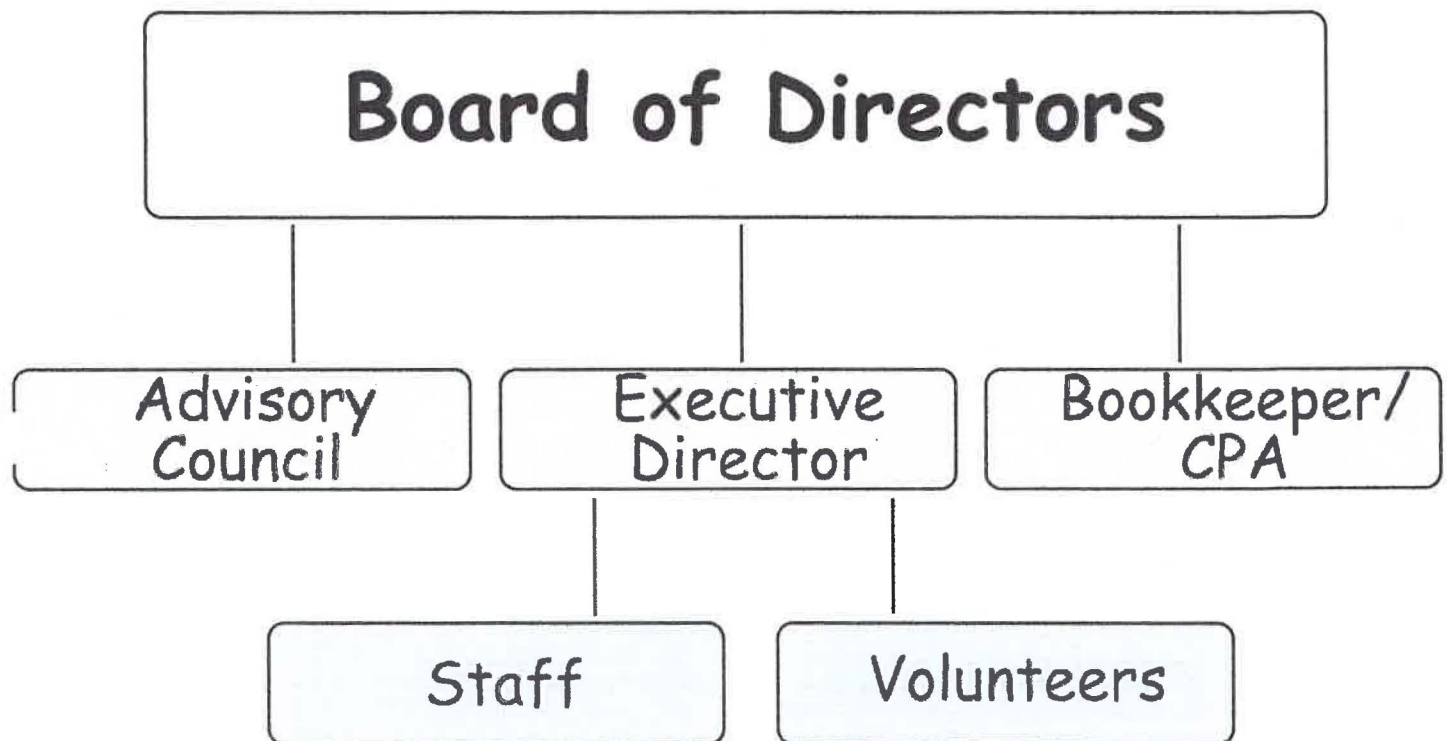
Certified by: Andrea Hall-Rodgers, Executive Director
Print Name of Executive Director/Board President

Andrea Hall-Rodgers 2-21-05
Signature Date

Last Revised - January 2002

S: Deputy/Real Prop/Grant Application/Financial Information

La'a Kea Foundation Organization Flowchart



La'a Kea Village Community
FINANCIAL MODEL

	2004-05	%chg	2005-06	%chg	2006-07	%chg	2007-08	%chg	2008-09
Includes:	1st House		2nd House Admin Bldg		2 Workshops Barn		3rd House Pool		
Income									
Residential fee per person (no 24hour care)	40,000	0%	40,000	5%	42,000	0%	42,000	5%	44,000
# of residential	5	100%	10	0%	10	50%	15	0%	15
Residential Tuition	200,000	100%	400,000	5%	420,000	50%	630,000	5%	660,000
Day fee / Work Program Cost			21,000	10%	23,000	4%	24,000	4%	25,000
# of day participants			5	100%	10	0%	10	0%	10
Day Tuition			105,000	119%	230,000	4%	240,000	4%	250,000
# day program only					2	100%	4	25%	5
Day fee					22,000	9%	24,000	4%	25,000
Day Fee only					44,000	118%	96,000	30%	125,000
Total # of res. students	5	100%	10	0%	10	50%	15	0%	15
Full Fee	40,000	53%	61,000	7%	65,000	2%	66,000	5%	69,000
Total Fee Income	200,000	205%	610,000	14%	694,000	56%	1,086,000	7%	1,160,000
Respite/Weekend Day Fee			100	0%	100	20%	120	0%	120
# of participants			1	200%	3	67%	5	20%	6
# of weekends			50	0%	50	0%	50	0%	50
Weekend Income			5,000	200%	15,000	100%	30,000	20%	36,000
Food Stipend Income (1193x12)	14,300								
Additional 1/1 Staffing	24,000	100%	48,000	0%	48,000	50%	72,000	0%	72,000
Total Tuition Income	238,300	178%	663,000	14%	757,000	57%	1,188,000	7%	1,268,000
Other Income									
Development/Annual Fund etc	60,000	-33%	40,000	0%	40,000	25%	50,000	0%	50,000
Fees									10,000
Therapy billing							10,000	0%	10,000
Interest income							5,000	0%	5,000
Other									
Total Other Income	60,000	-33%	40,000	0%	40,000	63%	65,000	15%	75,000
TOTAL INCOME	298,300	136%	703,000	13%	797,000	57%	1,253,000	7%	1,343,000
Expenses									
Maintenance	5,000	100%	10,000	0%	10,000	50%	15,000	33%	20,000
Transportation	5,000	60%	8,000	25%	10,000	50%	15,000	33%	20,000
Postage	3,000	0%	3,000	33%	4,000	25%	5,000	0%	5,000
Professional Fees	20,000	0%	20,000	0%	20,000	50%	30,000	67%	50,000
Supplies	5,000	100%	10,000	20%	12,000	50%	18,000	-11%	16,000
Household items	6,000	50%	9,000	11%	10,000	50%	15,000	33%	20,000
Food	25,000	140%	60,000	0%	60,000	50%	90,000	11%	100,000
Phone	4,000	50%	6,000	17%	7,000	14%	8,000	0%	8,000
Equipment	5,000	60%	8,000	25%	10,000	50%	15,000	33%	20,000
Land Maintenance	2,000	150%	5,000	0%	5,000	200%	15,000	33%	20,000
Animal Husbandry	1,000	200%	3,000	67%	5,000	200%	15,000	-33%	10,000
Farm Equipment					20,000	0%	20,000	0%	20,000
Liability Insurance	30,000	33%	40,000	0%	40,000	50%	60,000	17%	70,000
Utilities	10,000	50%	15,000	0%	15,000	33%	20,000	20%	24,000
Instructional Costs other	6,000	67%	10,000	0%	10,000	0%	10,000	100%	20,000
Faculty support/Prof.Develop	3,000	67%	5,000	0%	5,000	0%	5,000	100%	10,000
Total before Payroll	130,000	63%	212,000	15%	243,000	47%	356,000	22%	433,000
Development/Fundraising 1/2	25,000	0%	25,000	100%	50,000	0%	50,000	20%	60,000
Admin Staff 1/2 time	25,000	0%	25,000	60%	40,000	25%	50,000	20%	60,000
Day Program Staff (2)			96,000	4%	100,000	0%	100,000	10%	110,000
Live in House Parent (2)	48,000	100%	96,000	4%	100,000	70%	170,000	6%	180,000
Home Support Staff (2)	48,000	100%	96,000	4%	100,000	60%	160,000	6%	170,000
1/1 Aid/Support Staff	24,000	100%	48,000	0%	48,000	50%	72,000	4%	75,000
Therapy salaries/med			10,000	100%	20,000	50%	30,000	33%	40,000
Total Payroll	170,000	133%	396,000	16%	458,000	38%	632,000	10%	695,000
Employment Taxes	9,000	122%	20,000	25%	25,000	80%	45,000	22%	55,000
Worker's Comp	9,000	67%	15,000	33%	20,000	50%	30,000	33%	40,000
Payroll Other									
Health Insurance					50,000	60%	80,000	-88%	10,000
Pension Plan									
Total Salary costs	188,000	129%	431,000	28%	553,000	42%	787,000	2%	800,000
Contingency	10,000	100%	20,000	0%	20,000	50%	30,000	0%	30,000
Future Planning	5,000	100%	10,000	0%	10,000	100%	20,000	0%	20,000
Development Costs			10,000	0%	10,000	50%	15,000	0%	15,000
TOTAL EXPENSE	333,000	102%	673,000	23%	826,000	44%	1,193,000	8%	1,283,000
NET INCOME (LOSS)	(34,700)		30,000		(29,000)		60,000	0%	60,000
Non Operating Income									
Gift	700,000	7%	750,000	-73%	200,000	250%	700,000	-86%	100,000
Bequests							100,000	-100%	
Non Operating Expense									
Capital Expenses, construction	600,000	0%	600,000	-100%			700,000	-100%	
Barn, 2 Workshops					200,000	-100%			50,000
Admin Building			50,000	-100%					50,000
Infrastructure	100,000	0%	100,000	-100%			100,000	-75%	25,000

THE LA'A KEA
FINANCIAL STATEMENT
DECEMBER 31, 2003 AND 2002

THE LA'A KEATABLE OF CONTENTSPAGE NO.

INDEPENDENT AUDITORS' REPORT

1

COMPARATIVE BALANCE SHEETS

2

SULLIVAN, BLEAKLEY & COMPANY, LLP
Certified Public Accountants

JOSEPH M. SULLIVAN, CPA
RALPH E. BLEAKLEY, CPA

MEMBERS
PENNA. INSTITUTE OF CPAS
AMERICAN INSTITUTE OF CPAS

116 W. BALTIMORE AVENUE
MEDIA, PA 19063
(610) 565-8810
FAX (610) 565-6074
Email: sbccpa@bigplanet.com

January 20, 2004

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
The LA'A Kea
Phoenixville, Pennsylvania

We have audited the accompanying comparative balance sheets of The LA'A Kea (a Hawaii not-for-profit corporation) as of December 31, 2003 and 2002. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

In our opinion, the comparative balance sheets referred to above present fairly, in all material respects, the financial position of The LA'A Kea as of December 31, 2003 and 2002, in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,

Sullivan, Bleakley & Company, LLP

SULLIVAN, BLEAKLEY & COMPANY, LLP

Certified Public Accountants

JOSEPH M. SULLIVAN, CPA
RALPH E. BLEAKLEY, CPA

MEMBERS
PENNA. INSTITUTE OF CPAs
AMERICAN INSTITUTE OF CPAs

110 W. BALTIMORE AVENUE
MEDIA, PA 19063
(610) 565-8810
FAX (610) 565-8074
Email: sbccpa@bigplanet.com

November 5, 2003

Christina Chang
207 Coldstream Road
Phoenixville, PA 19460

Re: The La'A Kea Foundation

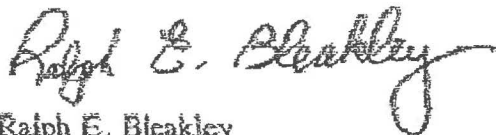
To Whom It May Concern:

The La'A Kea Foundation was not required to file Federal Form 990 as this entity had less than \$25,000 in gross revenue for each of the calendar years, 2001 and 2002. The federal government does not require a Form 990 for entities with less than \$25,000 in gross revenue.

Please contact us if you have any further questions.

Very truly yours,

SULLIVAN, BLEAKLEY & COMPANY, LLP



Ralph E. Bleakley

REB/tp

COMPARATIVE BALANCE SHEETS**THE LA'A KEA**
DECEMBER 31, 2003 AND 2002

	DECEMBER 31,	
	2003	2002
<u>ASSETS</u>		
Cash in Bank - New Century Bank	6,828.18	1,827.44
	<hr/>	<hr/>
TOTAL ASSETS	<u>6,828.18</u>	<u>1,827.44</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities	0.00	0.00
Fund Balance	6,828.18	1,827.44
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	<u>6,828.18</u>	<u>1,827.44</u>

Note: See Accountants' Audited Report.

SULLIVAN, BLEAKLEY & COMPANY, LLP
Certified Public Accountants

JOSEPH M. SULLIVAN, CPA
RALPH E. BLEAKLEY, CPA

MEMBERS
PENNA. INSTITUTE OF CPAS
AMERICAN INSTITUTE OF CPAS

116 W. BALTIMORE AVENUE
MEDIA, PA 19063
(610) 565-0810
FAX (610) 565-6074
Email: sbccpa@bigplanet.com

February 22, 2005

RE: The La'a Kea
Christina Chang, President
2003 and 2004

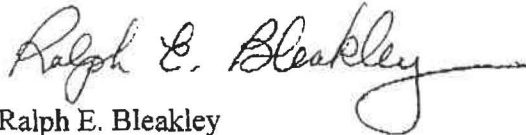
To Whom It May Concern:

Please be advised that the Federal Law for Non-Profit Organizations does not require the filing of Form 990 if the organization receives less than \$25,000 a year in contributions.

Please feel free to contact us with any further questions.

Very truly yours,

SULLIVAN, BLEAKLEY & COMPANY, LLP



Ralph E. Bleakley

REB/tp

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: JUN 4 8 2000

THE LA A KEA FOUNDATION
C/O CHRISTINA CHANG
207 COLDSTREAM RD
PHOENIXVILLE, PA 19460

Employer Identification Number:
99-0348754
DLN:
17053124013000
Contact Person:
LYNN A BRINKLEY ID# 31435
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
December 31
Foundation Status Classification:
509(a)(1)
Advance Ruling Period Begins:
March 2, 2000
Advance Ruling Period Ends:
December 31, 2004
Addendum Applies:
No

Dear Applicant:

Based on information you supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably expect to be a publicly supported organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

Accordingly, during an advance ruling period you will be treated as a publicly supported organization, and not as a private foundation. This advance ruling period begins and ends on the dates shown above.

Within 90 days after the end of your advance ruling period, you must send us the information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, we will classify you as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, we will classify you as a private foundation for future periods. Also, if we classify you as a private foundation, we will treat you as a private foundation from your beginning date for purposes of section 507(d) and 4940.

Grantors and contributors may rely on our determination that you are not a private foundation until 90 days after the end of your advance ruling period. If you send us the required information within the 90 days, grantors and contributors may continue to rely on the advance determination until we make

Letter 1045 (DO/CG)

THE LA A KEA FOUNDATION

a final determination of your foundation status.

If we publish a notice in the Internal Revenue Bulletin stating that we will no longer treat you as a publicly supported organization, grantors and contributors may not rely on this determination after the date we publish the notice. In addition, if you lose your status as a publicly supported organization, and a grantor or contributor was responsible for, or was aware of, the act or failure to act, that resulted in your loss of such status, that person may not rely on this determination from the date of the act or failure to act. Also, if a grantor or contributor learned that we had given notice that you would be removed from classification as a publicly supported organization, then that person may not rely on this determination as of the date he or she acquired such knowledge.

If you change your sources of support, your purposes, character, or method of operation, please let us know so we can consider the effect of the change on your exempt status and foundation status. If you amend your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, let us know all changes in your name or address.

As of January 1, 1984, you are liable for social security taxes under the Federal Insurance Contributions Act on amounts of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the private foundation excise taxes under Chapter 42 of the Internal Revenue Code. However, you are not automatically exempt from other federal excise taxes. If you have any questions about excise, employment, or other federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Internal Revenue Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Donors may deduct contributions to you only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as deductible contributions, depending on the circumstances. Revenue Ruling 67-246, published in Cumulative Bulletin 1967-2, on page 104, gives guidelines regarding when taxpayers may deduct payments for admission to, or other participation in, fundraising activities for charity.

You are not required to file Form 990, Return of Organization Exempt From Income Tax, if your gross receipts each year are normally \$25,000 or less. If you receive a Form 990 package in the mail, simply attach the label provided, check the box in the heading to indicate that your annual gross receipts are normally \$25,000 or less, and sign the return. Because you will be treated as a public charity for return filing purposes during your entire advance ruling period, you should file Form 990 for each year in your advance ruling period.

THE LA A KEA FOUNDATION

that you exceed the \$25,000 filing threshold even if your sources of support do not satisfy the public support test specified in the heading of this letter.

If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$20 a day is charged when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed \$10,000 or 5 percent of your gross receipts for the year, whichever is less. For organizations with gross receipts exceeding \$1,000,000 in any year, the penalty is \$100 per day per return, unless there is reasonable cause for the delay. The maximum penalty for an organization with gross receipts exceeding \$1,000,000 shall not exceed \$50,000. This penalty may also be charged if a return is not complete. So, please be sure your return is complete before you file it.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You are required to make your annual information return, Form 990 or Form 990-EZ, available for public inspection for three years after the later of the due date of the return or the date the return is filed. You are also required to make available for public inspection your exemption application, any supporting documents, and your exemption letter. Copies of these documents are also required to be provided to any individual upon written or in person request without charge other than reasonable fees for copying and postage. You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax-Exempt Status for Your Organization, or you may call our toll free number shown above.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, we will assign a number to you and advise you of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

If we said in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help us resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

THE LA A KEA FOUNDATION

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

Steven T. Miller

Steven T. Miller
Director, Exempt Organizations

Enclosure(s):
Form 872-C

Letter 1045 (DO/CG)

Form **872-C**

(Rev. September 1998)

Department of the Treasury
Internal Revenue Service**Consent Fixing Period of Limitation Upon
Assessment of Tax Under Section 4940 of the
Internal Revenue Code**

(See instructions on reverse side.)

OMB No. 1545-0056

**To be used with
Form 1023. Submit
in duplicate.**

Under section 6501(c)(4) of the Internal Revenue Code, and as part of a request filed with Form 1023 that the organization named below be treated as a publicly supported organization under section 170(b)(1)(A)(vi) or section 509(a)(2) during an advance ruling period,

The La'akea Foundation*(Exact legal name of organization as shown in organizing document)***PO Box 2604, Wailuku, Hawaii 96793***(Number, street, city or town, state, and ZIP code)*

and the
District Director of
Internal Revenue, or
Assistant
Commissioner
(Employee Plans and
Exempt Organizations)

consent and agree that the period for assessing tax (imposed under section 4940 of the Code) for any of the 5 tax years in the advance ruling period will extend 8 years, 4 months, and 15 days beyond the end of the first tax year.

However, if a notice of deficiency in tax for any of these years is sent to the organization before the period expires, the time for making an assessment will be further extended by the number of days the assessment is prohibited, plus 60 days.

Ending date of first tax year 12/31/2000
(Month, day, and year)

Name of organization (as shown in organizing document)	Date
The La'akea Foundation	4/24/2000
Officer or trustee having authority to sign	Type or print name and title
Signature ▶ <i>X Christina Chang</i>	Christina Chang, President
For IRS use only	
District Director or Assistant Commissioner (Employee Plans and Exempt Organizations)	Date
Steven T. Miller Director, Exempt Organization	JUN 27 2000

By ▶

Arthur L Burke

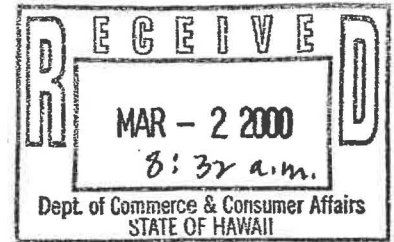
Group Manager

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

BUSINESS REGISTRATION DIVISION

STATE OF HAWAII

P.O. Box 40
Honolulu, HI 96810



Articles of Incorporation of

The La'a kea Foundation

The undersigned, desiring to form a nonprofit corporation under the laws of the State of Hawaii, certifies as follows:

I

The name of the corporation shall be *The La'a kea Foundation*.

II

The address of the corporation's initial office is:

The La'a kea Foundation.
PO Box 2604,
Wailuku, HI 96793

III

The period of the corporation's duration is perpetual.

IV

Section 1. The corporation is organized for the purposes of: (a) supporting a residential community with adults in need of special care and the establishment of a medical center for research and therapy. (b) the

transaction of any or all lawful activities permitted nonprofit corporations pursuant to Hawaii Revised Statutes Chapter 415B.

Section 2. In furtherance of said purposes, the corporation shall have all powers, rights, privileges and immunities, and shall be subject to all of the liabilities conferred or imposed by law upon corporations of this nature, and shall be subject to and have all the benefits of all general laws with respect to corporations.

Section 3. The corporation is organized exclusively for charitable, religious, educational and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal code.

V

The number of directors constituting the initial Board of Directors is three. Following are the names and addresses of the initial officers and directors:

Christina Chang, President
207 Coldstream Road,
Phoenixville, PA, 19460

Nancy Edelhertz, Vice-President
2150 Apala Place
Haiku, HI 96708

Gita Bachen Singh, Secretary-Treasurer
890 Makalii Street,
Kahului, HI 96732

VI

The corporation has [no] members.

VII

Section 1. The corporation is nonprofit in nature, and shall not authorize or issue shares of stock. No dividends shall be paid and no part of the net earnings, income or profit of the corporation shall be distributed or inure to the benefit of its members, trustees, directors or officers or other private persons, except that the corporation shall be empowered to pay reasonable compensation for services actually rendered to the corporation, and to make payments and distributions in furtherance of the purposes set forth in Article IV hereof.

Section 2. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.

Section 3. Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or (b) by a corporation, contributions to which are deductible

under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

VIII

Upon the dissolution of the corporation, the existing assets of the corporation shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by the Circuit Court of the Second Circuit of the State of Hawaii, or any other court of competent jurisdiction, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

IN WITNESS WHEREOF, I certify under the penalties of Hawaii Revised Statutes section 415B-158 that I have read the above statements and that the same are true and correct.

DATED: [city], Maui, Hawaii, February 27, 2000.

A handwritten signature in black ink, appearing to read "Christina Chang", written over a horizontal line.

Christina Chang Incorporator

Phone: 808-877-3127

By-Laws of
The La'a Kea Foundation

ARTICLE 1: Name, Purpose and Seal

1.10 Name

The name of the corporation is The La'a kea Foundation.

1.20 Purpose

The purpose of the corporation is

(a) supporting a residential community with adults in need of special care and the establishment of and (b) transacting all lawful activities permitted nonprofit corporations by Hawaii Revised Statutes Chapter 415B.

1.30 Nonprofit

The corporation is organized exclusively for charitable, religious, educational and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future codes.

1.40 Corporate seal

The corporation shall have no seal.

ARTICLE 2: Board of Directors

2.10 Board of Directors

The property and affairs of the corporation shall be managed by a Board of Directors consisting no less than five (5) members. The Board of Directors shall exercise all lawful authority for that purpose. At least one of the Directors shall reside in the State of Hawaii.

2.20 Meetings

Regular meetings of the Board of Directors shall be held on a minimum of a quarterly basis. If necessary, any meeting of the Board of Directors may be held by telephone conference.

2.30 Quorum

Three (3) directors shall constitute a quorum. In all matters, the members of the Board of Directors shall strive to obtain a unanimous consensus, but lacking a consensus, a majority of the directors present at any meeting where there is a quorum shall rule. Any director not present has the right to give their proxy to another director prior to any board meeting on issues which are known to be on the agenda.

2.40 Conflict of Interest

Each director who may directly or indirectly receive an economic benefit from a decision of the Board shall, prior to consideration of the decision, disclose his or her interest in the matter under consideration, shall not participate in discussion of the matter and shall not vote on the matter.

2.50 Election

New directors will be elected by their predecessor members of the Board of Directors at an annual meeting, to serve until their successors are elected. Directors may succeed themselves in office.

2.60 Term

Each director shall be elected for a term of two years.

2.70 Vacancies

The remaining member or members of the Board of Directors, even if less than a quorum, shall designate new directors to serve the rest of the un-expired terms of any vacancies arising on the Board of Directors between elections held at annual meetings.

2.80 Notice

Notice of any meetings of the Board of directors shall be given by written notice mailed or emailed by any director at least ten (10) days before each meeting, except that the directors may waive such notice and act at any meeting or otherwise as permitted by the laws governing nonprofit corporations in the State of Hawaii.

ARTICLE 3: Officers

3.10 Election

At the annual meeting, when there may be vacancies in the corporate offices, the first order of business for the Board of Directors shall be to elect the officers of the corporation. The officers of the corporation shall consist of a president, a vice-president, a secretary and a treasurer. Officers shall serve during the same two year term as their membership on the Board of Directors, and officers may be elected to succeed themselves in office.

3.20 Compensation

No compensation shall be paid to any director.

3.30 President

The president of the corporation will preside at the meetings of the Board of Directors and shall have the power to sign contracts, notes, minutes of meetings, and all other installments approved by the board of directors. The president may appoint for a specific term any qualified person to any standing or special committee provided by these By-Laws or established by any resolution of the Board of Directors.

3.40 Vice-President

The Vice-President shall assist all officers, as necessary, to assure the fulfillment of the purpose of the corporation. In case of the absence of the President from any meeting of the Board of Directors, the Vice-President will preside.

3.40 Secretary

The secretary of the corporation will keep minutes of all meetings of the Board of Directors and shall maintain the general records of the corporation and undertake such acts as may be necessary to keep the corporation in good standing in the State of Hawaii and the jurisdiction approves by the Board of Directors for the conduct of corporate activities.

3.50 Treasurer

The Treasurer will keep the financial books and records of the corporation, and report upon same to the Board of Directors at each board meeting and will oversee the annual audit or review with the outside Certified Public Accountant or Book Keeping Service approved by the Board of Directors.

3.60 Payments

Any payment or allocation of corporate funds or resources over \$250 must be approved by The Board of Directors either specifically or as an item of authorized budget for a purpose established by a resolution of the Board of Directors and designated for expenditures.

ARTICLE 4: Members and Committees

4.10 Members

The corporation shall have no members.

4.20 Committees

The Board of Directors may establish by resolution any standing or special committees that may be deemed necessary in the exercise of their discretion.

4.30 Governance

The governance of, qualification for the term and membership, duties and direction of all corporate committees shall be established by such guidelines as may from time to time be set forth in resolution of the Board of Directors.

ARTICLE 5: Executive Director

5.10 Executive Director

The Board of Directors shall appoint an Executive Director who shall serve on behalf of the Board and have such powers and duties designated and delegated by the Board, including managing the general operation of the La'a Kea Foundation, hiring and firing employees and reporting to the Board at each quarterly meeting.

ARTICLE: 6 Advisory Council

6.10 Role

The primary role of the Advisory Council is to provide advice and feedback to the Board of Directors. Advisory Council members may be a part of the Board's working committees or subcommittees.

6.20 Qualifications

Members of the Advisory Council shall represent a broad range of occupations, experiences and expertise.

6.30 Appointment

The Board of Directors shall appoint the Advisory Council members. Each Advisory Council member shall be appointed for no less than one (1) year.

ARTICLE 7: Indemnification

5.10 Generally

The corporation may indemnify the member of the Board of Directors, all corporate committees, and corporate agents employees to the full extent allowed by laws governing nonprofit corporation in the State of Hawaii.

5.20 Bonds and Insurance

The Board of Directors may obtain such bonds and insurance as may be deemed appropriate in its discretion to accomplish indemnification and related purposes.

ARTICLE 8: Miscellaneous Matters

6.10 Fiscal Year

The fiscal year of the corporation shall be the calendar year. The Board of Directors are empowered to determine an alternative fiscal year by resolution.

6.20 Amendment of Articles of Incorporation

The Articles of Incorporation may be amended according to such procedures as are provided by the laws of governing a nonprofit cooperation in the State of Hawaii.

6.30 Amendment of By-laws

The By-Laws may be amended by resolution receiving the affirmation vote of not less than two-thirds of the directors following written notice of not less than ten days setting forth the proposed amendment.

6.40 Dissolution

Dissolution of the cooperation may be accomplished as provided by the laws of governing a nonprofit in the State of Hawaii, as limited by the Articles of Incorporation.

6.50 Anti-discrimination Clause

The La'a Kea Foundation does not discriminate on the basis of race, color, religion, gender, sexual orientation, national or ethnic origin.

CERTIFICATION

I certify that the foregoing By-Laws of The La'a Kea Foundation were adopted by the directors at their organizational meeting held on the 21st day of February, 2005, and were ratified by the Board of Directors at their first quarterly meeting held on the 21st day of February, 2005.

Dated: Paia, Hawaii 2/21/2005

A handwritten signature in cursive script, reading "Rajita Cappadocia", with a horizontal line underneath.

Rajita Cappadocia
Secretary, The La'a Kea Foundation