

House District _____

Senate District _____

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

Log No: 152-0

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 (LEAVE BLANK IF UNKNOWN):

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

STATE PROGRAM I.D. NO. (LEAVE BLANK IF UNKNOWN):

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual:
Kokua Legal Services, Inc.

Dbas:

Kokua Legal Services, Inc.

Street Address:

2219 North School St. Hon. 96819

Mailing Address:

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name JORY WATLAND

Title PRESIDENT

Phone # 375-7492

Fax #84723371

e-mail jorywatland@att.net

3. TYPE OF BUSINESS ENTITY:

NON PROFIT CORPORATION

FOR PROFIT CORPORATION

LIMITED LIABILITY COMPANY

SOLE PROPRIETORSHIP/INDIVIDUAL

7. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

PROVIDE LEGAL AND HOUSING SERVICES TO THE KALIHI VALLEY COMMUNITY AND SURROUNDING AREAS

(Maximum 300 Characters)

4. FEDERAL TAX ID #

5. STATE TAX ID #:1063394

6. SSN (IF AN INDIVIDUAL):

8. FISCAL YEARS AND AMOUNT OF STATE FUNDS REQUESTED:

FY 2008-2009 \$100,000

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

Jory Watland President

1/31/08

Authorized signature

Name & Title

Date signed

Kokua Legal Services, Inc.

Background and summary

Kokua Legal Services, Inc. (KLS) is a 501c(3) non-profit organization established for the purpose of providing legal assistance to families of low-income housing in the Kalihi Valley community. This support includes, but is not limited to, providing information about tenants' rights and powers in public housing; working with State and County housing offices on new models for management in public housing; working with resident councils on empowerment and economic development programs; and working with all levels of government to renovate, restore, expand and more fully utilize low-income housing. It is the mission of Kokua Legal Services, Inc. to achieve fairness, equality, and justice for low-income residents through quality representation, advocacy, community partnerships, education, training, and outreach.

Kokua Legal Services, Inc. also provides access to justice by providing legal assistance to Kalihi Valley residents on family law issues such as divorce, adoption, and guardianship, and by working with other legal providers such as Legal Aid to provide services in the community.

On December 17, 2003, our Board of Directors amended the corporation's Articles of Incorporation to include provisions that allowed KLS to operate as a Community Development Housing Organization (CHDO) in Hawaii. The amended articles were filed with and approved by the State Department of Commerce and Consumer Affairs' Business Registration Division. Also, the amended articles were registered with the Internal Revenue Service.

On January 8, 2004, KLS submitted a request to the City and County of Honolulu to receive certification as a CHDO. The City and County of Honolulu sent a letter on July 27, 2004 recognizing Kokua Legal Services, Inc. as a CHDO as defined under the HOME Investments Partnerships Program.

In January 2006, KLS launched a massive project to eliminate housing discrimination against Micronesians. KLS has run landlord "tests" – having two callers posing as potential renter to see if the landlord responds differently based on the ethnicity of the caller. The effort has produced enough evidence for two lawsuits to be filed, one of them settled, and several investigations in the works.

Under the program, some 500 landlords with rentals on the market have been called, with Micronesians and Caucasians posing as potential renters.

The Honolulu Advertiser editorial on November 13, 2007 stated **“Kokua Legal Services has performed a necessary service that may deter some landlords from applying an illegal bias in dealing with these migrant residents as well as other disadvantaged groups. Their work also underscores the lack of legal services to such populations.”**
(see attachment)

There are four employees at Kokua Legal Services working on this project, along with civil-rights attorney Lunsford Phillips, who gained notoriety in the 1990's for filing a host of lawsuits against businesses that were allegedly not in compliance with the American with Disabilities act requirements.

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November 12, 2007

Section: Main

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Nonprofit fighting rental bias against Micronesians

Mary Vorsino

Advertiser Final

Already, 1 suit has been settled, with landlord agreeing to pay \$10,000

A year ago, a Kalihi nonprofit launched a massive project to root out housing discrimination against Micronesians - a problem, advocates at the agency say, that has grown with the influx of Micronesians to the Islands.

So far, Kokua Legal Services has settled one lawsuit with a landlord - who agreed to pay more than \$10,000, though admitting no wrongdoing - has filed another and is pursuing some half-dozen other landlords, the nonprofit said.

Under the ongoing program, some 500 landlords with rentals on the market have been called, with Micronesians and Caucasians posing as potential renters.

Members of the Micronesian community say the project raises much-needed awareness for renters and landlords, and is a vital step toward creating a fair housing market for Micronesians.

The project adds teeth to efforts to enforce fair housing laws and overcomes one of the main obstacles - victims being reluctant to come forward. And it could become a model for other advocacy agencies trying to stop housing discrimination against Hawai'i residents in all sorts of protected classes.

On the Mainland, several organizations, including the National Fair Housing Alliance, have kicked off similar projects and achieved positive results.

Micronesian leaders in Hawai'i hope the project has lasting effects.

They say blatant as well as subtle housing discrimination against new Micronesian immigrants and longtime residents alike continues to go largely unchecked. They also say it goes largely unreported because of fears about coming forward, language barriers and a lack of services to address the need.

"It seems to be getting worse," added Maria Narruhn, a founding member of Micronesians United, which has been trying to address housing discrimination, but whose resources are limited.

Narruhn said she knows 10 families who have been turned away from rentals on the market in the last year, and were likely discriminated against. Some of the cases involved the landlord actually saying Micronesians weren't welcome.

She believes two of her own family members were also victims of housing discrimination, including her son-in-law, who inquired about a one-bedroom for \$995 and was told, when he looked at the unit, that the rent had jumped to \$1,020.

With more Micronesians coming to the Islands every year, looking for employment and medical care, advocates say more attention needs to be paid to complaints of housing discrimination against them. Some also say the housing issue could be symptomatic of a larger discrimination problem.

Narruhn and others said many people hold negative stereotypes about Micronesians, which affect not only whether they get into a rental unit, but could affect whether they get a job. Micronesians are already at a disadvantage when they come to Hawai'i, Narruhn added, because many speak little English.

A GROWING POPULATION

Estimates put the Micronesian population in Hawai'i between 10,000 and 20,000. State officials and service providers say they are struggling to meet the needs of the growing group. And since many Micronesians need help with more immediate needs, such as healthcare and housing, advocates say the issue of housing discrimination has been put on the back burner.

That's left those trying to address the problem hard-pressed to pinpoint the scope of the problem. No service providers in Hawai'i collect data on the extent of housing discrimination against Micronesians and few have housing discrimination services tailored to members of the population, with interpreters and outreach programs.

In fact, agencies have little way of determining just how pervasive housing discrimination is among the entire population, much less a segment of the state, because of underreporting and an unwillingness among victims to follow through with complaints, which can take a year or more to adjudicate or settle.

Of the 43 cases of housing discrimination filed with the state Civil Rights Commission in fiscal year 2007, nine were based on race, national origin or color. The category of discrimination was the second most common among cases filed. The top reason for housing discrimination was disability status.

The commission does not track complaints by ethnicity or race and so could not say whether any ongoing cases involve Micronesians. Christopher Jones, deputy director of the commission, also said he did not know whether housing discrimination against Micronesians was any worse than against other groups.

Members of Micronesians United and other advocates say part of the reason the problem is so difficult to quantify is because many Micronesians don't come forward, either because they are afraid to or because they don't know where to go. Language barriers also prevent reporting.

Michael Shiroma, city fair housing officer, said Micronesians also have few places to turn for help, since many nonprofits do not have the money for interpreters and outreach programs.

"Micronesians aren't an underserved population, they're an unserved population," Shiroma said.

The problem is even more acute on the Neighbor Islands, where services are fewer and further between. Ron Fujiyoshi, a supporter of Micronesians United on the Big Island, said churches that serve Micronesians have started to address the problem, mostly by urging people to stick up for themselves against housing discrimination and other injustices.

"We're telling them to be like Jesus, be bold and persistent," Fujiyoshi said. "Micronesians themselves are so polite that they're easy to turn down. Even if they know they've been treated badly, it's not easy to get them to take action on their own."

But not everyone agrees housing discrimination against Micronesians is solely based on their national origin. The Rev. Akendo Onamwar, who leads the Micronesian congregation at Church of the Crossroads, said he has heard of cases that would likely qualify as housing discrimination against Micronesians, but he said the discrimination was likely based on the number of children a family had, the number of extended family members or other factors.

"It may be because of our big families," he said. "It may be because of our language barriers."

Onamwar also said Micronesian custom dictates that families help each other, which means one family could invite several other families in need of shelter to live with them. He said he understands why a landlord would be wary about having several families living under the same roof.

HOW THEY HELP

The **Kokua Legal Services** project started in January 2006, after board members at the nonprofit saw several cases dealing with housing discrimination and heard from community members that the problem was real.

Jory Watland, president of **Kokua Legal Services** and a founding member of the board, said most of the clients the nonprofit sees are Micronesian. Of the 150 cases it handles a year, about one-third deal with housing and a number of those are often linked to discrimination, he said.

"We want to address the need in the community," Watland said. The project, he added, is designed to "rectify the unwarranted ... discrimination" against Micronesians.

There are four employees at **Kokua Legal Services** working on the project, along with civil-rights attorney Lunsford Phillips, who gained notoriety in the 1990s for filing a host of lawsuits against businesses that were allegedly not in compliance with American with Disabilities Act requirements. Phillips could not be reached for comment yesterday.

The project is similar to landlord testing work the **Legal Aid Society of Hawai'i** has also done.

But Cynthia Thomas, manager of the Fair Housing Project at the society, noted that the society has never filed a lawsuit based on landlord tests, and also has never focused on discrimination against Micronesians.

Thomas said there is legal precedent for testing projects suing landlords for discrimination. So far, though, she said **Legal Aid** has not found conclusive evidence through its tests.

Testers have found "hints of discrimination," she said, in which cases **Legal Aid** attorneys call or write the landlord to give them more information on state and federal fair housing laws.

The first lawsuit **Kokua Legal Services** filed as part of the project involved a landlord, who was advertising a two-bedroom unit in 'Aiea. According to court documents, a Micronesian tester at **Kokua Legal Services** called the 'Aiea landlord to inquire about the apartment and was told it was not available. The landlord also told the caller that he had no other units available, the documents allege.

Fifteen minutes later, a Caucasian tester at **Kokua Legal Service** called the landlord to inquire about the apartment and was told it was available. The landlord also allegedly told the tester he had other rentals that were empty.

The lawsuit filed by **Kokua Legal Services** in July 2006 said the Micronesian caller identified herself as Micronesian before inquiring about the rental.

The case was settled in May. The landlord and his attorney declined comment on the case, citing a confidentiality agreement as part of the settlement. The terms of the settlement agreement were not made public, but Watland said the landlord agreed to pay the plaintiffs more than \$10,000.

Kokua Legal Services filed its second lawsuit as part of the project in September, alleging that two landlords who were renting a North King Street unit for \$2,000 a month discriminated against a Micronesian tester, then offered the unit to a Caucasian caller.

In an October answer to the complaint, the landlords denied the allegations. The landlords could not be reached for comment, and lawyers for the two did not return calls.

Reach Mary Vorsino at mvorsino@honoluluadvertiser.com or 754-8286.

Drop-in:

FAIR HOUSING LAW

Chapter 515 in the Hawai'i Revised Statutes details Hawai'i's fair housing law, which has more protective classes than the federal Fair Housing Act.

The state law prohibits discriminatory housing practices on the basis of race, gender, sexual orientation, color, religion, marital status, familial status, ancestry, disability, age or HIV infection.

Violations of the law include refusing to rent, sell or grant a loan to someone based on one or more of the protected classes.

Landlords found guilty of violating state or federal fair housing laws are subject to fines, and may also have to pay damages.

WHERE TO GET HELP

- **Kokua Legal Services:** 847-3371
- **Legal Aid Society of Hawai'i Fair Housing hot line:** 866-527-3247
- **State Civil Rights Commission:** 586-8636
- **U.S. Department of Housing and Urban Development:** 522-8175

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November 13, 2007

Section: Main

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Editorials

Advertiser Final

Ending housing bias will take joint efforts

Some problems won't rise to the surface on their own but need an advocate to bring them to light. The nonprofit legal group **Kokua Legal Services** has been fulfilling that critical function for one of Hawai'i's neediest populations: Micronesians.

Kokua has spent a year pursuing complaints of housing discrimination against Micronesians by running landlord "tests" - having two callers posing as potential renters to see if the landlord responds differently based on the ethnicity of the caller. The campaign has produced enough evidence for two lawsuits to be filed, one of them settled, and several investigations in the works.

Discrimination against Micronesians and other underprivileged groups is worse than the statistics would suggest, the experts say, because relatively few of the victims know their rights or have the inclination to file a complaint. So the "test" approach has clear advantages and should be used more frequently by agencies that work to uphold civil rights.

Larger-scale landlords are aware how much flagrant bias can cost them in financial settlements, but more

educational outreach to small, mom-and-pop landlords on housing discrimination laws should be a priority for these agencies.

Kokua Legal Services has performed a necessary **service** that may deter some landlords from applying an illegal bias in dealing with these migrant residents as well as other disadvantaged groups. Their work also underscores the lack of **legal services** to such populations.

But the rest of us have a role to play, too, in deterring discrimination. Social **service** organizations such as **Kokua** and the **Legal Aid Society** can launch investigations but informational tips will provide a starting point. Anyone who finds hints of discrimination in rental advertising or in conversations should pass along that lead (see box).

Tolerating bias against one group makes it easier to commit bias against another. Upholding fair-housing laws, ultimately, protects everyone.

Drop-in:

TO REPORT BIAS:

Kokua Legal Services, 847-3371

Legal Aid Society of Hawai'i, 866-527-3247

State Civil Rights Commission, 586-8636

U.S. Department of Housing and Urban Development, 522-8175

Drop-in:

Join the conversation. Post your comments about our editorials at

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Kokua Legal Services, Inc.

II. Service Summary and Outcomes

1. KLS will focus on three distinct areas of effort consistent with our charter.
 - (a.) We will continue to provide 'sponsor' support to the two resident associations (Hauiki Housing and Kalihi Valley Homes Resident Association) we have a memorandum of agreement to serve. Both housings have excessive vacancies, which limit the resources the State generates to build stronger communities. Our goal is to reduce the vacancies by working with the Resident Councils, the Resident Advisory Board (RAB), and the Hawaii Public Housing Agency.
 - (b.) The Discrimination Project, begun in 2006, will focus on reducing the discrimination in housing affecting the Micronesian community. Our testing program will continue to make 500 test calls a month, until we have three consecutive months with no discrimination "finds".
 - (c.) KLS as a CHDO will acquire land to develop 65 affordable rental units on Oahu. Applications for development funds will be complete within the year. Concept drawings will be presented to prospective tenants and 50% of the planned units will be reserved by eligible families.
2. Each of the above referenced activities will be accomplished within 12 months of the release of funds.
3. Progress reports on each goal will be prepared monthly to the funding department.
 - (a.) KLS will meet with either or both of the Associations monthly at the Exec. Bd. meetings and/or the general membership meetings and be available for consultation, education, and support a minimum of ten hours each month.
 - (b.) Calls will be logged on a weekly basis and Discrimination filings will be copied to the funding department on a monthly basis.
 - (c.) A property large enough to accommodate 65 units has been identified on the Waianae Coast. Early investigation indicates that with a concerted effort the land can be leased long term, conceptual plans can be developed, and there is a pool of potentially eligible applicants in the community. The progress of putting these pieces in place will be reported on a quarterly basis.
4. The measure of effectiveness will be the timely completion of each targeted activity and the verification by the funding department of completion of each time frame and activity.

Kokua Legal Services, Inc

Experience and Capability; Project Organization

Kokua Legal Services started in 1999, with a vision to provide the people of Kalihi Valley with help in the areas of family law, tenants rights, and homeownership. In 2002, the United States Census identified Kalihi Valley as a community with the highest poverty level in the State of Hawaii. This concern, along with requests of residents of Kalihi Valley, prompted KLS to take the initiative to expand its services to address a broader range of activities that would have a measurable impact on the lives of families in Kalihi Valley. These services are designed to help low and moderate income families to become self-sufficient and to implement affordable housing and economic development activities. Our mission is to serve the residents of Kalihi Valley, and to provide a helping hand along with a system of support.

Kokua Legal Services, Inc. has three departments that specialize in their given area:

Department of Legal Services

- * Bankruptcy
- Child custody
- Child support
- Divorce
- Tenants rights

Department of Economic Development

- Business Plans
- Business Financing
- Business Consultation & Development
- Business & Commercial Acquisition

Department of Housing & Community Development

- Assist Section 8 Applicants
- Assist Section 8 Rental Housing
- Section 8 Homeownership Development
- Public Housing Homeownership Development
- Public Housing Resident Organization Development (Resident Councils)
- Development of Resident Management Corporations
- Development of Resident Non-Profit Organizations

Kokua Legal Services, Inc

Funding Requirements

Funds are necessary to support:

- a. Attorney providing low cost or free legal services to residents of Kalihi Valley
\$50/hr @ 6 hrs/week = \$1,200 mo. X 12 mos. = \$14,400
- b. Case management and housing project support staff
\$3,000 mo. X 12 mos. = \$36,000
- c. Office manager
\$3,000 mo. X 12 mos. = \$36,000
- c. Office space
\$1.40 sq. ft. X 300 sq. ft. = \$420/mo. X 12 mos. = \$5,040
- d. Equipment
Computer and printer/scan/fax = \$1,500
- e. Utilities
Telephone, electric, water @ \$100 mo. X 12 mos. = \$1,200
- f. Office Supplies
File folders, copy paper, labels, binders, notepads, pens, etc @ \$83/mo. X 12
mos. = \$1000

Total Expenses	\$95,140
Indirect Cost (5%)	<u>4,860</u>
Total Budget	\$100,000

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

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

Applicant: Kokua Legal Services, Inc.

BUDGET CATEGORIES	Total State Funds Requested (a)	(b)	(c)	(d)
A. PERSONNEL COST				
1. Salaries	86,400			
2. Payroll Taxes & Assessments				
3. Fringe Benefits				
TOTAL PERSONNEL COST	86,400			
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance				
3. Lease/Rental of Equipment	1,500			
4. Lease/Rental of Space	5,040			
5. Staff Training				
6. Supplies	1,000			
7. Telecommunication				
8. Utilities	1,200			
9				
10				
11 Indirect costs(5%)	4,860			
12				
13				
14				
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES				
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL				
TOTAL (A+B+C+D+E)	100,000			
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	100,000	JORY WATLAND 847.2301 Name (Please type or print) Phone		
(b)		[Redacted] 1/21/09 Signature of Authorized Official Date		
(c)		Jory Watland, President Name and Title (Please type or print)		
(d)				
TOTAL REVENUE				

**BUDGET JUSTIFICATION
PERSONNEL - SALARIES AND WAGES**

Applicant: Kokua LeGAL Services, Inc.

Period July 1, 2008 to June 30, 2009

POSITION TITLE	FULL-TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME BUDGETED TO REQUEST B	TOTAL SALARY BUDGETED IN REQUEST A x B A x B
Attorney		14,400		14,400
Case Management/housing project support staff		36,000		36,000
Office Manager		36,000		36,000
TOTAL:				86,400
JUSTIFICATION/COMMENTS:				

Kokua Legal Services, Inc.

Quality Assurance and Evaluation

As mentioned earlier, KLS plans to utilize new resources to accelerate and articulate the homeownership program to the families that reside in Hauiki Homes. Staff will conduct meetings with the residents to educate them about the prospects of homeownership and financial requirements and responsibilities, including the training related to Individual Development Accounts (IDA). IDA's are an innovative policy tool that enable low-income families to build assets and achieve economic well-being. Residents will be encouraged to save money to invest in their human capital, and in so doing, increase their own economic security and that of their children. Assets like a home help people feel more confident. They increase stability for families and children and they help people think about the future. Self-sufficiency leads to a more hopeful, positive outlook on life

This project would be deemed successful if it produced a favorable result that is assessed in terms of effectiveness, impact, sustainability, and contribution to capacity development. Evaluation methods would include surveys, interviews, and focus groups of a sample of residents trained. The data collected from these residents would validate the Project's objective of financial empowerment to the Hauiki residents.

Analysis of the Project would include determination 1) whether the program is reaching its intended beneficiaries; 2) whether there have been any other impacts of effects, intended or otherwise, positive or negative, of the Project (incremental effects, duplication, etc.); 3) whether there are other potential recipients who could benefit from the Project; and 4) whether there is evidence that in the absence of program support or funding, recipients would have undertaken the activity or initiative anyway?

The Hauiki Homes Project would produce a quarterly report that would supply a full and detailed account of work carried out under the Project, including its objectives, scope, method, results, and additional sources of information.

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

DEPARTMENT OF THE TREASURY

Date :

APR 24 2000

KOKUA LEGAL SERVICES INC
2243 KALAUNU ST
HONOLULU, HI 96819

Employer Identification Number:
99-0344874
DLN:
17053337012029
Contact Person:
B. THORNTON ID# 95034
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
June 30
Foundation Status Classification:
170(b)(1)(A)(vi)
Advance Ruling Period Begins:
September 15, 1999
Advance Ruling Period Ends:
June 30, 2004

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 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

Letter 1045 (DO/CG)

KOKUA LEGAL SERVICES INC

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 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

KOKUA LEGAL SERVICES INC

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.

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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
Director, Exempt Organizations

Enclosure(s):
Form 872-C

Internal Revenue Service
Director, Exempt Organizations

Department of the Treasury
P.O. Box 2508
Cincinnati, Ohio 45201

Date: OCT 1 - 2001

Kokua Legal Services, Inc.
2219 North School Street
Honolulu, Hawaii 96819

Person to Contact - ID#:
Gary L. Botkins - 31463
Contact Telephone Numbers:
513-263-3484 Phone
513-263-3669 FAX
Federal Identification Number:
99-0344874

Dear Sir or Madam:

Thank you for the information recently submitted regarding your change in activities. We have made it part of your file.

The organization has indicated that they now will provide low-income housing to the community. The organization has stated they will work with the State of Hawaii and HUD to provide this low-income housing to qualifying individuals. The housing program will start with 46 units that are currently owned by the State of Hawaii. The organization will buy these units from the State of Hawaii and sell them to low-income individuals.

The changes indicated do not adversely affect your exempt status and the exemption letter issued to you continues in effect.

Please let us know about any future changes in the character, purposes, method of operation, name or address of your organization. This is a requirement for retaining your exempt status.

Thank you for your cooperation.

Sincerely,



Lois G. Lerner
Director, Exempt Organizations
Rulings and Agreements

**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.

Kokua Legal Services, Inc.
(Individual or Organization)
[Redacted Signature]
(Signature)

1/31/08
(Date)

Jory Watland
(Typed Name)

President
(Title)