

Applicant Nkope, Inc.

Application Submittal Checklist

The following items are required for submittal of the grant application. Please verify and check off that the items have been included in the application packet.

- 1) Certificate of Good Standing (If the Applicant is an Organization)
- 2) Declaration Statement
- 3) Verify that grant shall be used for a public purpose
- 4) Background and Summary
- 5) Service Summary and Outcomes
- 6) Budget
 - a) Budget request by source of funds
 - b) Personnel salaries and wages
 - c) Equipment and motor vehicles
 - d) Capital project details
 - e) Government contracts, grants, and grants in aid
- 7) Experience and Capability
- 8) Personnel: Project Organization and Staffing



AUTHORIZED SIGNATURE

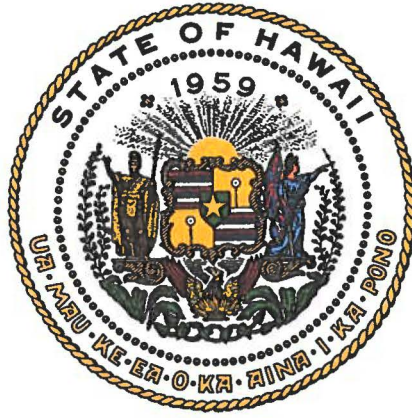
ROBERT H. HIGA – PRESIDENT

JANUARY 3, 2020

PRINT NAME AND TITLE

DATE

received
01/15/2020



Department of Commerce and Consumer Affairs

CERTIFICATE OF GOOD STANDING

I, the undersigned Director of Commerce and Consumer Affairs of the State of Hawaii, do hereby certify that according to the records of this Department,

NKOPE, INC.

was incorporated under the laws of Hawaii on 10/12/2016 ; and that it is an existing corporation in good standing, and is duly authorized to transact business.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Department of Commerce and Consumer Affairs, at Honolulu, Hawaii.

Dated: January 05, 2020

Director of Commerce and Consumer Affairs

**THE THIRTIETH LEGISLATURE
APPLICATION FOR GRANTS
CHAPTER 42F, HAWAII REVISED STATUTES**

Type of Grant Request:

Operating Capital

Legal Name of Requesting Organization or Individual: Db:

nkope, Inc.

Amount of State Funds Requested: \$ 164,450

Brief Description of Request (Please attach word document to back of page if extra space is needed):

nkope, Inc.: new Hawaii coffee blend of multiple Hawaii islands coffee farms and sales/marketing engine that will elevate Hawaii coffee (farms) through nkope's proprietary (for profit) blend - marketing/sales of Hawaii coffee as a 'grand cru' growing region. The Request will assist in offset of major Marketing and Sales Development expenses of this for profit venture incurred by nkope, Inc. - to benefit the Hawaii coffee farm agricultural community and community at large.

Amount of Other Funds Available:

State: \$ -0-

Federal: \$ -0-

County: \$ -0-

Private/Other: \$ -0-

Total amount of State Grants Received in the Past 5 Fiscal Years:

\$ none

Unrestricted Assets:

\$ none

New Service (Presently Does Not Exist): Existing Service (Presently in Operation):

Type of Business Entity:

501(C)(3) Non Profit Corporation

Other Non Profit

Other

Mailing Address:

P.O. Box 23228

City:

Honolulu

State:

Hawaii

Zip:

96823

Contact Person for Matters Involving this Application

Name:
Robert H. Higa

Email:
robert@nkope.com

Title:
President

Phone:
(808) 256-5453

Federal Tax ID#:

██████████

State Tax ID#

██████████


Authorized Signature

Robert H. Higa - President nkope, Inc.
Name and Title

January 4, 2020
Date Signed

**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS PURSUANT TO
CHAPTER 42F, HAWAII 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, Hawaii 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, Hawaii 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, Hawaii 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, Hawaii 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 disposed 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.

nkope, Inc.
(Typed Name of Individual or Organization)

(Signature)

January 04, 2020
(Date)

Robert H. Higa
(Typed Name)

President
(Title)

II. Background & Summary

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

AgriCulture is the foundation of Hawaii's community. It has shaped our community, economy, and politics of Hawaii since the discovery of Hawaii by the ancient Hawaiians through today.

nkope (en-koh-pay) was a concept initiative begun 2012 at 'Nalo Farms (Nalo) in answer to a rapidly declining farm landscape since the exit of Sugar and Pine. In the past, 80% of Hawaii's food was grown locally. Now 80% of Hawaii's food is imported from outside Hawaii. In addition, *rising costs of agriculture *climate change impacting growing and resultant rise of pests, molds, fungus and the like have caused many small business farms from the marketplace. Clearly Sustainability of AgriCulture is in serious question.

'Nalo's mission then was Sustainable Agriculture through profitable new crop innovation, market development, and sales. In our search for new farm product we realized that there is a major but underserved area in Hawaii's AgriCulture : Coffee.

The Opportunity for Hawaii coffee was first outlined in the 2004 State DOA report which summarized that although coffee is a vibrant growing component of Hawaii Ag, there were serious problems in sustaining a cohesive market and brand development of our unique coffee in the global marketplace. This coupled with the extreme challenge of farming in recent years is a harbinger of declining profitability which exists today.

nkope as a 100% All Islands Premium Blend represents the marketing initiative to (A) develop Hawaii as a 'grand cru' growing region (B) showcase Hawaii coffee apart from blended coffee from foreign sources containing only 10% Hawaii coffee which can then be labeled as 'Hawaii Coffee'.

This is an initiative by **nkope** co-founders Robert H. Higa (through his tenure at 'Nalo Farms) and Dean J. Okimoto owner of the 'Nalo brand. In addition, our original business and marketing plan has been endorsed by James Nakatani of DOA as a worthy initiative.

2. The goals and objectives related to the request;

The market and sales plan for which **nkope** seeks GIA support is to :

A. Establish a blend with various existing coffee farms into a proprietary **nkope** brand as the point of the spear in a marketing and sales campaign which showcases premium coffee growing in Hawaii.

B. **nkope** will market its' proprietary blend which features the source farms thereby establishing higher retail values. Currently, the majority (estimated 80%) of coffee from Hawaii farms is sold at declining wholesale prices. Outside aggregators enjoy the profitable retail margins and not the local farmers.

Our Marketing initiative is that "A rising tide lifts all ships". With the support of this GIA we can eventually self fund this marketing initiative while showcasing coffee growers and elevating their market profitability on both the wholesale and retail levels.

3. The public purpose and need to be served;

It is a simple proposition : **nkope** does not grow coffee but sells a unique blend FROM multiple farm growers throughout the islands. The goal is to serve as a marketing and branding engine for growers too small to compete in the global coffee market and to reduce competition among Hawaii coffee growers by expanding awareness in the global market for rare, premium-grade Hawaii coffees.

4. Describe the target population to be served;

There are two target populations we are targeting : (A) The growers throughout the islands focusing on partnerships with more Kona growers (838+), Maui (2), and Molokai (1). (B) Sales target demographic : Hawaii's visitors with a larger consumer footprint – initially selling to Eastbound visitors (Japanese 2,000,000+ annual)

5. Describe the geographic coverage.

State of Hawaii

III. Service Summary and Outcomes

1. Describe the scope of work, tasks and responsibilities

- A. The major scope of work is a continuation of existing coffee acquisition/blending/roasting for product sales now in effect for nkope, Inc.
- B. The second component of major work will be establishing the extensive marketing engine via *web marketing *visitor publications *Promotions & *Public Relations. Proof of Concept testing since July 2019 demonstrates we have a targeted price point and consumer demand for nkope (Hawaii) coffee, above current retail price averages. This marketing engine is the final component which will Educate the consumer as to the true value of Hawaii coffees AND drive traffic to sales AND drive traffic for direct sales to participating coffee farms.

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

2020 1ST Quarter : Complete Proof of Concept (pricing and consumer demand)
*Critical Fulfillment Locations additions

2020 2nd Quarter : Advertising & Marketing (driving consumer demand)

2020 3rd Quarter : Soft Volume Ramp Up *Fresh product purchase & Sales Material

2020 4th Quarter : Full Scale Sales and Operations

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

Consumer acceptance of and demand for nkope coffee : sales and sales growth on a quarterly basis is the monitor, evaluation, and indicator for necessary improvements

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.

Quarterly performance reports on online marketing impact and direct consumer sales will be accumulated on a monthly and quarterly basic (compilation) and submitted to the appropriate agency depending upon their requirements.

IV. Financial

1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.

- a. Budget request by source of funds
- b. Personnel salaries and wages
- c. Equipment and motor vehicles
- d. Capital project details
- e. Government contracts, grants, and grants in aid

Budget Request by Source of Funds period July 1, 2020 to June 30, 2021

A. PERSONNEL COST		0	0	0
1. Salaries	30,000	0	0	0
2. Payroll Taxes & Assessments	2,775	0	0	0
3. Fringe Benefits				
TOTAL PERSONNEL COST	32,775			
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island	2,156	0	0	0
2. Insurance				
3. Signage		0	0	0
4. Lease/Rental of Space		0	0	0
5. Storage	3,300	0	0	0
6. Supplies	6,941	0	0	0
7. Telecommunication	720	0	0	0
8. Utilities		0	0	0
9. Website & Maintenance	1,698	0	0	0
10. Postage/Shipping Costs (primarily mailing costs for online sales and shipping green beans from neighbor islands)	8,600	0	0	0
11. Accounting	3,000	0	0	0
12. Banking Expense	360	0	0	0
13. Subscriptions	700	0	0	0
14. Gas & Mileage	3,600	0	0	0
15. On Line Marketing (primarily targeted social media marketing and email marketing to subscribers)	18,000			
16. Periodical Advertising	18,000	0	0	0
17. Professional Services (contract sales reps, marketing and design staff)	51,600	0	0	0
18. Packaging Tins		0	0	0

19. Coffee Supply	7,000	0	0	0
20. Roasting & Packing	6,000			
21. Business Licenses, Registrations	1,200	0	0	0
TOTAL OTHER CURRENT EXPENSES	131,675			
C. EQUIPMENT PURCHASES		0	0	0
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL				
TOTAL (A+B+C+D+E)	164,450			
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	164,450	Robert H. Higa	(808) 256-5453	
(b) Total Federal Funds Requested		Name (Please type or print)	Phone	
(c) Total County Funds Requested		<i>Robert H. Higa</i>		
(d) Total Private/Other Funds Requested		Signature of Authorized Official	January 4, 2020	Date
TOTAL BUDGET	164,450	Robert H. Higa - President		
		Name and Title (Please type or print)		

2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2021.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant

None for 2021 anticipated at this time – nkope.

3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2021.

None at this time – nkope.

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.

None – nkope.

- 5. The applicant shall provide a listing of all federal, state, and county government contracts, grants, and grants in aid it has been granted within the prior three years and will be receiving for fiscal year 2021 for program funding.**

None-nkope.

- 6. The applicant shall provide the balance of its unrestricted current assets as of December 31, 2019.**

None-nkope.

V. Experience and Capability

1. 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.

Robert H. Higa as nkope founder was employed in management at 'Nalo Farms from 2007 – 2014 responsible for general operations, sales/marketing, and new product development. Robert is supported by experts in agriculture and farming by Dean J. Okimoto 35+ years as founder/owner of 'Nalo Farms, and Brendon Lau – nkope stockholder/director, graduate of CTAHR and current GM at Mari's Garden a long established aquaponic farm. Linford 'Kamaka' Ho'opai as Master Roaster of contract roaster Koko Crater Coffee Roasters assists in coffee supply acquisition, product roasting, product R & D.

2. 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.

Office & general operations : operation from special at home office location in Milliani. All other major functions are outsourced. For example : *Sales locations by 2nd parties *Product roasting/packaging/storage done with contract roaster – Koko Crater Coffee Roasters which also warehouses beans *Storage need by B. Lau Agricultural LLC on contract. All delivery, servicing etc. by general operations. Small business in Hawaii necessitates a 'bare bones' method of operation for cost minimization until the company is fully self carrying.

VI. Personnel: Project Organization and Staffing

1. 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.

Reference V. above : Necessary Skills and Experience above.

2. 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.

**Robert H. Higa – nkope President: General Operations, Administration, Sales
Dean J. Okimoto – nkope Director: Market (farm) Development Coffee Association and legislative liaison
Brendon Lau – nkope Director: Market (farm) Development
Independent Contractor (outsource) – On line Marketing, Advertising, Demographic R & D
Independent Contractor (outsource) – Japanese Marketing, Translations, Demographic R & D
and Channel Distribution (Sales) Development**

3. Compensation

The applicant shall provide an annual salary range paid by the applicant to the three highest paid officers, directors, or employees of the organization by position title, not employee name.

Applicant as current sole employee : Executive Operating Manager annual salary range at \$30,000 per annum

All other 'staff' positions are by outsourced independent contractor(s) as reflected in the above Section IV FINANCIAL BUDGET Professional Services Line Item.

VII. Other

1. 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.

None

2. 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.

None

3. 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.

None

4. Future Sustainability Plan

The applicant shall provide a plan for sustaining after fiscal year 2020-21 the activity funded by the grant if the grant of this application is:

(a) Received by the applicant for fiscal year 2020-21, but

It is forecast that nkope, Inc. will be self-carrying after 2020-21

(b) Not received by the applicant thereafter.

See above.