

House District 14/15/16

Senate District 7

**THE TWENTY-FOURTH LEGISLATURE
HAWAI'I STATE LEGISLATURE
APPLICATION FOR GRANTS & SUBSIDIES
CHAPTER 42F, HAWAI'I REVISED STATUTES**

Log No: 142-0

For Legislature's Use Only

Type of Grant or Subsidy Request:

- GRANT REQUEST – OPERATING
 GRANT REQUEST – CAPITAL
 SUBSIDY REQUEST

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Subsidy" means an award of state funds by the legislature, by an appropriation to a recipient specified in the appropriation, to reduce the costs incurred by the organization or individual in providing a service available to some or all members of the public.

"Recipient" means any organization or person receiving a grant or subsidy.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST

DLIR/OCS

AND PROGRAM I.D. NO. _____

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual:

Kauai Economic Opportunity, Inc.

Dba:

Street Address: **2804 Wehe Road, Lihue, HI 96766**

Mailing Address: **2804 Wehe Road, Lihue, HI 96766**

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name KERRILYN VILLA

Title Program Director

Phone # (808) 245-4077

Fax # (808) 245-7476

e-mail keo@keoinc.org

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION
 FOR PROFIT CORPORATION
 LIMITED LIABILITY COMPANY
 SOLE PROPRIETORSHIP/INDIVIDUAL

4. FEDERAL TAX ID #: _____

5. STATE TAX ID #: _____

6. SSN (IF AN INDIVIDUAL): _____

7. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

ADMINISTER AN EMPLOYMENT PROGRAM FOR OCCUPANTS OF KEO'S EMERGENCY SHELTERS AND TRANSITIONAL HOUSING

(Maximum 300 Characters)

8. FISCAL YEARS AND AMOUNT OF STATE FUNDS REQUESTED:

FY 2008-2009 \$ 101,796

9. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

- NEW SERVICE (PRESENTLY DOES NOT EXIST)
 EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ _____
 FEDERAL \$ _____
 COUNTY \$ _____
 PRIVATE/OTHER \$ _____

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE

[Handwritten Signature]

AUTHORIZED SIGNATURE

MABEL FUJIUCHI, CHIEF EXECUTIVE OFFICER

NAME & TITLE

1/30/08

DATE SIGNED

ORIGINAL

Table of Contents

I.	Background and Summary.....	2
II.	Service Summary and Outcomes.....	3
III.	Financial.....	10
IV.	Experience and Capability.....	10
	A. Necessary Skills and Experience.....	10
	B. Facilities.....	12
V.	Personnel: Project Organization and Staffing.....	13
	A. Proposed Staffing, Staff Qualifications, Supervision and Training.....	13
	B. Organization Chart.....	14
VI.	Other.....	14
	A. Litigation.....	14
	B. Licensure or Accreditation.....	14
VII.	Attachments	
	A. Organization-Wide Chart	
	B. KEO Agency Brochure	
	C. Audit Report	

Application for Grants and Subsidies

I. Background and Summary

Kauai Economic Opportunity, Incorporated (KEO) is a private, non-profit agency incorporated on March 16, 1965. The agency began as a local community action program created after the passage of the 1964 Economic Opportunity Act by the U.S. Congress. KEO is committed to promoting grassroots participation to create social and economic self-sufficiency among low-income families through an array of proven programs and services. The agency serves as a catalyst in encouraging effective local advocacy among the poor, enabling public officials and the general community to understand their needs and issues, and to mobilize resources to impact on poverty.

Over the past 42 years, KEO has generated and fiscally administered millions of Federal, State, County and Private funds. KEO has operated at a reduced overhead and has been able to accomplish tasks that have been difficult for government agencies. KEO is very creative in resource management, cost conscious and maintains a high level of funds accountability including stringent reporting requirements, contracting annual external audits and audits by the State of Hawaii.

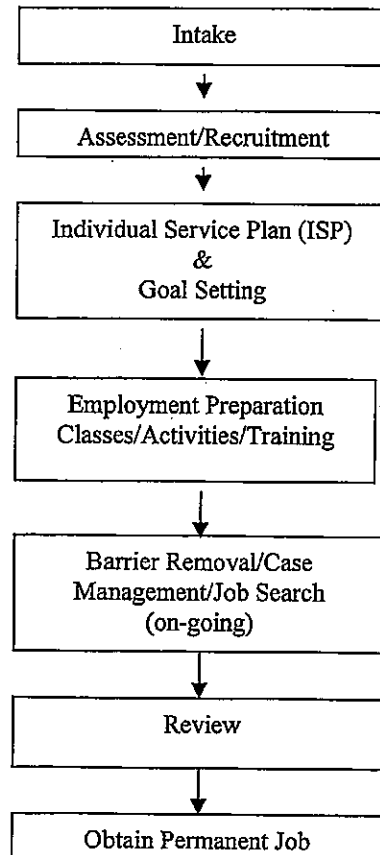
In response to the critical need for an emergency shelter for homeless individuals and families, KEO recently opened *Mana Olana*. The complex also includes Transitional Housing units and a Training Center. The Training Center will serve as a venue to provide necessary services such as pre-employment training, life skills classes, health and nutrition education, parenting classes, computer training classes, mental health counseling, alcohol and substance abuse prevention classes, a rent-ready training program, and other classes as needed. Additionally, KEO has partnered with the State of Hawaii and County of Kauai, to open another homeless shelter. In December 2007, KEO opened and now operates *Ka Uapo*, located in Lihue.

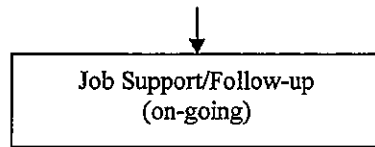
KEO proposes to administer a Train & Gain Employment Program (TAGEP), an educational and training program for occupants of KEO's Emergency Shelters, Transitional Housing and Group Homes. The goal of the program is to alleviate the conditions of poverty by assisting homeless and low-income persons to transition into the work arena through education, and learning various life skills. Program objectives include: barrier identification with steps on how to decrease or eliminate barriers, goal setting, skills development, education and training in order to obtain and maintain a permanent job.

KEO plans to provide employment services, activities and support in the Training Center at *Mana Olana*. Because the shelter's hours of operation begin in the afternoon, KEO proposes to provide services in the afternoon, running through the evening to accommodate the residents. The Train & Gain Employment Program staff will include a Program Director to oversee the project, and a Program Coordinator I, who will be an instructor and job coach to individuals who are guests and/or residents of: *Mana Olana*, *Ka Uapo*, *Komohana*, *Paahana* and *Lihue Courts*—KEO's Emergency Shelters, Transitional Housing and Group Home facilities. In addition, KEO staff will also provide transportation for the participants of the program utilizing the Employment Services Transportation Vehicle, recently awarded by the County of Kauai, Community Services Block Grant.

II. Service Summary and Outcomes

The proposed Train and Gain Employment Program (TAGEP) will recruit individuals/occupants from KEO's Emergency Homeless Shelters and Transitional Housing to receive education and training, and assistance with decreasing or eliminating barriers impeding employment. Individuals who are at or below the 150% Federal Poverty Guidelines are eligible for the program. The flowchart below will provide a glimpse into the steps and activities a participant will go through in the proposed program:





INTAKE

Individuals interested in the Train & Gain Employment Program must first go through KEO's Central Intake process. At this time, the participant is interviewed to document the individuals' identification, family size and background, source and amount of income, employment and educational history, and an assessment of their needs are determined for appropriate referrals to specific programs. KEO utilizes the Shah Client Tracking Software to complete an intake and staff will provide full assistance in completing any other forms required for services. To qualify for the program, a participant must be low-income, fall at or below 150% of the Federal Poverty Guidelines and be an occupant in KEO's Emergency Shelter or Transitional Housing.

Based on the needs assessment, appropriate referrals to other KEO programs are made through Intake. KEO provides free services such as meals for the elderly and homeless, clothing, counseling, mediation, housing assistance and emergency financial assistance are available in addition to the TAGEP. KEO also provides financial assistance for abused women and children, medically frail adults and manages group homes for the disabled.

ASSESSMENT

Once an individual is referred to the TAGEP program and eligibility has been determined, an assessment will be conducted. KEO Employment Services staff will use HireNet Hawaii, a virtual One-Stop Employment Center made available by the Hawaii Department of Labor and Industrial Relations and its One-Stop Partners, at no cost to a job seeking individual to complete an assessment. Some of the services for individuals include: Career Services, Job Seeker Services, Education Services, Financial Services, and more. On HireNet Hawaii, participants will complete the Career Exploration section that will determine the participant's skills, interests, work values, and be able to match those with an occupation. The online system will give experienced users hands-on experience, or for non-users, an opportunity to be introduced to the computer. In addition to the HireNet Hawaii assessment, staff will use forms to identify any barriers or health issues impeding employment and family stability.

Assessments to be completed on HireNet Hawaii:

Resume - will be created in the Resume Builder to not only determine the participant's employability through job experiences, education, specialized or military training but be used to apply for jobs.

Skills - will help to determine appropriate jobs, careers, and fields of work for the participant, also, to aid in choosing a job, setting goals and incorporating those into the Individual Service Plan.

Interest - provides a different perspective for the participant to consider when choosing a career. This test will enable the participant to look at areas of interests specific to each and recognize how those interests can play an important role in maintaining a job.

Work Values - will serve as a recognition tool—participants will be able to determine the things that are important and would make a job ideal. The completed list, sorted by the individual's preference, will be used as a reminder during the job retention phase.

Form Assessments:

Personal Needs Assessment - will identify the individual's needs or barriers surrounding shelter, employment, transportation, and family or financial issues. If deemed, the staff will make appropriate referrals within the agency or to external sources, to address any needs and begin the process to decrease and eliminate any barriers.

General Health Assessment - will determine any existing health problems that may limit a person's ability to work in certain environments and/or types of jobs.

Personality Test - will serve to inform or confirm the participant's personality that also plays an important role in the type of job one chooses.

Once an assessment is completed, a Mutual Agreement form that states the responsibilities, duties, and expectations of both staff and participant will reviewed and signed by both parties.

INDIVIDUAL SERVICE PLAN (ISP)

The TAGEP Coordinator will work with each participant to create an ISP that not only lists realistic goals to work towards obtaining a permanent job, but the steps needed to attain the goals. The ISP will contain: 1) employment preparation classes/activities/trainings; 2) barrier identification/barrier removal; and 3) case management appointments. TAGEP staff will collaborate with KEO Emergency Shelter staff to review the ISP to track progress and make adjustments as needed.

EMPLOYMENT PREPARATION

Employment Preparation will begin immediately after acceptance into the program and will utilize KEO's Life Skills Workshop. The workshop is based on the *Adkins Career*

Development Series and is comprised of ten (10) multi-media units, each of which includes video, audio and print materials, and group and individual exercises. The curriculum teaches adults how to choose, find, get and keep a job.

Through the Life Skills Workshop the participants will learn to:

- Identify employability problems they face
- Identify their feelings about these problems
- Learn new information they will need to solve these problems
- Translate their new insights and knowledge into effective behaviors that can be applied to their individual lives
- Identify skills and abilities, interests and work values
- Develop a plan and determine the steps needed to successfully work towards completion of a career goal
- Anticipate and recognize the problems that may occur in the process
- Fill out applications properly and interview effectively

The following is a list of the individual units in the Life Skills Workshop and timeline the participants will be completing for pre-employment preparation:

- **Unit 1 Exploring Who I Am and Where I Want to Go (Day 1)**
Identify abilities, interests, values, personal characteristics and experiences that have important implications for choosing a job and/or career.
- **Unit 2 Exploring the World of Work (Day 2)**
Learn how to obtain information about careers and educational programs.
Evaluate information about job or area of interest to make realistic career choices.
- **Unit 3 Making Good Career Decisions (Day 3)**
Understand the career decision making process while taking into consideration the job information, values, interests, and abilities. Choose a job based on practicality and achievability.
- **Unit 4 Finding Job Information and Contacting Employers (Day 4)**
Explore a variety of sources for information on jobs and training programs.
Utilize newspapers, respond to classified ads and obtain information by letter and telephone.
- **Unit 5 Using Employment Agencies and Personal Contacts (Day 4)**
Become aware of personal and professional contacts to find out about jobs and get training. Learn to use these resources effectively.
- **Unit 6 Planning and Managing Time Effectively (Day 5)**
Learn planning skills then select and describe realistic goals to accomplish tasks.
Identify appropriate steps and schedule timeline to accomplish goals.

- **Unit 7 Developing a Career Plan (Day 5)**
Learn a strategy for selecting career goals and for identifying, planning, and scheduling steps that must be taken to achieve these goals.
- **Unit 8 Presenting Myself on Paper: Application Forms and Resumes (Day 6)**
Prepare and complete an employment application, computer-generated resume and cover letter.
- **Unit 9 Developing Effective Interviewing Skills (Day 7)**
Identify, describe, and demonstrate a variety of effective verbal and non-verbal communication skills in order to prepare for a typical employment interview situation.
- **Unit 10 Keeping a Job: Strategies That Help (Day 8)**
Recognize specific kinds of problems that could lead to losing or leaving a job, to use a problem-solving approach to handle problems more effectively. Identify good work habits that can help avoid or minimize typical on-the-job problems.

Each participant of the LSW will receive free Student Manuals, one (1) per unit. Units 1-10 are normally delivered to a group of students.

Other education and training include: health and nutrition education, parenting classes, computer training classes, mental health counseling, alcohol and substance abuse prevention classes, budgeting and finances, rent-ready training program, literacy programs and other classes as needed. KEO will work with various organizations and groups in the community to provide these classes such as, Child and Family Service, Hawaii Literacy, Alu Like, Inc., Kauai Community School for Adults, Malama Pono, County Housing Agency, Legal Aid Society of Hawaii, and more.

BARRIER REMOVAL/CASE MANAGEMENT/JOB SEARCH

TAGEP staff will have meetings to track the participant's job training progress, attendance to employment preparation classes, and review ISP and steps taken to decrease or eliminate barriers impeding employment. As participants advance from the preparation phase, the staff will assist in job searching via HireNet Hawaii and other contacts made with public and private businesses and corporations on the island. One-on-one job counseling and coaching, assistance with job applications and mock interviews will be on-going activities/services available. TAGEP will actively seek, maintain, and collaborate with employers and provide job referrals for a participants' job placement into permanent full-time or part-time employment.

REVIEW

The Coordinator will review and evaluate one's progress. Job counseling, proper work ethics, job performance, coping skills are some of the areas of discussion during the review. Staff will work diligently in this phase to ensure the participant's success.

OBTAIN PERMANENT JOB

While education and training is essential to gain skills needed for employment, the ultimate goal is for a participant to acquire a permanent full-time or part-time job in order to work towards self-sufficiency. TAGEP staff will assist each participant in obtaining a job. Numerous relationships have been formed throughout the work community in order to refer qualified participants and prospective employees to various jobs. Although this is not an exhaustive list, the following are some of the employers we work with: Princeville Resort, Grand Hyatt Resort, Home Depot, Sears, Tropical Burgers, Resort Quest, Hawaii Care Cleaning, Garden Isle Inn, Garden Isle Healthcare, Nursefinders, Mastercare, Back to Eden, Banyan Harbor, Kauai Inn, Macy's, Star Market, Kilauea Agronomics, Syngenta, McDonald's, Kauai Coffee, Office Max, Taco Bell, Burger King, Akamai Employment Services, Pono Kai, and more.

The table below notes the annual projected timeline for accomplishing the results or outcomes of the service:

2008-2009 Service	Timeline	# to be served
Intake	1 day	20
Assess / Recruit / ISP	1 day	20
Employment Preparation	8 days or more	20
Barrier Removal/Case Management/Job Search	on-going	20
Review	on-going	20
Obtain Permanent Job	varies	15

As the Community Action Agency on Kauai, KEO, Inc. is held to high standard of Performance and Measures consisting of 6 National Goals and 12 National Performance Indicators. In addition, to program specific outcomes, KEO's performance is measured according to the National Indicators and Outcomes:

Goal 1. Low-income people become more self-sufficient. (Family)

National Performance Indicator 1.1 – Employment

National Performance Indicator 1.2 – Employment Supports

National Performance Indicator 1.3 – Economic Asset Enhancement and Utilization

Goal 2. The conditions in which low-income people live are improved. (Community)

National Performance Indicator 2.1 – Community Improvement and Revitalization

National Performance Indicator 2.2 – Community Quality of Life and Assets

Goal 3. Low-income people own a stake in their community. (Community)

National Performance Indicator 3.1 – Civic Investment

National Performance Indicator 3.2 – Community Empowerment through Maximum Feasible Participation

Goal 4. Partnerships among supporters and providers of services to low-income people are achieved. (Agency)

National Performance Indicator 4.1 – Expanding Opportunities through Community-Wide Partnerships

Goal 5. Agencies increase their capacity to achieve results. (Agency)

National Performance Indicator 5.1 – Broadening the Resource Base

Goal 6. Low-income people, especially vulnerable populations, achieve their potential by strengthening family and other support systems. (Family)

National Performance Indicator 6.1 – Independent Living

National Performance Indicator 6.2 – Emergency Assistance

National Performance Indicator 6.3 – Child and Family Development

For this project specifically, the National Goals and Performance Indicators are:

- NI 1.1 A-C EMPLOYMENT
- NI 1.2 A-I EMPLOYMENT SUPPORTS
- NI 1.3 A-B ECONOMIC ASSET ENHANCEMENT AND UTILIZATION

Quality Assurance and Evaluation

KEO's internal reporting procedures require monthly reporting of program progress towards performance objectives, including quantitative and narrative sections. KEO will provide quarterly program progress and fiscal reports within thirty (30) calendar days after the last day of each quarter. The final report on the total contract period will be submitted within sixty (60) calendar days after the last day for the contract period.

Weekly program staff meetings are held to monitor, assess and evaluate service delivery. The results of the evaluation will aid in moving the program and its staff into being more efficient and effective.

Monthly budget meetings between the Chief Executive Officer, Fiscal Officer and each Program Director are conducted to review specific program operation and financial status.

In addition, the KEO Management Team meets weekly to share information on accomplishments, upcoming events within KEO and with other community agencies, to plan agency or community projects, and to network on solutions to problems or issues facing our clients and/or our community.

Private and government audits are conducted on an annual basis.

Individual client surveys will serve to evaluate program services and staff performances in order to improve or revise program services and/or its delivery. Surveys will also

reveal each participant's current status of progress—with their job and family's stability, to assist them better in moving to the next level towards self-sufficiency. The Coordinator will issue surveys, while the director will be responsible for the evaluation and implementation for any changes made.

Guidelines will be established within the program to ensure the proper documentation and maintenance of individual files. Funder monitoring will ensure that quality service is being provided to the participants of the Train & Gain Program.

III. Financial

Budget

The following budget form(s) are submitted with the Proposal Application for 2008-2009:

- 1) Budget Request by Source of Funds 2008-2009
- 2) Budget Justification - Personnel: Salaries & Wages
- 3) Budget Justification – Equipment and Motor Vehicles
- 4) Budget Justification – Capital Project Details
- 5) Budget Justification – Program Activities
- 6) Declaration Statement Applicants for Grants and Subsidies

Anticipated quarterly funding requirements for the fiscal year 2008-2009.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$25,449	\$25,449	\$25,449	\$25,449	\$101,796

IV. Experience and Capability

A. Necessary Skills and Experience

KEO is the only agency dedicated and chartered to serve the low-income population on Kauai County and has done so for the past 42 years. As the experience section below will reveal, KEO has administered programs that assist the homeless population through various housing programs as well as an employment service program that assist low-income and immigrants prepare for, obtain and maintain a job.

Employment and Training

2007 – 6/30/08 KEO received a Grant-in-Aid to assist the harder-to-serve population acquire employment through Case management and Barrier Removal for Low-Income Persons.

1999 – 6/30/09 KEO is currently under contract with the Office of Community Services (OCS) to provide Employment Core Services for Low-Income Persons (ECSLIP) to qualified individuals/families. The goal is to increase self-reliance and achieve economic independence among low-income persons. Employment Core Services for Low-Income Persons provides personalized assistance to all income eligible residents by helping participants acquire skills needed for them to become self-sufficient through training, networking and employment. Our staff assists individuals in identifying and working to remove barriers to increase family stability, employability and subsequently, maintain a job.

1999 – 2007 KEO operated the a contract with the Office of Community Services (OCS) to provide Employment Core Services for Immigrants. The goal was to assist qualified immigrants in becoming acculturated and successfully transition into the workforce in order to increase self-reliance and achieve economic independence.

2001 – Present KEO operates a Horticulture program that provides training and technical assistance to low-income persons seeking to create their own business or employment in horticulture, agriculture, landscaping and groundskeeping. Clients are enrolled in a 12 week training course that includes field training and hands-on work on the KEO horticulture farm site. The training focuses on work ethics, work skills, proper handling of farm tools and equipment, proper use of fertilizers and chemicals, basic safety, and first aid.

1998 – 1999 KEO was contracted by the Department of Human Services, Benefit, Employment and Support Services Division, to provide employment and support services to 240 TANF recipients. The participants completed intake and orientation sessions, participated in pre-employment testing and interviews, and completed job search activities through the First-To-Work program.

1989 – 1995 KEO operated an Employment Training Program for economically disadvantaged persons by providing pre-employment training, referrals for vocational skills training, work experience, on-the-job training, job placement, follow-up and other support services such as bus passes, payment of tuition, books and childcare assistance.

1991 – 1994 KEO Family Child Care Training Program provided clients with training and technical assistance to become licensed child care providers. Clients completed a 6-week training session which included topics on child development and information on how to set up a child care business. Graduates of this program, who became licensed childcare providers, were able to borrow learning materials and equipment from a Resource Lending Center for their business.

1988 – 1997 The Family Development for Low-Income Persons Program enabled young, low-income families to achieve and maintain self-sufficiency. Program

staff assessed and analyzed families' needs and provided direct referral services that were necessary for the improvement of the family and community life. Group and individual educational sessions on nutrition, budgeting, and consumer competency skills were also provided for the families. The program also assisted in the organization and coordination of community Area Councils comprised of at least 15 percent economically disadvantaged community members. Area Councils allowed members to voice their opinions about the needs and concerns of their community. Area Councils also represented the community on the KEO Board of Directors.

19

Housing

2007 - Present KEO manages and operates two Homeless Emergency Shelters. *Mana Olana* will provide emergency shelter to nineteen individuals nightly, and *Ka Uapo* can provide shelter for approximately twenty families.

2000 – Present KEO has obtained funding from State Homeless Shelter Stipend Program to operate two transitional housing sites.

2004 – 2006 Emergency Shelter Grants Program (ESGP) assists homeless persons with homeless prevention activities to locate and maintain appropriate housing. Also, funds from ESGP FY 2006 grant will provide funds for operating cost of the homeless emergency shelter.

1999 – Present HOME funds to rehabilitate transitional housing units.

1999 – Present Community Development Block Grant (CDBG) to rehabilitate homeless emergency shelter and transitional housing units, provide emergency grants for security deposit/first month's rent, utility deposits for low-income persons to obtain housing and past due rent assistance to retain permanent housing, and funds to purchase the Homeless Outreach Program Care-A-Van.

2002-2006 KEO was awarded funding from Hawaii Community Foundation Persons-in-Need grants – Lillian Wilder and Irving Singer PIN grants for homeless persons with Hawaiian ancestry, and Gwenfread Allen PIN fund for homeless persons with mental health condition(s).

2006 Grants-in-Aid funding for the operation of the KEO Homeless Emergency Shelter.

B. Facilities

Educational classes, training and job support will take place at the Training Center, on site of the Emergency Shelter and Transitional Housing located at 2808 Wehe Road, Lihue, Kauai, Tax Map Key (4) 3-8-005:001. KEO's administrative office building is

adjacent to the site, along the west boundary of the property at 2804 Wehe Road, Lihue, Kauai. All buildings meet the Americans with Disabilities Act (ADA) requirements.

V. Personnel: Project Organization and Staffing

A. Proposed Staffing, Staff Qualifications, Supervision and Training

Proposed Staffing

The Train & Gain Employment Program's staff will include one (1) Program Director whose time allotted will be 100% of the proposed budget and (1) Program Coordinator I who will be allocated 100% of the proposed budget.

As a social service agency, KEO employs one (1) fulltime and one (1) halftime clerk to assist the employment staff with administrative duties. While the Chief Executive Officer oversees the agency's operation along with the Fiscal Officer and Administrative Officer, there are a total of seven (7) Directors administering approximately thirty (30) programs. The Directors assist one another by overseeing other programs to assure for the continuity of services and activities in the event of staff illness, medical emergencies, vacancies or other situations.

Staff Qualifications

As previously mentioned in the experience section of this proposal, KEO has administered an employment program since 1999—over eight (8) years of experience.

To assure that staff members are fully qualified to engage in activities and perform the required services, KEO has written job descriptions, requirement and qualifications, policies and procedures.

Supervision and Training

The Chief Executive Officer (CEO) is responsible for the administration of the overall legal, financial and program operations of the agency. The Fiscal Officer, Administrative Officer, and Program Directors report directly to the CEO.

The Fiscal Officer is responsible for the administration of all financial operations of the agency, providing fiscal support for all KEO programs including the supervision of the fiscal staff. All financial transactions are to be approved by the Fiscal Officer and the CEO.

The Administrative Officer supervises the human resources operation of the agency. Along with the administrative staff, the Administration Officer will provide administrative support to all KEO programs.

The Train & Gain Employment Director will be responsible for the direct supervision of program staff and program operations. Staff training is available year round on topics such as:

- History and Mission of KEO
- The Organizational Chart and Protocol
- Confidentiality of Information
- Investigation and Documentation
- Personnel Policies (Workplace Violence, Sexual Harassment & Drug Policy)
- Financial Procedures and forms
- Central File System
- Introduction to KEO programs
- Program Contracts and Grants
- Specific Program Requirements
- Reporting Procedures and Requirements
- Basic Supervision
- Staff Development and Evaluation
- Staff Training Plans
- Case Management
- Community Resources
- Self Improvement

In addition, external resources such as Kauai Community College, Hawaii Employer's Council, and Workforce Development provide staff additional classes for job related subjects such as Word, Excel, PowerPoint, as well as trainings on Mental Illness Awareness, Appropriate Service Etiquette, American Disabilities Act, and Understanding Vocational Rehabilitation Process.

B. Organization Chart

(See Attachment A: Organization-wide Chart)

VI. Other



A. Litigation

Kauai Economic Opportunity, Inc. is not currently involved in any litigation nor are any actions anticipated.

B. Licensure or Accreditation – *not applicable*

BUDGET REQUEST BY SOURCE OF FUNDS
(Period: July 1, 2008 to June 30, 2009)

Applicant: Kauai Economic Opportunity, Inc.

BUDGET CATEGORIES	Total State Funds Requested (a)	(b)	(c)	(d)
A. PERSONNEL COST				
1. Salaries	57,596			
2. Payroll Taxes & Assessments	7,004			
3. Fringe Benefits	11,472			
TOTAL PERSONNEL COST	76,072			
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance				
3. Lease/Rental of Equipment	300			
4. Lease/Rental of Space				
5. Staff Training				
6. Supplies	1,000			
7. Telecommunication	500			
8. Utilities	500			
9. Program Activities	12,625			
10. Audit Services	600			
11. Contractual Services - Administrative	350			
12. Pre-employment requirements	500			
13. Admin (1.75%)	9,349			
14				
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES	25,724			
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL				
TOTAL (A+B+C+D+E)	101,796			
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	101,796	Brigitte Correia  245-4077		
(b)				
(c)		Signature of Authorized Official		
(d)		Date 1/29/08		
TOTAL REVENUE	101,796	MaBel Fujiuchi, CEO Name and Title (Please type or print)		

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Applicant: Kauai Economic Opportunity, Inc.

Period: July 1, 2008 to June 30, 2009

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
<i>not applicable</i>			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:			\$ -	
JUSTIFICATION/COMMENTS:				

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
<i>not applicable</i>			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:			\$ -	
JUSTIFICATION/COMMENTS:				

**BUDGET JUSTIFICATION
CAPITAL PROJECT DETAILS**

Applicant: Kauai Economic Opportunity, Inc.

Period: July 1, 2008 to June 30, 2009

FUNDING AMOUNT REQUESTED							
TOTAL PROJECT COST	ANY OTHER SOURCE OF FUNDS RECEIVED IN PRIOR YEARS	STATE FUNDS REQUESTED			FUNDING REQUIRED IN SUCCEEDING YEARS		
		FY: 2005-2006	FY: 2006-2007	FY: 2007-2008	FY: 2008-2009	FY: 2009-2010	FY: 2010-2011
PLANS							
LAND ACQUISITION							
DESIGN							
CONSTRUCTION							
EQUIPMENT							
TOTAL:							
JUSTIFICATION/COMMENT							<i>not applicable</i>

**BUDGET JUSTIFICATION
PROGRAM ACTIVITIES**

Applicant/Provider: Kauai Economic Opportunity, Inc.

Period: July 2008 to June 2009

DESCRIPTION	AMOUNT	JUSTIFICATION/COMMENTS
Life Skills Workshop Curriculum	1,600	Student manuals/10 units for 20 students
Competency-based Classes (CB)	360	\$12 each x 5 units for 6 students
GED Test	165	\$55 each for students
Fuel, maintenance, insurance, registration, safety check for Employment Services Vehicle	10,000	Fuel, maintenance, insurance, registration, safety check
Appropriate/Required Clothing/Equipment for Employment	500	Appropriate/Required Clothing/Equipment for Employment
Total:	12,625	

**DECLARATION STATEMENT
APPLICANTS FOR GRANTS AND SUBSIDIES
CHAPTER 42F, HAWAII REVISED STATUTES**

The undersigned authorized representative of the applicant acknowledges that said applicant meets and will comply with all of the following standards for the award of grants and subsidies pursuant to section 42F-103, Hawaii Revised Statutes:

- (1) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant or subsidy is awarded;
- (2) Comply with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
- (3) Agree not to use state funds for entertainment or lobbying activities; and
- (4) Allow the state agency to which funds for the grant or subsidy were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and assuring the proper expenditure of the grant or subsidy.

In addition, a grant or subsidy may be made to an organization only if the organization:

- (1) Is incorporated under the laws of the State; and
- (2) Has bylaws or policies that describe the manner in which the activities or services for which a grant or subsidy is awarded shall be conducted or provided.

Further, a grant or subsidy may be awarded to a non-profit organization only if the organization:

- (1) Has been determined and designated to be a non-profit organization by the Internal Revenue Service; and
- (2) Has a governing board whose members have no material conflict of interest and serve without compensation.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

Kauai Economic Opportunity, Inc.

(Typed Name of Individual or Organization)


(Signature)

1/25/08
(Date)

MaBel Fujiuchi

(Typed Name)

Chief Executive Officer

(Title)

KAUAI ECONOMIC OPPORTUNITY, INCORPORATED

Board of Directors

Chief Executive Officer
MaBel Fujiuchi

Fiscal Officer
Brigitte Correia

-Accountant (1)
-Account Clerk (1)

Administrative Officer
Lynn Kua

-Administrative Clerks (1 1/2)
-Janitor (1)

After-school Program
Director
Alfred Nebra

-Coordinator (3)
-PT Program Asst. (3)

Employment Core Services for Low-Income
Director
Kerrilyn Villa

-Coordinator (1 1/2)

Mediation
Director
Jessie Basquez

-Intake Worker (1 1/2)

Elderly Nutrition & Food Service
Director
Fred Maximo

-Food Service Coordinator (1)
-Case Manager (1)
-Meals Manager (1)
-Cooks (3)
-Prep Cooks (2)
-Meal Deliverer (9)

Homeless & Housing Programs
Director
Stephanie Fernandes

-CHDO Coordinator (1)
-Homeless & Housing Coordinator II (1)
-Homeless Coordinator (1 1/2)
-Housing Coordinator (2)
-Homeless Case Mgr. (1)

Planning
Director
Leo Trinidad

Multi-Services
Intake, WAP, PIN
LIHEAP, Child Care,
Horticulture Training
Director
Celia Melchor-Questin

-Intake Worker (1)
-Coordinator (1/2)

Child Care
Head Teacher/Director
Irene Tuzon
Kalaeo ELC
Lorraine Shimauchi
Lihue ELC

-Teachers Aide (4)
-Assistant Teachers (2)
-Teacher (1)

Emergency Shelter
Director
Vacant

-Emergency Shelter Coordinator(5)
-Maintenance Worker(2)

PERSON-NEED PROGRAM

Hopper Funds provides assistance for elderly persons 65 years or older who are financially needy.

Kintaro Watanabe Fund provides assistance to children (age 17 and under) with serious or debilitating medical conditions, or who have special education needs.

Teresa F. Hughes Family Trust Estate provides assistance for adults 70 years or older and medically frail.

SHELTER PLUS CARE PROGRAM provides rental housing, subsidy & support services for chronically homeless individuals with chronic substance abuse.

STATE HOMELESS STIPEND PROGRAM provides safe & decent transitional shelters for up to 24 months & assistance towards permanent housing by addressing obstacles which prevent homeless persons from obtaining & retaining permanent housing through a coordinated effort of health housing, financial and social services.

STATE HOMELESS OUTREACH PROGRAM provides assistance in addressing emergency & basic survival needs such as food, clothing, medical services, housing & financial through the "Care-A-Van" a mobile unit providing services on-site where homeless congregate.

TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM provides food surplus distribution at sites throughout the island each month.

UNITED WAY LOAN assists individuals and families with a loan for security deposit to obtain or retain rental homes.



The Promise of Community Action

"Community Action changes
people's lives,
embodies the spirit of hope,
improves communities
and makes America a better
place to live.

We care about the entire
community,
and we are dedicated
to helping people help
themselves and each other."

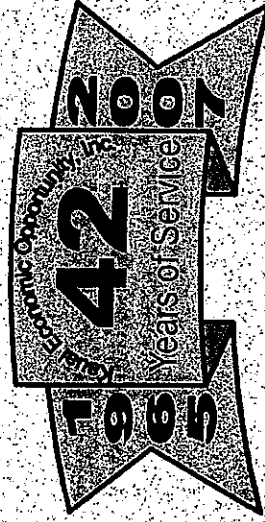


Participation in programs may require eligibility determination. For more information, please call 245-4077 and ask for Intake.

October 2007

Kauai Economic Opportunity, Incorporated
2804 Wehe Road
Lihue, Hawaii 96766

Telephone: (808) 245-4077
Facsimile #: (808) 245-7476
E-mail: keo@keoinc.org



KAUAI ECONOMIC OPPORTUNITY, INCORPORATED

**FINANCIAL STATEMENTS,
INDEPENDENT AUDITORS' REPORTS,
AND SUPPLEMENTARY SCHEDULES**

For the Year Ended June 30, 2007

KAUAI ECONOMIC OPPORTUNITY, INCORPORATED

INTRODUCTION

For the Year Ended June 30, 2007

Kauai Economic Opportunity, Incorporated (KEO) is a nonprofit Hawaii corporation chartered in March 1965 that provides food services and nutrition, human services, childcare and development, and other services. Its purpose is to act as the official community action agency for Kauai County, State of Hawaii, in order to fulfill the requirements of the Economic Opportunity Act of 1964, as amended. Revenue and support is derived primarily from federal and state grants and contracts, program fees, and contributions. KEO is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation. Accordingly, qualifying contributions to KEO are tax deductible.

KEO receives federal awards indirectly from the U.S. Department of Health and Human Services for its Community Services Block Grant, Prevention and Treatment of Substance Abuse, Low Income Home Energy Assistance, Nutrition Services, Discretionary Awards and Discretionary Projects, Temporary Assistance for Needy Families, and Program for States programs. It receives federal awards directly from the U.S. Department of Housing and Urban Development for its Group Home Project. KEO also receives federal awards indirectly from the U.S. Department of Housing and Urban Development for its Community Development Block Grants/Small Cities Programs, Home Investment Partnerships Program, and Emergency Shelter Grants Program. Federal awards are received directly from the U.S. Department of Defense for Temporary Assistance for Needy Families, and indirectly from the U.S. Department of Justice for its Public Safety Partnership and Community Policing Grants. Federal awards are also received indirectly from the U.S. Department of Agriculture for an Emergency Food Assistance Program and for Child and Adult Care Food programs, and from the U.S. Department of Energy for Weatherization Assistance for Low-Income Persons programs. The Federal Emergency Management Agency provides direct awards to KEO for its Emergency Food and Shelter National Board Program. Substantial additional services are provided under contracts with the State of Hawaii, the County of Kauai, and other non-federal agencies.

This report is the result of a single audit of KEO conducted in accordance with auditing standards generally accepted in the United States of America; the *Government Auditing Standards* issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

This report includes the financial statements of Kauai Economic Opportunity, Incorporated for the year ended June 30, 2007 (with prior year summarized comparative information), and accompanying footnotes and independent auditors' report. It also includes the independent auditors' reports required by the Government Accountability Office's *Government Auditing Standards*, and the schedule of expenditures of federal awards and independent auditors' reports required by OMB Circular A-133, for the year ended June 30, 2007. Findings and questioned costs (if any) are reported by the auditors under that caption in the final section of this report.

In addition, this report includes the schedule and independent auditors' report required by the State of Hawaii, Department of Health, and by the Housing and the Hawaii Public Housing Authority.

KAUAI ECONOMIC OPPORTUNITY, INCORPORATED

TABLE OF CONTENTS

For the Year Ended June 30, 2007

<u>SECTION</u>	<u>PAGE</u>
INTRODUCTION	1
TABLE OF CONTENTS	2
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT	
• Independent Auditors' Report on Financial Statements.	4
• Financial Statements and Notes to Financial Statements.	5
REPORTS REQUIRED BY GAO <i>GOVERNMENT AUDITING STANDARDS</i>	
• Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .	13
REPORTS REQUIRED BY OMB CIRCULAR A-133	
• Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program, on Internal Control over Compliance, and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133.	16
• Schedule of Expenditures of Federal Awards.	18
REPORTS REQUIRED BY THE STATE OF HAWAII, DEPARTMENT OF HEALTH, AND BY THE HOUSING AND HAWAII PUBLIC HOUSING AUTHORITY	
• Independent Auditors' Report on Schedule of Federal and State Contracts Received from the State of Hawaii, Department of Health, and from the Hawaii Public Housing Authority.	22
• Schedule of Federal and State Contracts Received from the State of Hawaii, Department of Health, and from the Hawaii Public Housing Authority.	23
FINDINGS AND QUESTIONED COSTS	
• Schedule of Findings and Questioned Costs.	25
• Summary Schedule of Prior Audit Findings.	26

KAUAI ECONOMIC OPPORTUNITY, INCORPORATED
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

For the Year Ended June 30, 2007

Detor & Williams

Certified Public Accountants | A Professional Corporation

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Kauai Economic Opportunity, Incorporated:

We have audited the accompanying statement of financial position of Kauai Economic Opportunity, Incorporated (a nonprofit Hawaii corporation) as of June 30, 2007, and the related statements of activities, 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. The prior year summarized comparative information has been derived from the financial statements of Kauai Economic Opportunity, Incorporated as of and for the year ended June 30, 2006 and, in our report dated October 9, 2006, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Kauai Economic Opportunity, Incorporated as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2007, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



October 26, 2007

KAUAI ECONOMIC OPPORTUNITY, INCORPORATED

STATEMENT OF ACTIVITIES

**For the Year Ended June 30, 2007
(With Prior Year Summarized Comparative Information)**

	<u>2007</u>	<u>2006</u>
CHANGES IN UNRESTRICTED NET ASSETS		
Revenue and support		
Government grants and contracts	\$2,882,912	\$1,616,480
Program fees	1,271,892	1,198,934
In-kind contributions	175,710	138,027
Other contributions	82,495	112,861
Other income	34,428	39,485
Total revenue and support	<u>4,447,437</u>	<u>3,105,787</u>
Expenses		
Program services		
Human services	1,651,644	733,148
Food services and nutrition	1,287,495	1,229,934
Child care and development	727,365	654,135
Other services	345,320	316,712
Total program services	<u>4,011,824</u>	<u>2,933,929</u>
Supporting services		
Management and general	277,894	310,615
Fundraising	40,026	44,782
Total supporting services	<u>317,920</u>	<u>355,397</u>
Total expenses	<u>4,329,744</u>	<u>3,289,326</u>
Increase (decrease) in unrestricted net assets	<u>117,693</u>	<u>(183,539)</u>
INCREASE (DECREASE) IN NET ASSETS	117,693	(183,539)
NET ASSETS – Beginning of year	<u>555,168</u>	<u>738,707</u>
NET ASSETS – End of year	<u>\$ 672,861</u>	<u>\$ 555,168</u>

See accompanying notes to financial statements.

KAUAI ECONOMIC OPPORTUNITY, INCORPORATED

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2007
(With Prior Year Summarized Comparative Information)

	Program Services				Supporting Services			2006 Total	
	Human Services	Food Services and Nutrition	Childcare and Development	Other Services	Total Program Services	Management and General	Fund- Raising		Total Supporting Services
Salaries and benefits	\$ 332,096	\$ 402,726	\$ 451,986	\$ 207,930	\$ 1,394,738	\$ 138,780	\$ 34,464	\$ 1,567,982	\$ 1,463,714
Materials and supplies	1,049,420	36,188	38,668	85,139	1,209,415	16,653	876	1,226,944	281,319
Food costs	-	669,013	68,274	-	737,287	-	-	737,287	657,184
Rent	23,895	48,056	57,117	16,604	145,672	62,468	3,288	211,428	212,468
Client assistance	135,137	-	-	1,033	136,170	-	-	136,170	135,245
Telephone and utilities	23,621	30,138	19,371	6,373	79,503	16,103	-	95,606	90,316
Insurance	19,971	19,173	14,627	3,919	57,690	4,631	244	62,565	56,053
Professional fees	11,654	8,149	31,333	4,073	55,209	5,050	266	60,525	106,284
Repairs and maintenance	15,375	23,789	9,378	2,856	51,398	3,536	-	54,934	61,449
Depreciation	12,931	14,013	6,000	7,587	40,531	5,385	282	46,198	51,153
Transportation	4,047	24,701	5,907	1,573	36,228	221	-	36,449	32,935
Training	2,888	-	16,669	3,887	23,444	7,543	-	30,987	31,645
Interest	12,311	-	-	-	12,311	-	-	12,311	12,613
Travel and conferences	2,477	20	1,315	2,237	6,049	6,023	-	12,072	16,097
Miscellaneous	5,821	11,529	6,720	2,109	26,179	11,501	606	38,286	80,851
Total expenses	\$ 1,651,644	\$ 1,287,495	\$ 727,365	\$ 345,320	\$ 4,011,824	\$ 277,894	\$ 40,026	\$ 4,329,744	\$ 3,289,326

See accompanying notes to financial statements.

KAUAI ECONOMIC OPPORTUNITY, INCORPORATED

STATEMENT OF CASH FLOWS

**For the Year Ended June 30, 2007
(With Prior Year Summarized Comparative Information)**

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$117,693	\$(183,539)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	46,198	51,153
Construction-in-progress contributed to Emergency Shelter Project	-	43,650
(Increase) decrease in:		
Accounts receivable – net	48,360	(196,636)
Prepaid expenses	(38,224)	69,327
Increase (decrease) in:		
Accounts payable	34,940	76,644
Accrued liabilities	(11,809)	7,353
Deferred revenue	<u>123,017</u>	<u>16,583</u>
Net cash provided (used) by operating activities	<u>320,175</u>	<u>(115,465)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(124,660)	(40,886)
Net cash used by investing activities	(124,660)	(40,886)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of notes payable	(3,430)	(3,128)
Net cash used by financing activities	(3,430)	(3,128)
NET INCREASE (DECREASE) IN CASH	192,085	(159,479)
CASH – Beginning of year	<u>318,421</u>	<u>477,900</u>
CASH – End of year	<u>\$510,506</u>	<u>\$318,421</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 12,311	\$ 12,613

See accompanying notes to financial statements.

KAUAI ECONOMIC OPPORTUNITY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS (With Prior Year Summarized Comparative Information)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Kauai Economic Opportunity, Incorporated (KEO) is a nonprofit Hawaii corporation chartered in March 1965 to act as the official community action agency for Kauai County, State of Hawaii, in order to fulfill the requirements of the Economic Opportunity Act of 1964, as amended. KEO is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation. Accordingly, qualifying contributions to KEO are tax deductible.

Basis of Accounting

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets (none in 2007 and 2006), and permanently restricted net assets (none in 2007 and 2006). Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support is reported when pledged and is considered to be available for unrestricted use unless restricted by the donor. Donor restricted support is reported when pledged as an increase in temporarily restricted or permanently restricted net assets, depending on the nature of the restriction. When a temporary restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets. Revenue from grants and contracts is recognized to the extent of expenditures made in accordance with the related agreements (including expenditures for property and equipment, which are capitalized and depreciated for financial reporting purposes). Revenue from program fees is recognized when the required services are performed. Expenses are recorded when the related liability is incurred. Donated rent, services, and supplies are reflected as contributions at their estimated fair market value and are recorded as expenses in the same amount. For the year ended June 30, 2007, donated rent, supplies, and services amounted to \$112,356, \$42,991, and \$20,363 respectively. For the year ended June 30, 2006, donated rent, services, and supplies amounted to \$115,440, \$18,665, and \$3,922, respectively. KEO allocates its expenses on a functional basis among its various programs and support services based on estimates of management. Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service using natural expense classifications. Other expenses that are common to several functions are allocated by various bases.

Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in accordance with such generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates, and it is reasonably possible that such estimates may change within the near-term.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to credit risk include cash and accounts receivable. KEO's cash on deposit exceeded the related federal deposit insurance by approximately \$514,900 at June 30, 2007 and \$218,500 at June 30, 2006. Management evaluates the credit standings of these financial institutions to ensure that all funds are adequately safeguarded as required by federal regulations. KEO had unsecured accounts receivable due primarily from federal, state, and local government agencies, which have been adjusted for all known doubtful accounts. Accounts receivable are determined to be collectible or uncollectible based on an assessment by management of the facts and circumstances related to the individual receivable amounts.

Property and Equipment

Property and equipment is stated at cost or, if contributed, at estimated fair market value at the date of contribution, less depreciation computed using the straight-line method over estimated useful lives of 40 years for buildings and improvements, five to ten years for equipment, and five years for vehicles. Property and equipment and other long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Major improvements and expenditures for property and equipment in excess of \$500 are capitalized. Repairs and maintenance are expensed.

NOTE B – NOTES PAYABLE

Notes payable consisted of the following at June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Note payable to the U.S. Department of Housing and Urban Development (HUD) in monthly installments of \$1,312, including interest at 9.25%. Collateralized by land, building, and improvements. Matures May 2023.	\$131,086	\$134,516
Due to County of Kauai for cost of emergency and transitional homeless shelter reduced by 6.6667% per year from March 2011 through March 2025, provided the Organization uses the property as intended and does not dispose it prior to March 2025.	<u>68,931</u>	<u>68,931</u>
Total	200,017	203,447
Notes payable – current	<u>(3,500)</u>	<u>(3,200)</u>
Notes payable – noncurrent	<u>\$196,517</u>	<u>\$200,247</u>

At June 30, 2007, scheduled maturities of notes payable by years ending June 30th approximated \$3,500 in 2008, \$3,800 in 2009, \$4,200 in 2010, \$4,600 in 2011, \$5,000 in 2012, and \$178,900 thereafter (cumulative through May 2023).

NOTE C – RETIREMENT PLANS

KEO sponsors a defined contribution, salary reduction retirement plan covering substantially all of its employees, to which it contributes 6% of employees' salaries, up to the maximum allowed under Internal Revenue Code section 401(k). Defined contribution retirement expense amounted to \$52,261 and \$49,735 for the years ended June 30, 2007 and 2006, respectively.

NOTE D – LEASE COMMITMENTS

KEO leases office facilities for a nominal amount under a conditional operating lease agreement with the County of Kauai expiring in December 2025, and leases farm land and kitchen and classroom facilities under operating leases expiring through December 2042. KEO also leases other facilities and equipment as needed under day-to-day or month-to-month agreements. Building and equipment rent, including donated rent, amounted to \$211,428 and \$212,468 for the years ended June 30, 2007 and 2006, respectively. At June 30, 2007, future minimum lease payments by years ending June 30th approximated \$91,500 in 2008 and 2009, \$86,600 in 2010 and 2011, \$90,900 in 2012, and \$1,539,900 thereafter (cumulative through December 2042).

NOTE E – GOVERNMENT GRANTS AND CONTRACTS

Amounts received for government grants and contracts are subject to audit and adjustment by various government agencies. Any disallowed claim, including amounts already collected, may constitute a liability. Management expects such amounts, if any, to be immaterial to the financial statements. Revenue and support is derived principally from government grants and contracts, the loss of which could have a material adverse effect on the Organization.

NOTE F – FINANCIAL STATEMENT PRESENTATION

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2006, from which the summarized information was derived.

Certain amounts in the prior year summarized comparative information have been reclassified to conform to the current year presentation. The Organization operates in the State of Hawaii. National and international events can have severe, adverse effects on economic conditions in Hawaii. The effects, if any, on the financial statements of Kauai Economic Opportunity, Incorporated from such changes in economic conditions are not presently determinable.

KAUAI ECONOMIC OPPORTUNITY, INCORPORATED
REPORTS REQUIRED BY GAO *GOVERNMENT AUDITING STANDARDS*
For the Year Ended June 30, 2007

Detor & Williams

Certified Public Accountants | A Professional Corporation

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

Kauai Economic Opportunity, Incorporated:

We have audited the financial statements of the Kauai Economic Opportunity, Incorporated (a nonprofit Hawaii corporation), as of and for the year ended June 30, 2007, and have issued our report thereon dated October 26, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

[REDACTED]

October 26, 2007

KAUAI ECONOMIC OPPORTUNITY, INCORPORATED

REPORTS REQUIRED BY OMB CIRCULAR A-133

For the Year Ended June 30, 2007

Detor & Williams

Certified Public Accountants | A Professional Corporation

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133

Kauai Economic Opportunity, Incorporated:

Compliance

We have audited the compliance of Kauai Economic Opportunity, Incorporated (a nonprofit Hawaii corporation) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The Organization's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, Kauai Economic Opportunity, Incorporated complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control over Compliance

The management of Kauai Economic Opportunity, Incorporated is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.


A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Kauai Economic Opportunity, Incorporated (a nonprofit Hawaii corporation) as of and for the year ended June 30, 2007, and have issued our report thereon dated October 26, 2007. Our audit was performed for the purpose of forming an opinion on the basic financial statements-taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



October 26, 2007

KAUAI ECONOMIC OPPORTUNITY, INCORPORATED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2007

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>
<u>Department of Health and Human Services</u>			
Passed through State of Hawaii:			
Office of Community Services:			
Community Services Block Grant	93.569	06-63	\$ 160,392
Department of Health:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	02-179	73,191
Department of Human Services:			
Low-Income Home Energy Assistance	93.568		<u>332</u>
Total passed through State of Hawaii			<u>233,915</u>
Passed through County of Kauai:			
Office of Community Assistance:			
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	7254	86,316
Office of Community Assistance:			
Community Services Block Grant Discretionary Awards	93.570		10,140
Area on Aging:			
Special Programs for the Aging Title IV And Title II Discretionary Projects	93.048	7593	<u>4,085</u>
Total passed through County of Kauai			<u>100,541</u>
Passed through the Hawaii Public Housing Authority:			
Temporary Assistance for Needy Families	93.558	05-37	<u>94,706</u>
Passed through Ogilvy Mather:			
Medicare Transitional Drug Assistance Program for States	93.783		<u>1,042</u>
Total Department of Health and Human Services			<u>430,204</u>

(continued)

KAUAI ECONOMIC OPPORTUNITY, INCORPORATED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended June 30, 2007

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>
<u>Department of Housing and Urban Development</u>			
Direct program:			
Supportive Housing for the Elderly:			
Group Home Project (related mortgage loan obligation at June 30, 2007 was \$131,086)	14.157	6777	\$ <u>152,648</u>
Passed through County of Kauai:			
Office of Community Services:			
Community Development Block Grants/Small Cities Program		6777	563,644
Community Development Block Grants/Small Cities Program		7507	<u>41,994</u>
Total	14.219*		605,638*
Office of Community Assistance:			
Home Investment Partnerships Program	14.239*	7320	518,515*
Office of Community Assistance:			
Emergency Shelter Grants Program	14.231	05-17	<u>32,223</u>
Total passed through County of Kauai			<u>1,156,376</u>
Total Department of Housing and Urban Development			<u>1,309,024</u>
<u>Department of Defense</u>			
Direct program:			
Temporary Assistance for Needy Families	93.558	2518	<u>155,288</u>
Total Department of Defense			<u>155,288</u>
<u>Department of Justice</u>			
Passed through Hawaii Community Foundation:			
Public Safety Partnership and Community Policing Grants	16.710	20060282	<u>7,306</u>
Total Department of Justice			<u>7,306</u>

(continued)

KAUAI ECONOMIC OPPORTUNITY, INCORPORATED
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For the Year Ended June 30, 2007

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>
<u>United States Department of Agriculture</u>			
Passed through State of Hawaii:			
Office of Community Services:			
The Emergency Food Assistance Program	10.568	None	\$ <u>30,198</u>
Department of Education:			
Child and Adult Care Food Program		4101-7	17,395
Child and Adult Care Food Program		7253/7254/7255	<u>35,314</u>
Total	10.558		<u>52,709</u>
Total United States Department of Agriculture			<u>82,907</u>
<u>Department of Energy</u>			
Passed through State of Hawaii:			
Office of Community Services:			
Weatherization Assistance for Low-Income Persons	81.042	05-55	<u>1,332</u>
Total Department of Energy			<u>1,332</u>
<u>Federal Emergency Management Agency</u>			
Direct Program:			
Emergency Food and Shelter National Board Program	83.523		<u>540</u>
Total Federal Emergency Management Agency			<u>540</u>
Total Expenditures of Federal Awards			<u>\$1,986,601</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards was prepared on the accrual basis of accounting. (*) Denotes major program, comprising 57% of total expenditures of federal awards of a low-risk auditee.

KAUAI ECONOMIC OPPORTUNITY, INCORPORATED

**REPORTS REQUIRED BY THE STATE OF HAWAII,
DEPARTMENT OF HEALTH, AND BY THE
HAWAII PUBLIC HOUSING AUTHORITY**

For the Year Ended June 30, 2007

Detor & Williams

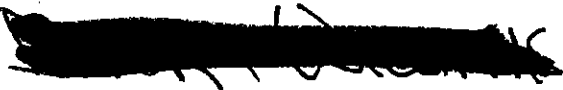
Certified Public Accountants | A Professional Corporation

INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF FEDERAL AND STATE CONTRACTS RECEIVED FROM THE STATE OF HAWAII, DEPARTMENT OF HEALTH, AND FROM THE HAWAII PUBLIC HOUSING AUTHORITY

Kauai Economic Opportunity, Incorporated:

We have audited the financial statements of the Kauai Economic Opportunity, Incorporated (a nonprofit Hawaii corporation) as of and for the year ended June 30, 2007, and have issued our report thereon dated October 26, 2007. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Federal and State Contracts Received from the State of Hawaii, Department of Health, and from the Hawaii Public Housing Authority is presented for purposes of additional analysis as required by the State of Hawaii, Department of Health and the Hawaii Public Housing Authority is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, Board of Directors, and the State of Hawaii, Department of Health, and the Hawaii Public Housing Authority is not intended to be and should not be used by anyone other than these specified parties.



October 26, 2007

KAUAI ECONOMIC OPPORTUNITY, INCORPORATED
SCHEDULE OF FEDERAL AND STATE CONTRACTS RECEIVED FROM
THE STATE OF HAWAII, DEPARTMENT OF HEALTH, AND
FROM THE HAWAII PUBLIC HOUSING AUTHORITY

For the Year Ended June 30, 2007

<u>Program Description</u>	<u>Contract Amount</u>	<u>Federal and State Expenditures</u>		
		<u>Cumulative to June 30, 2006</u>	<u>Year Ended June 30, 2007</u>	<u>Cumulative to June 30, 2007</u>
<u>State of Hawaii, Department of Health</u>				
Substance Abuse Prevention and Treatment Federal CFDA #93.959 ASO Log Number 06-141 September 13, 2005 – June 30, 2008.	\$210,000	\$ 52,062	\$ 73,191	\$125,253
<u>Hawaii Public Housing Authority</u>				
State Homeless Outreach Program Contract Number HPS 04-23 August 1, 2005 – July 31, 2006	95,000	81,814	12,619	94,433
State Homeless Outreach Program Contract Number HPS 06-45 August 1, 2006 – July 31, 2007	110,000	-	85,214	85,214
Housing Placement Program Federal CFDA #93.558 Contract Number HPS 06-16 July 1, 2006 – June 30, 2007	350,000	-	94,706	94,706
Housing Placement Program Contract Number HPS 06-02 February 1, 2006 – June 30, 2007	30,000	10,825	17,571	28,396
Emergency/Transitional Stipend Contract Number HPS 05-15 July 1, 2005 – June 30, 2007	47,456	8,129	32,423	40,552
Totals	632,456	100,768	242,533	343,301
Total Federal and State Expenditures	\$842,456	\$152,830	\$315,724	\$468,554

KAUAI ECONOMIC OPPORTUNITY, INCORPORATED

FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

KAUAI ECONOMIC OPPORTUNITY, INCORPORATED

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

SUMMARY OF AUDIT RESULTS

The auditors expressed an unqualified opinion on the Organization's financial statements.

No deficiencies or combinations of deficiencies material to the Organization's internal control over financial reporting were reported by the auditors.

No instances of noncompliance material to the Organization's financial statements were reported by the auditors.

The auditors expressed an unqualified opinion on compliance for the Organization's major federal award programs.

No deficiencies or combinations of deficiencies material to the Organization's internal control over compliance were reported by the auditors.

No audit findings related to the Organization's major federal award programs were reported by the auditors.

The programs tested as major programs were the Community Development Block Grants/Small Cities Program (federal CFDA #14.219) passed through the County of Kauai, Office of Community Services, and the Home Investment Partnerships Program (federal CFDA #14.239) passed through the County of Kauai, Offices of Community Assistance comprising 57% of total expenditures of federal awards of a low-risk auditee.

The threshold for distinguishing Types A and B programs was \$300,000.

Kauai Economic Opportunity, Incorporated was determined to be a low-risk auditee because there were no findings or questioned costs in either of its two preceding annual single audits.

FINDINGS – FINANCIAL STATEMENTS AUDIT

In the current year, no deficiencies or combinations of deficiencies material to the Organization's internal control over financial reporting and no instances of noncompliance material to the Organization's financial statements were reported by the auditors.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

In the current year, the auditors expressed an unqualified opinion on compliance for the Organization's major federal award programs. No deficiencies or combinations of deficiencies material to the Organization's internal control over compliance were reported by the auditors in the current year.

KAUAI ECONOMIC OPPORTUNITY, INCORPORATED

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2007

FINDINGS – FINANCIAL STATEMENTS AUDIT

In the prior year, no deficiencies or combinations of deficiencies material to the Organization's internal control over financial reporting and no instances of noncompliance material to the Organization's financial statements were reported by the auditors.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

In the prior year, the auditors expressed an unqualified opinion on compliance for the Organization's major federal award programs. No deficiencies or combinations of deficiencies material to the Organization's internal control over compliance were reported by the auditors in the prior year.