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William Haase

January 19, 2016

Senate Committee on Ways and Means
State Capitol, Room 207
Honolulu, HI 96813

RE: 2016 Grant In Aid Application

Aloha,

Enclosed you will find the completed 2016 Grant in Aid application for Molokai Land Trust. We would like to thank our elected members for their time reviewing and considering our proposal. If you should need any additional information, please do not hesitate in contacting me at any time.

For additional information requests, please email me at butch@molokailandtrust.org, or call me at the office at (808) 366-6675.

Mahalo,


William Haase
Executive Director

Enclosures

House District 13

Senate District 7

THE TWENTY-EIGHTH LEGISLATURE
APPLICATION FOR GRANTS
CHAPTER 42F, HAWAII REVISED STATUTES

Log No:

For Legislature's Use Only

Type of Grant Request:

GRANT REQUEST - OPERATING

GRANT REQUEST - CAPITAL

"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.

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

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN):

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

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual:
Molokai Land Trust
Dba:

Street Address:
40 Ala Malama, Suite 105, Kaunakakai, HI 96748
Mailing Address:
P.O. Box 1884
Kaunakakai, HI 96748

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name WILLIAM "BUTCH" HAASE
Title Executive Director
Phone # (808) 553-5626
Fax # (808) 553-3950
E-mail butch@molokailandtrust.org

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION INCORPORATED IN HAWAII
- FOR PROFIT CORPORATION INCORPORATED IN HAWAII
- LIMITED LIABILITY COMPANY
- SOLE PROPRIETORSHIP/INDIVIDUAL
- OTHER

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

PHASE I DEVELOPMENT OF ENVIRONMENTAL SCIENCE EDUCATION FACILITY FOR MOLOKAI LAND TRUST LOCATED IN KUALAPUU, HAWAII

4. FEDERAL TAX ID #: [REDACTED]
5. STATE TAX ID #: [REDACTED]

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2017: \$ 508,121.00

8. 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	\$ 0
FEDERAL	\$ 0
COUNTY	\$ 0
PRIVATE/OTHER	\$180,000

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE

[REDACTED]

AUTHORIZED SIGNATURE

WILLIAM HAASE, EXECUTIVE DIRECTOR

NAME & TITLE

DATE SIGNED

1/13/16



RECEIVED
1/21/16 *na*

Application for Grants

If any item is not applicable to the request, the applicant should enter "not applicable".

I. Background and Summary

This section shall clearly and concisely summarize and highlight the contents of the request in such a way as to provide the State Legislature with a broad understanding of the request. Please include the following:

1. A brief description of the applicant's background;

The Molokai Land Trust (MLT) is a federally recognized 501c3 public charity originally created in 2006 to preserve and restore Molokai's unique natural and cultural resources and to benefit the island's population, particularly Native Hawaiians. MLT has embarked on an ambitious program to restore the roughly 2,000 acres it presently owns to pre-settlement natural habitats, to protect and make accessible the valuable archeological resources on its lands, and to make the land accessible for cultural and subsistence practices. MLT has already gained recognition from State and Federal preservation program both for its innovative scientific approaches and its practical success, having already returned over 50 acres of former Kiawe scrub to native vegetation and protected the archeological evidence of both a major adze quarry and a fishing village dating to the 16th century.

As part of its community orientation, MLT initiated a program to involve, inform, and educate Molokai's youth in the value of this mission. This education program was started through a partnership with teachers at the Molokai Middle School as a way to integrate hands-on outdoor science related activities to complement the classroom curriculum. These activities were woven into MLT's pioneering and impressive ecological restoration projects on its protected lands, including the largest dune restoration project of its kind in the State. The program has proven to be a solid success with firm partnership with all schools on the Island participating and supporting the science education aspects of the program. In 2015, MLT expanded its mission to include education in response to the communities growing demand for participation in our service-learning program.

2. The goals and objectives related to the request;

- a) Transform the educational programs thus far implemented by MLT into a solid STEM related environmental science education program for all schools on Molokai

- b) Provide a native plant laboratory accessible to and within walking distance for over 75% of all students on Molokai
 - c) Provide an open air classroom in which science teachers can also prepare their students for service learning projects, including a convenient starting and ending point for student activities on MLT lands
3. The public purpose and need to be served;
- a) Improve science education opportunities for all K-12 students on Molokai, supplementing the Department of Education STEM efforts
 - b) Expand the service learning opportunities which have proven to motivate previously disinterested students in the exploration of environmental sciences
 - c) Provide the foundation for development of a center on native plants, history of Molokai, and cultural practices for the entire community of Molokai
4. Describe the target population to be served; and

The primary target population to be served is the K-12 school children of Molokai and their teachers, predominantly the faculty of Department of Education schools on the Island. The nature of the program skews to serve middle school and high school students who are in formal STEM programs.

The secondary target population is the extended group of adult volunteers who help organize these programs and support the children and the teachers as they explore native plants and the lands owned and managed by MLT. The proposed center will greatly simplify delivery of volunteer support in both logistics and in providing a centralized laboratory classroom where group discussions will be easier and more effective than in the open spaces on MLT lands.

5. Describe the geographic coverage.

This project will facilitate services to the entire island of Molokai as well as visitors from off island interested in participating in our programs.

II. Service Summary and Outcomes

The Service Summary shall include a detailed discussion of the applicant's approach to the request. The applicant shall clearly and concisely specify the results, outcomes, and measures of effectiveness from this request. The applicant shall:

1. Describe the scope of work, tasks and responsibilities;

Funding from this request will complete the purchase of a one-acre commercial lot, selected for its location relative to the schools serving the vast majority of Molokai students, where the facility will be constructed and cover all of the initial

site work in preparation for the environmental science education building and plant production facility. Molokai Land Trust Executive Director will oversee all of the above activities and work with an approved contractor (Maui Master Builders) to carry out the civil site work to prepare the site for final building construction and immediate educational program activities with the local schools.

2. Provide a projected annual timeline for accomplishing the results or outcomes of the service;

Upon awarding of funding through this proposal, MLT will immediately close on the fee simple acquisition of the commercial lot and initiate a contract for the site work (see Exhibits A & B) on the property, which is anticipated to be complete within 12 months of the awarding of funds.

Once site work is complete, MLT will use funding already secured through the Cooke Foundation to complete construction of an 8,500 square foot outdoor education lab and plant research and production facility. This will allow for the initiation of STEM curriculum integration between the site and the local Middle & High School. MLT is currently partnered with Molokai Middle School to provide service-learning opportunities through MMS science programs. The site will serve as a field lab for the aforementioned schools as well as the Molokai Community College Campus and elementary school programs as needed.

3. Describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results; and

Molokai Land Trust has a strong track record of completing the deliverables of awards from federal, state, county, and private funding sources for the last 8 years. Representatives from the USFWS, USDA NRCS, Office of Hawaiian Affairs, DLNR DoFAW, The Nature Conservancy, and multiple foundation funds through Hawaii Community Foundation can verify that MLT is fully capable of performing stated objectives within time parameters and producing results at or beyond stated intentions.

MLT will review expenditures and progress on the construction portion of this project on a monthly basis with the addition of weekly progress updates from the contractor. Any budget discrepancies will be addressed immediately with corrective measures taken to maintain the integrity of the overall product and maintenance of the program budget. Progress reports can be provided to the granting agency at a schedule that meets their satisfaction. Any unplanned changes to the overall project plan will only be implemented with the addition of new funding sources to cover any additional costs and maintain the project timeline.

MLT is willing to enter into a signed assurance agreement to provide guarantees as necessary.

4. List the measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency). The measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment. Please note that if the level of appropriation differs from the amount included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.

Measures of effectiveness that MLT will report to the State agency through which grant funds are appropriated will be as follows unless otherwise specified by the expending agency:

- a) Verification of closing on fee acquisition of TMK 5-2-028-100-0000 by Molokai Land Trust within the granting period.
- b) Verification of Civil Site Work components listed in Exhibit A completed within grant cycle with associated budget accounting of component costs as per grant agreement.
- c) Initiation of Cooke Foundation funded 8,500 square foot outdoor education lab and plant research and production facility following initial site work completion and funds availability from Cooke Foundation.
- d) Evidence of one new formal partnership with public DOE school, and data on the number of students served through the MLT education program.
- e) One short video production highlighting the benefits of this activities of this grant and education program

III. Financial

Budget

1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.
2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2017.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
235,000	100,000	100,000	73,121	508,121

3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2017.

Upon receipt of GIA award and initiation of site work on the project, the following grant applications will be submitted during the FY17 budget cycle:

Atherton Family Foundation - \$500,000

Castle Foundation - \$500,000
McInerny/Bank of Hawaii Foundation - \$1,000,000
Clarence TC Ching Foundation - \$500,000

Certain private foundation funding requests can only be submitted after construction is underway. Successful grant awards from the above list of anticipated proposals will allow MLT to complete the project in its entirety (Exhibit C).

MLT has also secured a four year \$100,000 grant from the Cooke Foundation to complete the architectural and engineering on Phase II of the building and construction costs for the nursery facility. MLT has also raised an additional \$80,000, which were used to complete the initial architectural and engineering necessary to proceed with the activities listed under this grant proposal. These funds are listed on the cover sheet under Section 8 of funds secured (private/other) for this project.

4. The applicant shall provide a listing of all state and federal tax credits it has been granted within the prior three years. Additionally, the applicant shall provide a listing of all state and federal tax credits they have applied for or anticipate applying for pertaining to any capital project, if applicable.

No Federal or State Tax Credits have been awarded to the applicant.

MLT has been working over the last three years with Pacific Growth Associates on the federal New Markets Tax Credits Program for the initial \$1,200,000 for the project. MLT procured the land with a balloon mortgage from the owner. In order to become "shovel ready," MLT successfully completed the initial architectural and engineering for Phase I of the project and obtained an approved grading permit from the County of Maui to begin work on the project. These efforts were supported financially through direct fund raising efforts of MLT from private individuals and foundations. With those items complete and supporting documentation provided, Pacific Growth Associates indicated that they had identified funding entities for the program and were awaiting a term sheet. At that moment, Pacific Growth Associates learned that the rules covering the allowable asset leveraging were changed, which made MLT assets invalid, thereby killing the project in the fall of 2015.

5. The applicant shall provide a listing of all federal, state, and county government contracts and grants it has been and will be receiving for program funding.

No federal, state or county contracts or grants have been awarded for this project.

MLT has received a Legacy Land Conservation Grant award for \$500,000 for an unrelated 900+ acre conservation easement purchase on the east end of the island.

5. The applicant shall provide the balance of its unrestricted current assets as of December 31, 2015.

Molokai Land Trust approximate unrestricted current asset value as of December 31, 2015 totals \$226,921, please note that final accounting for December 2015 was not complete at the time this proposal was prepared.

IV. Experience and Capability

A. Necessary Skills and Experience

The applicant shall demonstrate that it has the necessary skills, abilities, knowledge of, and experience relating to the request. State your experience and appropriateness for providing the service proposed in this application. The applicant shall also provide a listing of verifiable experience of related projects or contracts for the most recent three years that are pertinent to the request.

- a) The MLT Executive Director will be acting as the overall project manager for this project. MLT Executive Director was a former general contractor for many years with a successful track record of managing complex private and commercial construction projects and managing vendors and contracted personnel.
- b) MLT specializes in land transactions and is highly capable of completing the land acquisition portion of this project. Over the last three years, MLT has completed the fee acquisition of 1,769 acres and five miles of shoreline on the NW coast of Molokai.
- c) Under the leadership of the MLT ED, the organization has successfully installed utilities improvements including 2 miles of water line to provide water service to NW Molokai for the first time in around 40 years, and constructed and maintained ungulate control fences in over a mile of remote terrain in extremely corrosive conditions.
- d) MLT has successfully been contracted by The Nature Conservancy of Hawaii to conduct dune restoration activities at Mo'omomi for 4 years. Through this work, MLT has demonstrated its ability to coordinate multi organizational efforts to address unforeseen events in quick fashion.
- e) The MLT's ED currently directs the environmental science educational service component, and as the capacity is built through this project, additional competent personnel will be hired to facilitate the growing program needs and demands.

B. Facilities

The applicant shall provide a description of its facilities and demonstrate its adequacy in relation to the request. If facilities are not presently available, describe plans to secure facilities.

- a) MLT currently operates out of four different locations across central Molokai. Offices, equipment storage, and growing facilities are scattered which results in a less than optimal operating efficiency. This grant request is for the development of facilities to consolidate and broaden the services currently provided by MLT.
- b) Additional funding sources have been identified above to complete the overall facility budget and allow for complete build-out once the initial foundation of the project has been initiated.
- c) Currently MLT provides STEM related field experience to every 7th grade student on island as it has for the past four years. This has been accomplished with the restoration areas and test plots located remotely on the Moku lands of MLT.
- d) Demand from other school and educational programs like the Hawaiian immersion programs, have prompted our organization to look towards building the capacity to broaden the reach of our popular educational support program, by constructing a new 10,000 s.f. facility within one mile of 75% of Molokai's student population.

V. Personnel: Project Organization and Staffing

A. Proposed Staffing, Staff Qualifications, Supervision and Training

The applicant shall describe the proposed staffing pattern and proposed service capacity appropriate for the viability of the request. The applicant shall provide the qualifications and experience of personnel for the request and shall describe its ability to supervise, train and provide administrative direction relative to the request.

Project Staffing as per Organization Chart below (Section V.B.), further details can be provided as requested:

MLT Capital Projects & Facilities Committee

George Benda, Chair

CEO, Chelsea Group Ltd., Maunaloa, HI 1990-Present

President & CEO, Hospital Efficiency Corporation, Boston, MA 1985-1990

President, Chelsea Group, Ltd, Springfield, IL 1983-1985

Director of Energy Programs, State of Illinois, Chicago, IL 1972-1983

43-year history of successfully managing extensive and complex projects, agencies, personnel and budgets. See attached resume.

MLT Executive Director

William Haase

Executive Director, MLT 2008-Present

Director, Hui Ho'olana, Kualapu'u, HI 1997-2015

Owner/General Contractor, ROCK STAR, LLC, Olympia, WA 1999-2008

Seven years of directing & growing a start-up nonprofit, multimillion dollar asset accumulation, community support, partnership development, project development, coordination and implementation. Other capabilities include General Contractor for residential and commercial projects, personnel management, volunteer coordination, and complex project design & management experience spanning 15 years

Architectural Drafting Services

Luigi Manera

Owner 1989-2015

Draftsman, Pole House of Hawaii, 1986-1989

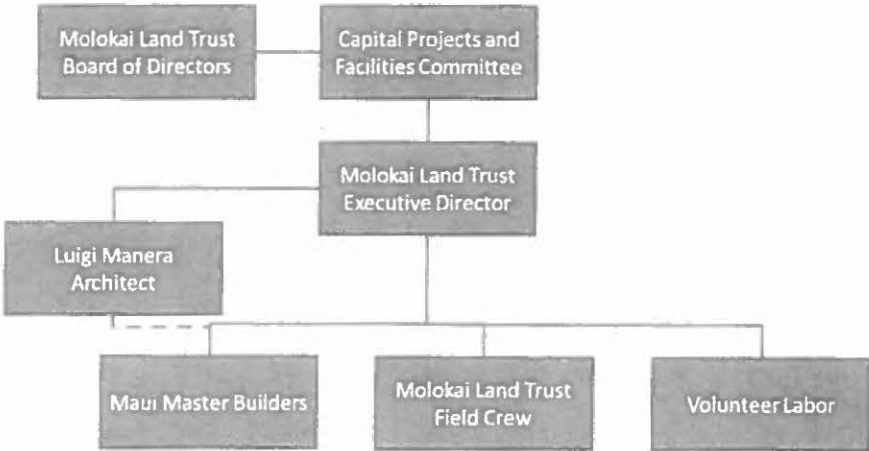
Draftsman, Architectural Associates 1984-86

26-year history of designing, managing and implementing construction projects on Molokai. Extensive experience working with Maui County Department of Planning, engineering firms, contractors and vendors.

B. Organization Chart

The applicant shall illustrate the position of each staff and line of responsibility/supervision. If the request is part of a large, multi-purpose organization, include an organization chart that illustrates the placement of this request.

Project Organization



C. Compensation

The applicant shall provide the annual salaries paid by the applicant to the three highest paid officers, directors, or employees of the organization by position..

Molokai Land Trust has two paid employees:
Executive Director – Annual Salary \$70,000 plus benefits
Field Coordinator – Annual Salary \$29,000 plus benefits

Board Officers and Directors serve on a voluntary basis and receive no financial compensation.

VI. Other

A. Litigation

The applicant shall disclose any pending litigation to which they are a party, including the disclosure of any outstanding judgement. If applicable, please explain.

There is no current or pending litigation involving the Molokai Land Trust, no known cause of action, and no outstanding judgement, to the best of our knowledge.

B. Licensure or Accreditation

The applicant shall specify any special qualifications, including but not limited to licensure or accreditation that the applicant possesses relevant to this request.

The Executive Director holds Permit P-140 from The State of Hawaii DLNR for the possession, propagation and outplanting of Federally listed endangered species.

C. Private Educational Institutions

The applicant shall specify whether the grant will be used to support or benefit a sectarian or non-sectarian private educational institution. Please see Article X, Section 1, of the State Constitution for the relevance of this question.

Not Applicable

D. Future Sustainability Plan

The applicant shall provide a plan for sustaining after fiscal year 2016-17 the activity funded by the grant if the grant of this application is:

- (1) Received by the applicant for fiscal year 2016-17, but
- (2) Not received by the applicant thereafter.
 - a) Molokai Land Trust has a base funding for its operations through a lease of a portion of the lands it owns; this lease was in place when the lands were gifted to the Land Trust and remain as a viable long term funding source and will enable the perpetuation of MLT in its mission.
 - b) MLT has developed a solid track record in grants related to its mission related to preservation and restoration of native habitats from Federal, State, and private funding sources, which have supported the restoration efforts on the lands, installation of core infrastructure for preservation on the remote lands, and expansion of lands under management; these grants are variable depending on availability, but the total grants have continued to grow under the current management of MLT
 - c) MLT has aggressively pursued funding for the educational facilities for which this GIA has been prepared; cofounders have been identified and some have committed, but all require the underlying property acquisition and Phase I construction before they will perfect their commitments; by funding this program in 2016, the Hawaii GIA program will enable continued private and federal commitments to fund the full development of the educational and operational facilities of MLT

- d) MLT has also pursued direct individual funding contributions, as well as volunteer efforts, in support of the MLT mission, which provided all of the Phase 0 development work of property acquisition, site analysis, and preliminary architectural and engineering work for the project; private fundraising has continued and intensified and will provide the matching base for future grants to enable completion of the project.

E. Certificate of Good Standing (If the Applicant is an Organization)

If the applicant is an organization, the applicant shall submit one (1) copy of a certificate of good standing from the Director of Commerce and Consumer Affairs that is dated no earlier than December 1, 2015.

Attached to the application.

BUDGET REQUEST BY SOURCE OF FUNDS

Period: July 1, 2016 to June 30, 2017

Applicant: Molokai Land Trust

BUDGET CATEGORIES	Total State Funds Requested (a)	Total Federal Funds Requested (b)	Total County Funds Requested (c)	Total Private/Other Funds Requested (d)
A. PERSONNEL COST				
1. Salaries				45,000
2. Payroll Taxes & Assessments				9,000
3. Fringe Benefits				6,173
TOTAL PERSONNEL COST				60,173
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance				9,000
3. Lease/Rental of Equipment				
4. Lease/Rental of Space				8,470
5. Staff Training				
6. Supplies				4,500
7. Telecommunication				3,360
8. Utilities				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES				25,330
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL	508,121			2,680,000
TOTAL (A+B+C+D+E)	508,121			2,765,503
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	508,121	William Haase (808) 553-5626		
(b) Total Federal Funds Requested		Name (Please type or print) Phone		
(c) Total County Funds Requested		Signature of Authorized Official Date		
(d) Total Private/Other Funds Requested	2,765,503	William Haase, Executive Director		
TOTAL BUDGET	3,273,624	Name and Title (Please type or print)		

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Period: July 1, 2016 to June 30, 2017

Applicant: Molokai Land Trust

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
No Equipment or Vehicles are being requested with this grant request			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:			\$ -	

JUSTIFICATION/COMMENTS:

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:			\$ -	

JUSTIFICATION/COMMENTS:

No Equipment or Vehicles are being requested with this grant request.

BUDGET JUSTIFICATION - CAPITAL PROJECT DETAILS

Period: July 1, 2016 to June 30, 2017

Applicant: Molokai Land Trust

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OTHER SOURCES OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2014-2015	FY: 2015-2016	FY:2016-2017	FY:2016-2017	FY:2017-2018	FY:2018-2019
PLANS	75000	25000		25000	16000	
LAND ACQUISITION			235000			
DESIGN						
CONSTRUCTION			273121	2500000	9000	25000
EQUIPMENT						
TOTAL:	75,000	25,000	508,121	2,525,000	25,000	25,000
JUSTIFICATION/COMMENTS: Cooke Foundation award covers \$25,000 /year for FY16-17 through FY18-19, and completes all plans and nursery construction costs for the project. FY16-17 Private funds will be requested from family foundations after construction is underway.						

GOVERNMENT CONTRACTS AND / OR GRANTS

Applicant: Molokai Land Trust

Contracts Total: -

	CONTRACT DESCRIPTION	EFFECTIVE DATES	AGENCY	GOVERNMENT ENTITY (U.S. / State / Haw / Hon / Kau / Mau)	CONTRACT VALUE
1	No Government Contracts or Grants - N/A				-
2					
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**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS PURSUANT TO
CHAPTER 42F, HAWAI'I REVISED STATUTES**

The undersigned authorized representative of the applicant certifies the following:

- 1) The applicant meets and will comply with all of the following standards for the award of grants pursuant to Section 42F-103, Hawai'i Revised Statutes:
 - a) 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 is awarded;
 - b) Complies 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;
 - c) Agrees not to use state funds for entertainment or lobbying activities; and
 - d) Allows the state agency to which funds for the grant 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 ensuring the proper expenditure of the grant.

- 2) If the applicant is an organization, the applicant meets the following requirements pursuant to Section 42F-103, Hawai'i Revised Statutes:
 - a) Is incorporated under the laws of the State; and
 - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant is awarded shall be conducted or provided.

- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawai'i Revised Statutes:
 - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
 - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawai'i Revised Statutes, for grants used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant used for the acquisition of the land.

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

Molokai Land Trust
(Typed Name of Individual or Organization)


(Signature)

1/13/16
(Date)

William Haase
(Typed Name)

Executive Director
(Title)



STATE OF HAWAII
STATE PROCUREMENT OFFICE

CERTIFICATE OF VENDOR COMPLIANCE

This document presents the compliance status of the vendor identified below on the issue date with respect to certificates required from the Hawaii Department of Taxation (DOTAX), the Internal Revenue Service, the Hawaii Department of Labor and Industrial Relations (DLIR), and the Hawaii Department of Commerce and Consumer Affairs (DCCA).

Vendor Name: **MOLOKA`I LAND TRUST**

DBA/Trade Name: **MOLOKA`I LAND TRUST**

Issue Date: **01/13/2016**

Status: **Compliant**

Hawaii Tax#: [REDACTED]
FEIN/SSN#: [REDACTED]
UI#: No record
DCCA FILE#: [REDACTED]

Status of Compliance for this Vendor on issue date:

Form	Department(s)	Status
A-6	Hawaii Department of Taxation	Compliant
	Internal Revenue Service	Compliant
COGS	Hawaii Department of Commerce & Consumer Affairs	Exempt
LIR27	Hawaii Department of Labor & Industrial Relations	Pending

Status Legend:

Status	Description
Exempt	The entity is exempt from this requirement
Compliant	The entity is compliant with this requirement or the entity is in agreement with agency and actively working towards compliance
Pending	The entity is compliant with DLIR requirement
Submitted	The entity has applied for the certificate but it is awaiting approval
Not Compliant	The entity is not in compliance with the requirement and should contact the issuing agency for more information

Exhibit A - 2016 GIA Application
Molokai Land Trust
Operations & Environmental Science Education Center
Civil Site Work - Detail Breakdown

Civil

Site Grubbing - 1 acre	8,354.11
BMP's installation, silt fence, dust fence & construction entrance	19,284.70
Labor & materials included	
Drainline & GDI installation - Phase I	28,500.00
Labor & materials included	
Sewerline installation (8") & removal of existing (4") line	20,171.76
Labor & materials included	
Water lateral installation - tapping fee included	10,540.00
Labor & materials included	
Mass excavation (2000 c.y.) - Phases I & II	44,447.05
Parking lot UTB installation - Phase I	17,951.08
Labor & materials included	
Asphalt Installation for parking lot (Phase I), sign install and striping	28,500.00
Price reflects \$205/ton from Maui Paving, price subject to change	
Surveying, installation of utility points, retaining wall, curb, parking lot, building corners, etc.	2,000.00
Curb install - Phase I, 1,320 l.f.	13,400.00
Mobilization charge	10,000.00
Dust control and meter set-up	16,000.00
Electrical tranching, concrete jacket, concrete light pole bases.	20,151.20
All electrical work done by Electrician	
Sidewalk install on Alaekea Street and concrete approach	14,481.17
Building Excavation footing, slab, and column post footings	7,200.00
UTB installation and compaction for building	12,140.00
Civil Subtotal	273,121.07

Exhibit C - 2016 GIA Application
Molokai Land Trust - Project rendition



REC'D AUG 25 2010 *OH*

**Internal Revenue Service
Director, Exempt Organizations
Rulings and Agreements**

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

Date: AUG 12 2010

Molokai Land Trust
c/o William Haase
P O Box 1884
Kaunakakai, HI 96748-1884

Employer Identification Number:
[REDACTED]
Person to Contact - ID#:
Sirijun Mayi - [REDACTED]
Contact Telephone Number:
877-829-5500 Phone
Public Charity Status:
509(a)(1) and 170(b)(1)(A)(vi)

Dear Applicant:

Our letter dated October 2006 stated that you were exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code and classified as a public charity under section 509(a)(3) of the Code.

Based on the information you submitted, we have modified your public charity status to the Code section listed in the heading of this letter. Since your exempt status was not under consideration, you continue to be classified as an organization exempt from Federal income tax under section 501(c)(3) of the Code.

Publication 557, Tax-Exempt Status for Your Organization, provides detailed information about your rights and responsibilities as an exempt organization. You may request a copy by calling the toll-free number for forms, 800-829-3676. Information is also available on our Internet Web Site at www.irs.gov.

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

If you have any questions, please call our toll free number shown in the heading of this letter.

Sincerely,

[REDACTED]

Robert Choi
Director, Exempt Organizations
Rulings and Agreements

MOLOKAI LAND TRUST
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2015

A. Kent
James, CPA
Managing Partner
Over 30 years
of CPA experience
Member: AICPA,
HSCPA, ISCPA

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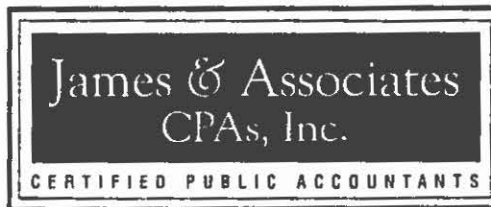
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of
Molokai Land Trust
Kaunakakai, Hawaii

We have audited the accompanying financial statements of Molokai Land Trust (a Hawaii nonprofit corporation), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Molokai Land Trust as of June 30, 2015, and the results of its operations and its cash flow for the year then ended in conformity with accounting principles generally accepted in the United States of America.

James & Associates CPA's, Inc.

Wailuku, Hawaii
November 11, 2015

MOLOKAI LAND TRUST

Statement of Financial Position
June 30, 2015

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	\$ 226,922
Prepaid Expenses	<u>7,267</u>
Total Current Assets	234,189
PROPERTY AND EQUIPMENT	
Land Improvements	31,505
Furniture and Equipment	98,677
Vehicles	84,210
Less Accumulated Depreciation	<u>(181,457)</u>
Net Fixed Assets	32,935
Conservation Property (Note 5)	3,429,141
OTHER ASSETS	
Deposits	<u>485</u>
TOTAL ASSETS	<u>\$ 3,696,750</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable	\$ 1,240
Accrued Interest Expense (Note 6)	<u>936</u>
Total Current Liabilities	2,176
LONG TERM LIABILITIES	
Note Payable (Note 6)	<u>234,000</u>
Total Long Term Liabilities	<u>234,000</u>
NET ASSETS	
Unrestricted Net Assets	1,533,074
Net Value of Conservation Property - Permanently Restricted	<u>1,927,500</u>
Total Net Assets	<u>3,460,574</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,696,750</u>

See accompanying notes to the financial statements

MOLOKAI LAND TRUST

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
Federal Grants and Contracts	\$ 120,452	\$ -	\$ -	\$ 120,452
In-kind Contribution	68,519	-	-	68,519
Contributions	360,313	61,974	-	422,287
Net Assets Released from Restriction	61,974	(61,974)	-	-
Total Support and Revenue	<u>611,258</u>	<u>-</u>	<u>-</u>	<u>611,258</u>
EXPENSES				
Program Services	192,697	-	-	192,697
Management & General	210,042	-	-	210,042
Fundraising	800	-	-	800
Total Expenses	<u>403,539</u>	<u>-</u>	<u>-</u>	<u>403,539</u>
CHANGE IN NET ASSETS	207,719	-	-	207,719
NET ASSETS, BEGINNING OF YEAR	<u>1,325,355</u>	<u>-</u>	<u>1,927,500</u>	<u>3,252,855</u>
NET ASSETS, END OF YEAR	<u>\$ 1,533,074</u>	<u>\$ -</u>	<u>\$ 1,927,500</u>	<u>\$ 3,460,574</u>

See accompanying notes to the financial statements

MOLOKAI LAND TRUST

Statement of Functional Expenses
For the Year Ended June 30, 2015

	Program Services	Management & General	Fundraising	Total
Salaries & Related Expenses	\$ 36,167	\$ 88,548	\$ -	\$ 124,715
Professional Contracted Services	114,932	85,157	800	200,889
Depreciation	6,000	12,088	-	18,088
Occupancy	3,956	9,230	-	13,186
Travel & Entertainment	449	193	-	642
Repairs & Maintenance	19,570	8,387	-	27,957
Insurance	1,755	4,094	-	5,849
Equipment & Vehicles	7,498	1,329	-	8,827
Office Expense	1,979	848	-	2,827
Dues & Fees	391	168	-	559
Total Expenses	<u>\$ 192,697</u>	<u>\$ 210,042</u>	<u>\$ 800</u>	<u>\$ 403,539</u>

See accompanying notes to the financial statements

MOLOKAI LAND TRUST

Statement of Cash Flows
For the Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Grant Funding and Donations	\$ 542,739
Cash Paid to Employees and Vendors	<u>(327,819)</u>
Net Cash Provided by Operating Activities (Note 3)	<u>214,920</u>
NET INCREASE IN CASH	<u>214,920</u>
CASH BALANCE, BEGINNING OF YEAR	<u>12,002</u>
CASH BALANCE, END OF YEAR	<u>\$ 226,922</u>

See accompanying notes to the financial statements

MOLOKAI LAND TRUST

Notes to the Financial Statements For the Year Ended June 30, 2015

NOTE 1- NATURE OF ACTIVITIES

Moloka'i Land Trust (MLT) was incorporated under the laws of the State of Hawaii as a non-profit corporation on June 14, 2006. Moloka'i Land Trust exists to protect the land, natural and cultural resources of Molokai and to perpetuate the unique native Hawaiian traditions and character of the island for the benefit of the future generations of all Molokai, particularly native Hawaiians.

The primary activity of Moloka'i Land Trust is the management of conservation property on the island of Molokai. The Trust's support is derived primarily from government grants and donations. Protecting and enhancing the conservation property acquired by the Trust and doing so in perpetuity is an important part of the Trust's work. Current costs associated with the Trust's stewardship efforts are expensed as incurred.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

(b) Financial Statement Presentation

MLT prepares financial statements in accordance with Financial Standards Board Accounting Standards Codification (ASC) 958-205 and subsections. Under ASC 958-205, MLT is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investment and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

(c) Revenues and Other Support

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of

MOLOKAI LAND TRUST

Notes to the Financial Statements For the Year Ended June 30, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Revenues and Other Support (Continued)

the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(d) Income Tax

MLT is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar State provisions. MLT's income tax returns are generally open for examination by taxing authorities until the statutes of limitation expire. Therefore, tax returns for 2014, 2013 and 2012 are still open for examination.

(e) Cash and Cash Equivalents

For the purpose of the statement of cash flows, MLT considers all highly liquid investments with an initial maturity of three months, or less, to be cash equivalents.

(f) Property and Equipment

The organization capitalizes all furniture and equipment with a useful life greater than one year. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the assets' estimated useful lives (5years- 7years). Assets donated to MLT under the Community Facility Grant program revert to the grantor (Department of Agriculture) if not used for their intended purpose. Depreciation expense for the year ended June 30, 2015 was \$18,088.

(g) Use of Estimates

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

MOLOKAI LAND TRUST

Notes to the Financial Statements
For the Year Ended June 30, 2015

NOTE 3 – RECONCILIATION OF CHANGES IN NET ASSETS WITH NET CASH PROVIDED BY OPERATING ACTIVITIES

Change in Net Assets	\$ 207,719
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	18,088
(Increase) in Prepaid Expenses	(5,162)
(Decrease) in Accounts Payables	(6,661)
Increase in Accrued Interest Expense	<u>936</u>
Net Cash Provided by Operating Activities	<u>\$ 214,920</u>

NOTE 4 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs to provide various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 5 – CONSERVATION PROPERTY

Conservation property is reported at cost when purchased and at fair market value on the date received when acquired by gift. No depreciation is recorded on conservation property. For fiscal year ended June 30, 2010, MLT had received 196 acres of property at Kawaikapu, Kona, Island of Molokai valued at \$1,247,325. The County of Maui and State DLNR granted \$479,249 and \$768,076 respectively by purchasing this property and donating it to the Trust. This property is restricted as to the development and activities that would compromise the conservation values associated with this property.

On October 25, 2012 Molokai Property Limited (MPL), a Hawaii corporation, transferred to MLT 1718.895 acres of property (described as Lot 767) situated at Kaluakoi and Lili, Island of Molokai, County of Maui, State of Hawaii valued at \$1,927,500. This property is restricted as to the development and activities that would compromise the conservation values associated with this property.

MOLOKAI LAND TRUST

Notes to the Financial Statements For the Year Ended June 30, 2015

NOTE 5 – CONSERVATION PROPERTY (Continued)

These lands are subject to an unrecorded License Agreement between Molokai Ranch (MLP's predecessor in title) and Aeronautical Radio, Inc. (ARINC) under which ARINC has the right to maintain and operate certain communication facilities on the Trust Property. Thus, MLT accepted legal title to the property subject to and encumbered by the ARINC License as it exists and as it may be amended in the future, subject to the terms and conditions of the transfer agreement dated October 25, 2012.

On March 7, 2014 Molokai Land Trust purchased the parcel of land situated at Naiwa, Manowainui and Kahanui, Island of Molokai, County of Maui, State of Hawaii (described as Lot 136) valued at \$254,317 by purchase money mortgage.

NOTE 6 – NOTE PAYABLE

In return for a loan that Molokai Land Trust received for purchase the parcel of land, MLT promises to pay \$234,000 to the order of Richard Harper Markham and Kim Donna Markham. MLT will pay interest at a rate of 0.3% per year. Interest will be charged on that part of principal which has not been paid from March 7, 2014 and will continue until March 31, 2016, at which time the full amount of principal will be due in the form of a balloon payment. No monthly payments are required under this note. On March 31, 2016, the entire outstanding balance, including accrued interest, shall be paid in full in the form of a balloon payment to the lender. Accrued interest expense as of June 30, 2015 is \$936.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 11, 2015. There are no subsequent events that would have a material effect on the financial statements and this is the date the financial statements were available to be issued

MOLOKAI LAND TRUST
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2014

A. Kent
James, CPA
Managing Partner
Over 30 years
of CPA experience
Member: AICPA,
HSCPA, ISCPA

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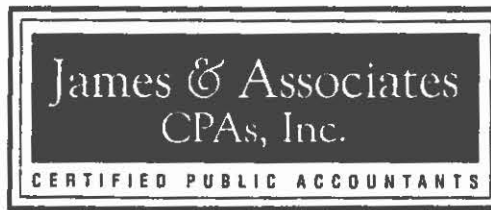
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members of
Molokai Land Trust
Kaunakakai, Hawaii

We have audited the accompanying financial statements of Molokai Land Trust (a Hawaii nonprofit corporation), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Molokai Land Trust as of June 30, 2014, and the results of its operations and its cash flow for the year then ended in conformity with accounting principles generally accepted in the United States of America.

James & Associates CPA's, Inc.

Wailuku, Hawaii
October 21, 2014

MOLOKAI LAND TRUST

Statement of Financial Position
June 30, 2014

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	\$ 12,002
Prepaid Expenses	<u>2,105</u>
Total Current Assets	14,107
PROPERTY AND EQUIPMENT	
Land Improvements	31,505
Furniture and Equipment	98,677
Vehicles	84,210
Less Accumulated Depreciation	<u>(163,369)</u>
Net Fixed Assets	51,023
Conservation Property (Note 7)	3,429,141
OTHER ASSETS	
Deposits	<u>485</u>
TOTAL ASSETS	<u>\$ 3,494,756</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable	\$ <u>7,901</u>
Total Current Liabilities	7,901
LONG TERM LIABILITIES	
Note Payable (Note 8)	<u>234,000</u>
Total Long Term Liabilities	<u>234,000</u>
NET ASSETS	
Unrestricted Net Assets	1,325,355
Net Value of Conservation Property - Permanently Restricted	<u>1,927,500</u>
Total Net Assets	<u>3,252,855</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,494,756</u>

The accompanying notes and independent auditor's report are an integral part of these financial statements.

MOLOKAI LAND TRUST

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
Federal Grants and Contracts	\$ 83,563	\$ -	\$ -	\$ 83,563
In-kind Contribution	26,060	-	-	26,060
Contributions	137,391	22,710	-	160,101
Net Assets Released from Restriction	22,710	(22,710)	-	-
Total Support and Revenue	<u>269,724</u>	<u>-</u>	<u>-</u>	<u>269,724</u>
EXPENSES				
Program Services	210,892	-	-	210,892
Management & General	70,413	-	-	70,413
Fundraising	17,533	-	-	17,533
Total Expenses	<u>298,838</u>	<u>-</u>	<u>-</u>	<u>298,838</u>
CHANGE IN NET ASSETS	(29,114)	-	-	(29,114)
NET ASSETS, BEGINNING OF YEAR	<u>1,354,469</u>	<u>-</u>	<u>1,927,500</u>	<u>3,281,969</u>
NET ASSETS, END OF YEAR	<u>\$ 1,325,355</u>	<u>\$ -</u>	<u>\$ 1,927,500</u>	<u>\$ 3,252,855</u>

The accompanying notes and independent auditor's report are an integral part of these financial statements.

MOLOKAI LAND TRUST

Statement of Functional Expenses
For the Year Ended June 30, 2014

	Program Services	Management & General	Fundraising	Total
Salaries & Related Expenses	\$ 95,857	\$ 28,193	\$ 16,916	140,966
Professional Contracted Services	48,071	25,612	617	74,300
Depreciation	27,109	6,777	-	33,886
Occupancy	11,242	2,811	-	14,053
Travel & Entertainment	755	189	-	944
Repairs & Maintenance	11,062	2,765	-	13,827
Insurance	5,131	1,150	-	6,281
Equipment & Vehicles	8,917	2,229	-	11,146
Office Supplies	2,074	519	-	2,593
Dues & Fees	674	168	-	842
Total Expenses	<u>\$ 210,892</u>	<u>\$ 70,413</u>	<u>\$ 17,533</u>	<u>\$ 298,838</u>

The accompanying notes and independent auditor's report are an integral part of these financial statements.

MOLOKAI LAND TRUST

Statement of Cash Flows
For the Year Ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Grant Funding and Donations	\$ 243,664
Cash Paid to Employees and Vendors	<u>(235,486)</u>
Net Cash Provided by Operating Activities (Note 4)	<u>8,178</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Borrowings	<u>234,000</u>
Net Cash Provided by Financing Activities (Note 8)	<u>234,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Conservation Property Acquired	<u>(255,421)</u>
Net Cash (Used in) Investing Activities	<u>(255,421)</u>
NET (DECREASE) IN CASH	(13,243)
CASH BALANCE, BEGINNING OF YEAR	<u>25,245</u>
CASH BALANCE, END OF YEAR	<u>\$ 12,002</u>

The accompanying notes and independent auditor's report are an integral part of these financial statements.

MOLOKAI LAND TRUST

Notes to the Financial Statements For the Year Ended June 30, 2014

NOTE 1- NATURE OF ACTIVITIES

Moloka'i Land Trust (MLT) was incorporated under the laws of the State of Hawaii as a non-profit corporation on June 14, 2006. Moloka'i Land Trust exists to protect the land, natural and cultural resources of Molokai and to perpetuate the unique native Hawaiian traditions and character of the island for the benefit of the future generations of all Molokai, particularly native Hawaiians.

The primary activity of Moloka'i Land Trust is the management of conservation property on the island of Molokai. The Trust's support is derived primarily from government grants and donations. Protecting and enhancing the conservation property acquired by the Trust and doing so in perpetuity is an important part of the Trust's work. Current costs associated with the Trust's stewardship efforts are expensed as incurred.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

(b) Financial Statement Presentation

MLT prepares financial statements in accordance with Financial Standards Board Accounting Standards Codification (ASC) 958-205 and subsections. Under ASC 958-205, MLT is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investment and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

(c) Revenues and Other Support

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of

MOLOKAI LAND TRUST

Notes to the Financial Statements For the Year Ended June 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(d) Income Tax

MLT is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar State provisions. MLT's income tax returns are generally open for examination by taxing authorities until the statutes of limitation expire.

(e) Cash and Cash Equivalents

For the purpose of the statement of cash flows, MLT considers all highly liquid investments with an initial maturity of three months, or less, to be cash equivalents.

(f) Property and Equipment

The organization capitalizes all furniture and equipment with a useful life greater than one year. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the assets' estimated useful lives. Assets donated to MLT under the Community Facility Grant program revert to the grantor (Department of Agriculture) if not used for their intended purpose. Depreciation expense for the year ended June 30, 2014 was \$33,886.

(g) Use of Estimates

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

NOTE 3 – CONCENTRATIONS

Major Grantor - MLT receives a substantial amount of its support from U.S Department of Commerce, National Oceanic and Atmospheric Administration Restoration Center. As of June 30, 2014, MLT received approximately 30% of its federal grant revenues from this agency. The discontinuance of this contract could adversely affect the operations of the entity.

MOLOKAI LAND TRUST

Notes to the Financial Statements
For the Year Ended June 30, 2014

NOTE 4 – RECONCILIATION OF CHANGES IN NET ASSETS WITH NET CASH PROVIDED BY OPERATING ACTIVITIES

Change in Net Assets	\$ (29,114)
Adjustment to reconcile Change in Net Assets to net cash provided by operating activities:	
Depreciation	33,886
(Increase) in prepaid expenses	(773)
Increase in accounts payables	<u>4,179</u>
Net cash provided by operating activities	<u>\$ 8,178</u>

NOTE 5 – RELATED PARTY TRANSACTIONS

Ke Aupuni Lokahi (KAL) has been a major supporter of MLT and has provided both United States Department of Agriculture Rural Development (USDA) grant funds and in-kind support to MLT.

NOTE 6 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs to provide various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 7 – CONSERVATION PROPERTY

Conservation property is reported at cost when purchased and at fair market value on the date received when acquired by gift. No depreciation is recorded on conservation property. For fiscal year ended June 30, 2010, MLT had received 196 acres of property at Kawaikapu, Kona, Island of Molokai valued at \$1,247,325. The County of Maui and State DLNR granted \$479,249 and \$768,076 respectively by purchasing this property and donating it to the Trust. This property is restricted as to the development and activities that would compromise the conservation values associated with this property.

On October 25, 2012 Molokai Property Limited (MPL), a Hawaii corporation, transferred to MLT 1718.895 acres of property (described as Lot 767) situated at Kaluakoi and Llili, Island of Molokai, County of Maui, State of Hawaii valued at \$1,927,500. This property is restricted as to the development and activities that would compromise the conservation values associated with this property.

MOLOKAI LAND TRUST

Notes to the Financial Statements For the Year Ended June 30, 2014

NOTE 7 – CONSERVATION PROPERTY (Continued)

These lands are subject to an unrecorded License Agreement between Molokai Ranch (MLP's predecessor in title) and Aeronautical Radio, Inc. (ARINC) under which ARINC has the right to maintain and operate certain communication facilities on the Trust Property. Thus, MLT accepted legal title to the property subject to and encumbered by the ARINC License as it exists and as it may be amended in the future, subject to the terms and conditions of the transfer agreement dated October 25, 2012.

On March 7, 2014 Molokai Land Trust purchased the parcel of land situated at Naiwa, Manowainui and Kahanui, Island of Molokai, County of Maui, State of Hawaii (described as Lot 136) valued at \$254,317 by purchase money mortgage.

NOTE 8 – NOTE PAYABLE

In return for a loan that Molokai Land Trust received for purchase the parcel of land, MLT promises to pay \$234,000 to the order of Richard Harper Markham and Kim Donna Markham. MKT will pay interest at a rate of 0.3% per year. Interest will be charged on that part of principal which has not been paid from March 7, 2014 and will continue until March 31, 2016, at which time the full amount of principal will be due in the form of a balloon payment. No monthly payments are required under this note. On March 31, 2016, the entire outstanding balance, including accrued interest, shall be paid in full in the form of a balloon payment to the lender.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 21, 2014. There are no subsequent events that would have a material effect on the financial statements and this is the date the financial statements were available to be issued