Hoʻoilina A Mau Loa
A PERPETUAL LEGACY HAS COME FORTH

OFFICE OF HAWAIIAN AFFAIRS 2010 ANNUAL REPORT
Ke e ¯we ha ¯nau o ka ‘a ¯ina.

The lineage born of the land.

A native Hawaiian who is island-born and whose ancestors were also of the land.
Ke ēwe hānau o ka ‘āina.

The lineage born of the land.

A native Hawaiian who is island-born and whose ancestors were also of the land.
Papahānaumokuākea

Northwestern Hawaiian Islands

TROPIC OF CANCER

THE NORTHWESTERN HAWAIIAN ISLANDS
ew life is a gift, below and above the ocean. This is especially true in the Northwestern Hawaiian Islands (NWHI), an area with a great number of endangered species and thousands of endemics. Four isolated NWHI birds protected by the federal Endangered Species Act are so rare, they are found nowhere else in the world. These creatures need our protection and oversight to assure their survival.

In 2000, President Bill Clinton established the Northwestern Hawaiian Islands Coral Reef Ecosystem Reserve, and in 2006 the area was proclaimed a Marine National Monument by President George W. Bush and who renamed it Papahānaumokuākea as requested by the Native Hawaiian community. Since then, the Monument has continued to grow in stature. In 2010, the United Nations Educational, Scientific, and Cultural Organization (UNESCO), granted it the rare distinction of a “mixed” World Heritage site in recognition of both its natural and cultural significance. Papahānaumokuākea is truly a gift to the world.

The Office of Hawaiian Affairs (OHA) is a co-manager of the Papahānaumokuākea Marine National Monument with the three co-trustees: the State of Hawai‘i Department of Land and Natural Resources, the U.S. Department of the Interior U.S. Fish and Wildlife Service (FWS), and the U.S. Department of Commerce National Oceanic and Atmospheric Administration (NOAA).

In addition, OHA administers the Papahānaumokuākea Native Hawaiian Cultural Working Group, which is made up of academic scholars, teachers, cultural practitioners, community activists, and resource managers with experience in issues regarding the NWHI.

Culturally, Papahānaumokuākea represents cosmology and tradition, encompassing the sacred region where all life originates and to which Native Hawaiian ancestors return after death.

Tracing back thousands of years, high numbers of ritual sites populate the NWHI, bearing remarkable testimony to the shared historical origins of all Polynesian societies.

Among the many Native Hawaiian spiritual, substantive and cultural practices and uses conducted today in the NWHI, Hawaiians still employ the area as training grounds for traditional and contemporary Hawaiian voyaging and wayfinding. Their ancestors used this non-instrument method of observational navigation to explore, populate and travel the vast Pacific long before recorded western contact.

Papahānaumokuākea represents both our past and our future, yet this distant and sacred place will likely never be seen by many island residents. Thus, we share these images of the Monument with you, courtesy of NOAA one of our managing partners.
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Ka lā i ka Mauliola.
THE SUN AT THE SOURCE OF LIFE.
MAULI-OLA (BREATH-OF-LIFE) IS THE GOD OF HEALTH.

La Perouse Pinnacle, French Frigate Shoals, Northwestern Hawaiian Islands, Hawai‘i. Photo: NOAA / James Watt
TRUSTEES, ADMINISTRATION, AND LOCATIONS

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ALOHA MAI KĀKOU E NĀ ‘ŌIWI ‘ŌLINO

During fiscal year 2010, the Board of Trustees of the Office of Hawaiian Affairs worked diligently to improve the services and advocacy we provide by reaching into the community for their collective mana‘o to draft and ratify a new Strategic Plan for 2010-2016.

In the process, practitioners from varied areas of expertise provided great knowledge and direction. Consistent with our culture, we are also guided by lessons of the past. Aloha e nā kūpuna kahiko, nāna e ho‘oulu mai nei, iā kākou e holo pono – Love to our ancient forebears, who continue to inspire us to move forward on a righteous path.

Perpetuating traditional knowledge, through application in the present in caring for and protecting each other as well as the environment, and strengthening cultural and spiritual ties are tools that strengthen us as individuals and measures that will define us as an organization into the next decade.

The inspiration for this annual report, themed Ho‘oilina A Mau Loa – A Perpetual Legacy has Come Forth, comes from the many people working together. The preservation in perpetuity of the single largest conservation area in the United States, Papahānaumokuākea Marine National Monument, is the result of the federal government, the state government, and the international community recognizing the intrinsic value and importance to the world, of our environment and our culture.

Native Hawaiians remain deeply connected to the Northwestern Hawaiian Islands, as a sacred spiritual place where life began. In Hawaiian mythology, Papahānaumoku, like the Mother Earth, Papa, was fertile and life-giving, and Wākea, the Sky Father, offered nourishment through sunshine and rain. Their union resulted in the birth of the Hawaiian Islands starting from the Northwestern Hawaiian Islands down to the island of Hawai‘i, and Lō‘ihi emerging. The union of Papa and Wākea brought forth the birth of the Hawaiian race and all their descendants. It is also under the union of their names, Papahānaumokuākea, that the monument will forever stand as testament to preservation and as a gift that Hawai‘i now shares with the world.

Nature and culture are one for Hawaiians, from the protection of this Monument flows the perpetuation of the Hawaiian culture and further flows the spiritual strength and renewal of Native Hawaiians for generations to come.

E mau ke ea o ka ‘āina i ka pono – Let the life of this land be preserved in righteousness.

Aloha pumehana kākou,

S. Haunani Apoliona, MSW
Chairperson, Board of Trustees
ALOHA KĀKOU

I am pleased to present the Office of Hawaiian Affairs fiscal year 2010 Annual Report, covering the period from July 1, 2009, to June 30, 2010. Fiscal year 2010 saw great strides in the implementation of OHA’s new Strategic Plan, which was adopted by the Board of Trustees in September 2009. Underscored by a restructuring of the organization to target our expertise and resources to key areas, OHA has taken the first crucial steps into its new roles as Advocate, Researcher, and Asset Manager.

This fiscal year saw our Research Line of Business put the finishing touches on a three-year report, *The Disparate Treatment of Native Hawaiians in the Criminal Justice System*, which would later confirm the disparities that until now existed only anecdotally. The report would also provide a valuable tool upon which our Advocacy Line of Business will utilize for policy change. This is a fine example of how OHA’s shift in focus from serving individual needs to applying our resources to programs and activities will lead to systemic change and maximize its impact on all Hawaiians.

Additionally, OHA’s four Lines of Business continued to take shape under proven and respected leaders in the Hawaiian community, allowing us to forge even stronger relationships with stakeholders, policymakers, and beneficiaries to achieve our common goals.

In light of the economic downturn, our diverse grants and loans programs have become vital to our Native Hawaiian businesses and community. In fiscal year 2010, we provided $6.1 million in direct support to these programs.

OHA has laid a strong foundation upon which the agency will go forward in the next six years, as we advance with a renewed focus in upholding our Constitutional and statutory mission. On behalf of the Office of Hawaiian Affairs, I would like to express our gratitude to the State Administration and members of the State Legislature for their continued support.

Me ka ‘oia’i’o,

Clyde W. Nämu’o
Chief Executive Officer

ABOUT THE OFFICE OF THE CHIEF EXECUTIVE OFFICER AS OF JUNE 30, 2010

The Office of the CEO manages the internal operations of the Office of Hawaiian Affairs by providing leadership, guidance, direction, and executive oversight. It implements the policies, rules, and directives adopted by the Board of Trustees and guides the organization’s operation within the parameters established by the Board and in response to the concerns of OHA’s beneficiaries. Additionally, the Office works with other agencies, public and private, that also serve Hawaiians and Native Hawaiians toward OHA’s mission of bettering the conditions of all Hawaiians. It reports to the Board on OHA’s fiscal status and on the status of projects and programs. This includes developing and overseeing organizational structures and procedures; securing, supervising, and inspiring staff in the skills and attitudes required to work together; and guiding the implementation of OHA’s functional, master, and strategic plans and processes.
OFFICE OF HAWAIIAN AFFAIRS ORGANIZATIONAL CHART

Note: The chart above depicts the structure of the organization as of June 30, 2010.
DURING THE FIRST QUARTER of the fiscal year 2010, the Office of Hawaiian Affairs saw the completion and adoption by the Board of Trustees of a new Strategic Plan that covers the period from 2010 to 2016.

This Plan signals a dynamic and powerful new initiative for OHA and has resulted in not only being clearer and more focused on achieving systemic change for Native Hawaiians, but has also allowed for the transformation of OHA into a more streamlined and performance-based organization.

The Board of Trustees adopted Strategic Priorities in six key areas. These six Priorities are inter-related and are expressed from the perspective of our beneficiaries as experiences that Native Hawaiians will have as their conditions improve in the future:

**ECONOMIC SELF SUFFICIENCY – KAHAU WAIWAI**  
To have choices and a sustainable future, Native Hawaiians will progress toward greater economic self-sufficiency.

**LAND & WATER – ‘AINA**  
To maintain the connection to the past and a viable land base, Native Hawaiians will participate in and benefit from responsible stewardship of Ka Pae ‘Aina O Hawai‘i.

**CULTURE – MO‘OMEHEU**  
To strengthen identity, Native Hawaiians will preserve, practice, and perpetuate their culture.

**HEALTH – MAULI OLA**  
To improve the quality and longevity of life, Native Hawaiians will enjoy healthy lifestyles and experience reduced onset of chronic diseases.

**GOVERNANCE – KE EA**  
To restore pono and ea, Native Hawaiians will achieve self-governance, after which the assets of OHA will be transferred to the new governing entity.

**EDUCATION – HO‘ONA‘AUAO**  
To maximize choices of life and work, Native Hawaiians will gain knowledge and excel in educational opportunities at all levels.

In addition, OHA’s new Strategic Plan represents a marked departure from previous efforts insofar as it reflects OHA’s commitment to becoming a performance-based organization. In this regard, it is important not only for the organization to establish priority areas, but it is also very important that strategic result measurements be defined and reported on so that a clearer and more detailed picture on the conditions of Native Hawaiians can be set forth. OHA established the following 10 Strategic Results that are intended to provide specific measures on the organization’s ability to influence change and to further the experiences of Native Hawaiians as defined in the six Strategic Priorities.

- Native Hawaiian average family income will equal 100% or greater than the State-wide average family income.
- __ Percent of Native Hawaiians living longer than one year (without default) in owner-occupied or rental housing.
- __ Percent of Native Hawaiians participating in cultural activities, including language, and who interact with the ‘aina for cultural, spiritual, religious, and subsistence purposes.
- __ Percent of Native Hawaiian students meet or exceed standards in elementary, middle, and high school testing, and who graduate from post-secondary institutions.
- __ Percent of Native Hawaiian families actively improving lifestyle choices by engaging in health programs (weight loss, diet, substance abuse treatment) and supportive family development practices (prenatal screening, early education, family oriented activities, parent/child learning.)
- __ Percent of all Hawai‘i residents appreciate and value Native Hawaiian history and culture as a basis for residing in Hawai‘i.
- Native Hawaiian chronic disease rates will be equal to or less than the general population of Hawai‘i for each of the following: cardiovascular disease, obesity, diabetes, asthma, and cancer.
- __ Percent of all Hawai‘i residents understand and agree that a viable land base is necessary for the new Native Hawaiian governing entity.
Adoption by the Board of Trustees of a Transition Plan that includes the legal transfer of assets and other resources to the new Native Hawaiian governing entity.

Percent of Ka Pae ‘Āina O Hawai‘i managed to create economic value, preserve cultural and natural resources and historic properties, and/or provide cultural and social opportunities for Native Hawaiians in a sustainable and balanced manner.

Since the adoption of the Strategic Plan in September 2009, OHA has embarked on a concerted research effort to provide baseline information on the 10 Strategic Results and to also set target measures that can be monitored as the Plan is implemented.

Further, OHA’s Strategic Plan provides greater clarity in its role toward fulfilling its mission. Specifically, in order to achieve our Priorities and Strategic Results, OHA is focused on the roles of Advocate, Researcher, and Asset Manager to improve conditions for all Native Hawaiians through systemic change.

**ADvocAcY** means making changes to laws, policies, and practices which broadly impact the Priorities the Board of Trustees has approved in the OHA Strategic Plan. This includes outreach to mobilize the community, monitoring activities to identify harmful policies, and laws, and promoting advocacy initiatives to change laws, policies, and practices in ways that improve conditions for Native Hawaiians as outlined in the Priorities and Strategic Results.

**REsearch** means to compile and gather data to identify gaps and important issues, inform our advocacy efforts, and ensure our actions and initiatives are based on the best information available.

**ASSET mANAgEMENT** means to fulfill our trust by analyzing opportunities, making critical decisions, and maximizing the value of our portfolio and other investments.

In order to implement the Strategic Plan, OHA underwent an organizational realignment throughout the remaining three quarters of the fiscal year. This realignment involved the establishment of functional Lines of Business that are consistent with the aforementioned roles of the organization: Advocacy, Research, and Asset Management. This new structure replaces OHA’s previous structure of topic-specific “hale” with functional lines of business and programs. A major aspect of this structure is to create an organizational environment that is reliant upon and supportive of collaboration and coordination among the staff.

As previously mentioned, the issues facing Native Hawaiian are multi-faceted and inter-related. Hence it is essential for OHA, in its advocacy for systemic change, to have an environment in which staff, with diverse experiences and expertise, work in a collaborative manner to develop policy initiatives and research that are equally multi-faceted. The organizational chart provided on page 9 is intended to embody this inter-connected relationship between OHA’s Lines of Business and Programs.
MISSION
The Corporate Counsel Program provides general counsel and legal support services to the CEO in order for the CEO to make informed and legally sound decisions, which protect the Native Hawaiian Trust assets, the interests of OHA, and improve the conditions of all Native Hawaiians.

RISK MANAGEMENT
Prudent risk management oversight by the Corporate Counsel Program resulted in significantly enhanced coverage for the agency and related entities at a lesser cost than previous year.

LITIGATION
The Corporate Counsel Program reported out a successful outcome for Kuroiwa, Jr., et al. v Lingle, et al., Civil No. 08-0153 JMS-KSC United States District Court, (9th Cir., Nov. 5, 2009). The 9th Circuit Court of Appeals affirmed the lower court’s award of sanctions against Plaintiff’s counsel for filing a “completely frivolous” complaint (later dismissed) since Plaintiffs had no standing and therefore no legal basis to pursue claims against OHA and the State of Hawai‘i.

OHA intervened in the contested case to restore water flow to Nā Wai ‘Ehā, aka “The Four Great Waters,” that were dewatered by agricultural interests on Maui (‘Iao Ground Water Management Area High-Level Source Water Use Permit Applications and Petition to Amend Interim Instream Flow Standards of Waihe‘e, Waiehu, ‘Iao, & Waikapū Streams Contested Case Hearing, Case No. CCH-MA06-01.) The Commission on Water Resource Management’s final Decision and Order, issued on June 10, 2010, restored less than half the volume of water that the Proposed Decision would have restored. No water was restored to ‘Iao Stream or Waikapū Stream. The filing of an appeal appeared imminent.

PAPAHĀNAUMOKUĀKEA
A Staff Attorney served on the Monument Management Board (MMB) of Papahānaumokuākea, facilitating all meetings of the state and federal MMB for collaborative management of the world’s third largest marine protected area.

The Corporate Counsel Program managed cultural components of the United Nation’s IUCN/COMOS delegation’s site visit and evaluation of Papahānaumokuākea as a UNESCO World Heritage natural and cultural site, both of which resulted in positive recommendations, leading to the ultimate World Heritage inscription.

The Corporate Counsel Program also conducted a presentation about Papahānaumokuākea and Native Hawaiian land, ocean, legal and cultural history, and future governance to the Conference of the International Tribunal of the Law of the Sea and the UNESCO Man and Biosphere Conference.
MISSION
The Washington, D.C., Bureau provides federal policy and program advocacy, monitoring, education, Congressional and Executive Branch liaison and native nations and national alliance-building services to OHA Trustees and the Chief Executive Officer so that they may effect systemic change at the national level, which improves conditions of Native Hawaiians, consistent with OHA’s mission and Strategic Results.

NATIVE HAWAIIAN GOVERNMENT REORGANIZATION ACT (NHGRA)
In FY-10, the Bureau primarily advocated for passage of the NHGRA and other measures important to Native Hawaiians, and worked to prevent elimination of Native Hawaiians from existing U.S. policy and law. Efforts include educating the U.S. Congress and Executive Branch on issues important to Native Hawaiians; advising and assisting Department of Defense in Native Hawaiian Consultation policy and cultural communications training; consulting with the White House Office of Public Engagement to educate White House officials about issues important to Native Hawaiians; and coordinating written and oral testimony on NHGRA before the U.S. Senate Committee on Indian Affairs and House Natural Resources Committees.

Notably, the Bureau expanded a coalition of allies supporting Native Hawaiian issues at the national level by sponsoring events, hosting meetings, providing educational ads, recruiting Hawaiian students for scholarship programs, and updating support networks on the status of NHGRA and matters important to Native Hawaiians.

Additionally, nation-building workshops and meetings were organized to prepare for implementation of the NHGRA.

SPONSORSHIPS
The Bureau sponsored educational and cultural events that promoted and preserved the Hawaiian culture in the nation’s capital, including the 2010 Smithsonian Folklife Festival, the 2010 National Museum of the American Indian Hawaiian Cultural Showcase, and the 2010 U.S. Capitol Visitors Center Kamehameha I Lei Draping Ceremony.

MONITORING
A mechanism was maintained to collect and disseminate information on issues important to Native Americans. Efforts included monitoring and updating the Federal Register, monitoring bills impacting Native Hawaiians, monitoring funding opportunities for Native Hawaiians, and disseminating information on Native Hawaiian issues to the broader community.
Advocacy

The Advocacy Line of Business consists of three Programs: Public Policy, Community Outreach, and Compliance Monitoring.

The Public Policy Program advocates for systemic change by improving public policy for Native Hawaiians, working with policymakers and stakeholders, and developing OHA’s Legislative Package.

The Community Outreach Program networks with diverse groups to build community coalitions to best serve all OHA beneficiaries. OHA’s Hawaiian Registry is among the Program’s major initiatives.

The Compliance Monitoring Program safeguards the interests of the Hawaiian community by providing legal review and advocacy to protect the traditional cultural landscape, resources and lifestyle needs of the Native Hawaiian community.
PUBLIC POLICY PROGRAM  
Jobie Masagatani, Manager

MISSION
The Public Policy Advocacy Program provides analytical, strategic, policy, legislative, and partnership development services to the Chief Executive Officer, the Executive Leadership team, and the Board of Trustees so they can advance the Strategic Priorities and Results as articulated in the Strategic Plan to better the conditions of Native Hawaiians through systemic change.

LEGISLATIVE PACKAGE
OHA’s 2010 Legislative Package consisted of 29 measures addressing a range of issues affecting Native Hawaiians, including proposals relating to the state’s payment of past-due Public Land Trust revenue, Native Hawaiian homelessness, funding for the Taro Security and Purity Task Force, administration of the ‘Aha Kiole Committee, administration of Mākua Valley, charter school facilities, University of Hawai‘i tuition waivers for Native Hawaiians, creation of Native Hawaiian building codes, development impacts on historic properties, improving child welfare services laws, preservation of Native Hawaiian artifacts, the removal of portraits of Provisional Government officials from state buildings, and the creation of a Queen Ka‘ahumanu statute task force.

Nearly 3,800 legislative proposals were reviewed, 660 measures were tracked, and OHA took a position on approximately 235 new bills and resolutions.

FEDERAL LEGISLATION
Health: Public Policy advocated locally for the Native Hawaiian Health Care Act, which passed in January 2010. The Board of Trustees also supported State of Hawai‘i HCR 104, which expressed support for congressional measures to amend the Public Health Service Act to provide for health data regarding Native Hawaiians and other Pacific Islanders.

Education: Public Policy facilitated discussions at the Native Hawaiian Education Association conference and at stakeholder meetings with various educational partners to secure feedback for Congress on the reauthorization of the Native Hawaiian Education Act and the Elementary and Secondary Education Act (ESEA).

COUNTY ORDINANCE
Prepared an OHA ordinance proposing a real property tax exemption for taro farming for introduction at the Hawai‘i County Council. Similar ordinances will be introduced at each of the County Councils.

NÄ WAI ‘EHĀ
The streams of Nā Wai ‘Ehā (Waihe’e, Waiehu, ‘Īao, and Waikapu) once supported the largest contiguous area of kalo cultivation in Ka Pae ‘Āina O Hawai‘i. However, for over a century nearly all of the stream flow was diverted, often leaving stream beds dry. In 2006, OHA joined community groups in seeking restoration of stream flow to the Nā Wai ‘Ehā streams. The result of the Nā Wai ‘Ehā case will have long term impacts to our beneficiaries for generations to come.

This year, OHA has continued its advocacy work in Nā Wai ‘Ehā. Public Policy has worked with OHA’s attorneys to file an appeal of the Commission on Water Resource Management’s Interim Instream Flow Standards for Nā Wai ‘Ehā. OHA seeks protection for Native Hawaiian traditional and customary rights and practices, and revitalization of the streams, their ecosystems, and the surrounding communities who depend on them. Public Policy has also been working community members, the Commission on Water Resources Management, the U.S. Geological Survey (USGS), and the attorneys to resolve issues related to the restoration of the Waihe’e and Waiehu streams.

‘AHA KĀNE
Coordinated OHA’s participation in ‘Aha Kāne 2010, a Native Hawaiian Men’s Health Conference, which brought together 600-plus predominantly Native Hawaiian men to support the development of positive male role models and healthy leadership within families and communities.

COMMUNITY OUTREACH PROGRAM  
Dirk Soma, Manager

MISSION
The Community Outreach Program provides community coalition building and advocacy support services to the CEO and OHA Managers so they can build strong community networks in support of OHA’s advocacy positions. The Program engages the Hawaiian community throughout the State and the Continent and provides them with information regarding OHA’s programs, services, and initiatives and gathers mana‘o as to their achievements, challenges, and concerns so that OHA can best serve all beneficiaries.

SPONSORSHIPS AND GRANTS
In FY-10, $119,224 in sponsorships were awarded to support 24 events, and $11,870 in small grants were given to support 30 community events.
COALITION BUILDING

Outreach attended 307 community meetings and 45 community events, and provided continental outreach to California, Nevada, New Mexico, Arizona, Washington, Illinois, Colorado, Utah, and Washington, D.C.

HAWAIIAN REGISTRY

A major project of the community outreach program includes the Hawaiian Registry, which enrolled 3,155 individuals in FY-10.

KULEANA TAX

County Kuleana Tax Exemptions were initiated by OHA, which also provides ancestry verification for individuals seeking to qualify. Statewide for the 2010-2011 year, 67 families received Kuleana Tax Exemptions, according to a report by the City and County of Honolulu Property Tax Office. The breakdown is as follows: Honolulu County, 31 families; Maui County, 7 families; Hawai‘i County, 16 families; and Kaua‘i County, 13 families.

COMPLIANCE MONITORING PROGRAM

Kai Markell, Manager

MISSION

The Compliance Monitoring Program provides legal and policy compliance review, assessment and corrective action services to the Chief Executive Officer and organization so they can take proactive or protective action when public or private organizations interpret or implement laws in ways that may harm the Hawaiian community or may not be in their best interests.

CONSULTATION

Compliance Monitoring provided written responses on Environmental Impact Statements, Cultural Assessment and Impact Statements, Section 106 and military consultation, and Beneficiary and Trustee requests/issues.

ADVISORY BOARDS

Compliance Monitoring participated on boards and advisory groups, including the Hawaiian Islands Humpback Whale National Marine Sanctuary, Ka‘ena Point Advisory Group, Kane‘ohe Bay Regional Council, Hawai‘i Board of Geographic Names, Hawai‘i Tourism Authority-Native Hawaiian Cultural Advisory Council, Kane‘ohe Bay Regional Council, and the Lāna‘i Archaeological Committee. Program Staff also testified at Board of Land and Natural Resources and the Commission on Water Resources Management hearings.

HAWAIIAN BURIALS AND NAGPRA

In FY-10, the Compliance Monitoring Program assisted the Native Hawaiian Legal Corporation in litigation to undo the construction of a single family home on an ancestral native Hawaiian burial ground in Naue, Kaua‘i; rendered expert opinion to the Honolulu City Council on the likelihood of encountering cultural deposits in the Kaka‘ako area of the proposed mass transit alignment; and conducted field surveys on the Battle Area Complex Ranges of Schofield, the Kahuku Training Area, and Pōhakuloa Training Area Ranges regarding the Stryker Litigation Settlement Implementation. A report was also drafted for submission to the Army pursuant to the Settlement Agreement.

The Compliance Monitoring Program also assisted the Native Hawaiian Historic Preservation Council in its work; researched the possible extrication of healing stones in Wahiawa for return to Kūkaniloko; and participated on behalf of OHA’s Native American Graves Protection and Repatriation Act (NAGPRA) claim in the claimant ‘aha organized by the National Park Service for their half of the Forbes Cave artifact collection to help bring consensus. Major movement forward on a more unified approach ensued.
Community Relations

The Community Relations Line of Business is responsible for the dissemination of information related to OHA’s programs and policies to the Hawaiian community, the media, and the general public through various communication media, including OHA’s monthly newspaper *Ka Wai Ola*, weekday radio show *Na ʻŌiwi ʻŌlino*, electronic newspaper *Ka Wai Ola Loa*, OHA’s website and its social media channels. Public relations, media production, and market branding services are an integral part of Community Relations. This line of business also assists Native Hawaiian individuals and families with maintaining or improving their situations by providing financial assistance through its various grant, scholarship, and loan programs, as well as information and referral for short-term health care and education needs. The Communications Program, Media and Messaging Program, and Transitional Assistance Program fall under this Line of Business.

A (Masked Booby) and Iwa (Great frigate) birds perched on Mokumanamana uprights. Mokumanamana sits on the axes of the Hawaiian universe and boasts the highest concentration of ceremonial sites in the Hawaiian archipelago. Mokumanamana, Northwestern Hawaiian Islands, Hawai‘i. Photo: NOAA / Andy Collins
COMMUNICATIONS PROGRAM

Ed Nishioka, Manager

MISSION
The Communications Program serves the communications, publications, graphic design and multimedia needs of OHA, coordinating the dissemination of information about OHA programs, policies and general activities to the public through print, electronic, and broadcast media.

NĀ ‘ŌIWI ‘ŌLINO
The Communications Program administers OHA's weekday morning radio show, Na ‘Ōiwi ‘Ōlino, covering issues facing the Native Hawaiian community and the general public, airing on AM 850 in Hilo, AM 790 in Kona, AM 900 on Maui, AM 940 on O'ahu, and online worldwide at am940hawaii.com.

Remote broadcasts were conducted from the Business Fest in Wailea, Maui, the Native Hawaiian Education Association Convention in Windward O'ahu, and the Native Hawaiian Convention at the Hawai'i Convention Center.

KA WAI OLA
OHA's monthly newspaper, Ka Wai Ola, has a circulation of 55,000 subscribers, roughly 51,000 recipients in the State, 4,000 on the U.S. Continent, and thousands of online readers at oha.org/kwo. Special issues were devoted to Native Hawaiian businesses and the 50-year commemoration of statehood.

Ka Wai Ola underwent a makeover in FY-10 to reflect the priorities of OHA's new Strategic Plan, including the addition of sections devoted to the priorities of Culture, Education, Economic Self-Sufficiency, Governance, Health, and Land and Water.

Communications also produced 11 issues of Ka Wai Ola Loa, the electronic midmonth edition of Ka Wai Ola, which leverages the possibilities of the Internet and delivers the very latest in Native Hawaiian and OHA-related news and community events.

WEB SITE
OHA's web site was streamlined to serve as a more user-friendly one-stop shop for news releases, reports, meeting announcements, and general information on grants, scholarships, and other programs.

NATIVE HAWAIIAN GOVERNMENT REORGANIZATION ACT (NHGRA)
Communications produced a series of two live television specials on KITV4 to inform the public about the Native Hawaiian Government Reorganization Act of 2009.

The web site oha.org/nhgra was also created to serve as a clearinghouse offering the latest information, background, and answers to frequently asked questions surrounding the bill.

ANNUAL REPORT
OHA's Annual Report is a production of the Communications Program, and the 2009 Annual Report and Calendar's theme was “Nā Waaiwai o Wao Kele o Puna – Treasures of Wao Kele o Puna,” featuring images illustrating OHA's values photographed by Arna Johnson.

MEDIA RELATIONS AND MESSAGING PROGRAM

Lloyd Yonenaka, Manager

MISSION
The Media Relations and Messaging Program provides media production, public and media relations, and marketing branding services in order to create and sustain awareness, understanding, and support of OHA's role and value in advancing the rights, aspirations, and life conditions of the Native Hawaiian people.

SOCIAL MEDIA
In FY-10, Media Relations and Messaging launched OHA's social media channels with a presence on Twitter and Facebook. Both have garnered solid followings and OHA's Facebook page is populated with an average of 100 new fans a month.

A YouTube channel was also created to serve as a platform to view videos, commercials, and PowerPoint presentations from OHA.

EVENTS
Media Relations and Messaging produced a key debate televised live on Hawai'i News Now, focused on the winner-take-all special election in the First Congressional District. A second televised debate, is scheduled for October 12, 2010, featuring the leading gubernatorial candidates.

NATIVE HAWAIIAN GOVERNMENT REORGANIZATION ACT (NHGRA)
Media Relations and Messaging initiated a public awareness campaign to educate stakeholders and the community on NHGRA, commonly referred to as the Akaka bill. Progress of the bill was highlighted through various methods including the OHA web site, brochures, and news releases.
TRANSCRIPTIONAL
ASSISTANCE PROGRAM
John P. Alamodin, Manager

MISSION
The Transitional Assistance Program (TAP) provides grants and loans, information and referral, temporary assistance, and transition planning services to Native Hawaiians so they can stabilize and improve their life situation and move toward self-sufficiency.

KAI‘AUU Grants ($25,000 to $100,000)
The Board of Trustees approved 36 Kai‘auu Grant awards totaling $2,130,620. Grants were awarded to organizations statewide in the service areas of human services, health, economic development, native rights, culture, housing, and education.

KAUHALE Grants (up to $25,000)
The CEO approved 29 Kauhale Grant awards totaling $623,104 to organizations that provide statewide services as well as organizations that focus on serving the islands of O‘ahu, Maui, Lana‘i, and Hawai‘i in the areas of human services, health, and education.

‘AHAHUI EVENT Grants (up to $10,000)
The CEO approved 37 ‘Ahahui Event Grant awards totaling $323,407. Grants were awarded to organizations that hosted community events in the areas of human services, health, culture, economic development, community development, and education.

COMMUNITY-BASED ECONOMIC DEVELOPMENT (up to $50,000)
The Community-Based Economic Development (CBED) Program provides funding to community-based organizations to plan, develop, and implement sustainable economic development and capacity-building projects serving the needs of the Native Hawaiian community.

CBED disbursed 7 grants totaling $345,000 in FY 2010 to support programs ranging from the Wai‘anae Community Redevelopment Corporation (to support the MA‘O Organic Farms Mākeke Initiative project,) to Ma Ka Hana Ka ‘ike, (to support the Building for Sustainability Project) a vocational training and employment program for at-risk youth.

CONSUMER MICRO-LOAN PROGRAM (up to $7,500)
The Consumer Micro-Loan Program (CMLP) provides low-interest financing for career enhancement opportunities, such as certification and apprenticeship programs, and temporary financial hardship, including funeral expenses, unexpected automobile repair, and home repairs.

CMLP disbursed 37 loans totaling $206,989 in FY 10. Since its inception in March 2004, the program has awarded 266 loans for a total of $1,253,566.

NATIVE HAWAIIAN REVOLVING LOAN FUND ($2,500 to $75,000)
The Native Hawaiian Revolving Loan Fund (NHRLF), also known as OHA’s Mālama Loan Program, offers loans for business, education, and home improvement. Our home-improvement loans help stimulate the economy through construction jobs. In a recession, access to affordable credit becomes even more critical to help businesses stay afloat, underscoring the importance of this loan program.

In FY-10, NHRLF disbursed 152 Mālama Loans for business, education, and home improvements totaling $2,582,375. Since partnering with First Hawaiian Bank on November 15, 2007, the program processed and approved:

- 134 business loans totaling $2,914,960.
- 163 education loans totaling $2,218,138.
- 399 home improvement loans totaling $8,130,512.

NHRLF partnered with Pacific Gateway Center to provide technical assistance to beneficiaries in order to prepare them to become successful borrowers. Thirty three individuals received 272 hours of technical assistance in FY-10.

HAWAII PROCUREMENT TECHNICAL ASSISTANCE CENTER

The Hawai‘i Procurement Technical Assistance Center (HI-PTAC) strives to educate, counsel, and guide Hawai‘i businesses through the policies and requirements necessary to establish contracting relationships with government agencies at the federal, state, and county levels. HI-PTAC assists small business in understanding how to successfully market their goods and services to the government, which may result in job creation, income generation, and business retention in our local economy.

In fiscal year 2010, HI-PTAC served 396 clients of which 72 are Native Hawaiian-owned. HI-PTAC clients have garnered $22,279,657 in contract awards of which $9,201,824 went to Native Hawaiian-owned business entities.

In conjunction with subcontracted partners Maui Economic Opportunity, Inc. and Maui Economic Development Board, HI-PTAC conducted and/or participated in 39 procurement counseling workshops and outreach events with a total of 912 attendees.

INTAKE & REFERRAL

Intake & Referral provides information on and referral to resources that meet beneficiary needs for services in the areas of employment and income security, individual/family services and support, health care, housing, and other general information.

Examples include, but are not limited to: job training programs, financial assistance programs, therapy and counseling for families and individuals, health insurance, community health clinics, rental assistance programs, and emergency and crisis services.

On a monthly average, Intake & Referral staff assists approximately 1,000 callers and 500 beneficiaries.
The Research Line of Business consists of three programs: Demography, Land, Culture, and History, and Special Projects.

The Demography Program compiles and researches information relating to demography, health, education, and economic status of Native Hawaiians in Hawai‘i and elsewhere.

The Land, Culture, and History Program delves into relevant historical analyses about the Native Hawaiian people, their relationship to the land and environment, and their cultural traditions and practices.

The Special Projects Program provides applied research services to the CEO, Chief Operating Officer, and OHA Managers to help them identify issues and trends to better inform advocacy, policy, and operational initiatives.

*Whitetip reef shark, Mano iūla kea, sunning on beach, Nihoa, Northwestern Hawaiian Islands, Hawai‘i. Photo: NOAA / James Watt*
DEMOGRAPHY PROGRAM  
*Mark Eshima, M.A., Lead Researcher*

**MISSION**  
The Demography Program strives to fulfill OHA’s Constitutional mandate to compile basic demographic data on all Hawaiians; identify their physical, sociological, psychological, and economic needs; and conduct, encourage and maintain research relating to all Hawaiians. Demography focuses its efforts to provide the data and research to assist OHA’s Strategic Plan to address the health, housing, social, education, economic, cultural, and political interests of the Native Hawaiian people.

Through collaborative partnerships, the Demography Program created the database Wahi Pana to provide digital library services to the Office of Hawaiian Affairs, no ka ho’ōulu ‘ana o nā mea ‘ike Hawai‘i, for inspiring the wealth of Hawaiian cultural knowledge. Databases include information on Hawaiian Kingdom law session/legislative documents, Hawaiian language newspaper literature, and mahele records. Database partners include the University of Hawai‘i William S. Richardson School of Law Ka Huli Ao program, Kumu Pono Associates, and Ho‘olaupa‘i Hawaiian Newspaper Resource.

The Demography Program prepared an abridged edition and complete edition of the Native Hawaiian Data Book, which, when released in FY-11, will provide comprehensive population profiles and socio-demographic information on Native Hawaiians in addition to extensive reviews and updated statistics on OHA’s six Strategic Priorities.

LAND, CULTURE, AND HISTORY PROGRAM  
*Dr. Malia Ka’aihue, Lead Researcher*

**MISSION**  
Iulu no ka lālā i ke kumu — to recognize and value the rich heritage and traditions of our ancestors that allows us to flourish, is the motto of the Land, Culture, and History (LCH) Program. This Program is a key component in bridging the past with the future using credible historical analysis to provide viable measures that will assure Hawai‘i’s physical and intellectual rights are available for generations to come, as well as create a repository of Hawaiian knowledge.

In FY-10, the LCH collaborated with the National Oceanic Atmospheric and Administration on developing a cultural research plan to guide future research projects within the Papahānaumokuākea marine sanctuary and World Heritage site.

LCH also published a Traditional Cultural Properties report on Pahua heiau that consists of ethnographic, archaeological, and archival research.

LCH coordinated Island Burial Councils to convene and consider consistent guidelines and strategies that will improve the preservation and perpetuation of iwi kupuna, or ancestral remains.

LCH also maintained Geographic Information Systems (GIS) services, which incorporates maps, both past and present, to document and highlight information consisting of cultural folklore, ancient sites, and Hawaiian historical references to provide a comprehensive perspective on the importance of wahi pana.

SPECIAL PROJECTS PROGRAM  
*Nalani Takushi, M.S.W., Lead Researcher*

**MISSION**  
The search for knowledge or any systematic investigation is to establish facts. The primary purpose for *applied research*, as opposed to basic research, is discovering, interpreting, and developing methods and systems for the advancement of knowledge on a wide variety of matters of our Native Hawaiian worldview as well as other research perspectives. The role of the Special Projects Program is to provide *applied research* services to factually identify issues and trends surrounding Native Hawaiians.

In FY-10, Special Projects spearheaded an agency-wide assessment of the OHA Grants process.

In addition, Special Projects completed an issues paper on the State Department of Human Services Electronic Welfare Intake System, which proposed closing 30 statewide offices in an effort to shift toward utilizing electronic forms to expedite processing and save money. An issues paper was also done on the impact of the State Department of Education Furlough Fridays on Native Hawaiians’ educational performance, particularly those identified as special education and low-income.

Special Projects prepared for release in early FY-11 of OHA’s report, *The Disparate Treatment of Native Hawaiians in the Criminal Justice System*. The study was being prepared in collaboration with the Justice Policy Institute, Georgetown Law School, and the University of Hawai‘i at Mānoa’s Myron B. Thompson School of Social Work, Department of Urban Planning and William S. Richardson School of Law.

Special Projects participated as a major stakeholder of ‘Aha Kāne 2010, a Native Hawaiian Men’s Health Conference.
Resource Management


The Resource Management Line of Business safeguards and prudently manages OHA’s assets and resources for the achievement of OHA’s mission and its beneficiaries. Functions include budget compilation and monitoring, financial reporting, procurement of goods and services, records management, maintaining the information technology system, program evaluations, management of OHA lands and properties, human resource management, and managing OHA’s investment portfolio.

Gardner Pinnacle, Northwestern Hawaiian Islands, Hawai’i. Photo: NOAA / James Watt
ADMINISTRATIVE SERVICES PROGRAM
Hawley Alomadin, Manager and Controller

MISSION
The Administrative Services Program provides internal financial management and procurement services to support the efficient allocation and management of resources by the various programs in the best long-term interest of our beneficiaries.

OHA’s FY-09 financial audit, conducted by an independent certified public accounting firm, concluded successfully with the timely issuance of its auditor’s report in December 2009. The unaudited financial statements for FY-10 are presented on page 25.

OHA’s accounting and budgeting systems were overhauled to correlate to the needs of its new Strategic Plan and its new Managing for Results approach. A Centralization of Procurement was launched to provide efficient and streamlined operations.

LAND AND PROPERTY MANAGEMENT PROGRAM
Carol Ho‘omanawanui, Manager

MISSION
The Land and Property Management Program provides land acquisition, management, and consulting services for the benefit of Native Hawaiians so they can have sustainable lands to preserve and enhance sacred sites and traditional practices, protect cultural and natural resources, and create mauli ola (health and well-being) and economic opportunities for present and future generations.

The Land and Property Management Program collaborated with the Investment Transactions Program to finalize the corporate real estate criteria, which will assist in purchasing an OHA office building. The BOT approved the criteria in May 2010. In FY-10, OHA’s Kaua‘i and Maui offices were relocated, helping OHA to save $61,590 annually.

In FY-10, the Land and Property Management Program participated with various partners of the Hawai‘i Conservation Alliance to plan the opening and closing protocols and ‘awa ceremony for the 2010 Hawai‘i Conservation Conference (HCC), the first HCC conference that integrated traditional knowledge and western science in the management of ecosystems. Consistent with HCC’s theme, OHA partnered with Trust for Public Land to plan and moderate a panel on Hawaiian culture and conservation.

OHA has three landholdings in fee either directly or through a subsidiary: Waimea Valley, which is managed by Hi‘ipaka LLC, Wao Kele o Puna, and Pahu Heiau. In FY-10, the Land and Property Management Program assisted the Trust for Public Land in securing $2 million in City and County of Honolulu Clean Water and Natural Lands funding for the potential acquisition of land surrounding Kūkanilokō.

WAIMEA VALLEY
The Land and Property Management Program facilitated a series of meetings between Hi‘ipaka LLC and The Nature Conservancy to develop a conservation action plan for Waimea Valley, which will be completed in FY-11.

WAO KELE O PUNA
A meeting was held in July 2009 to inform community members of a project to plug and abandon the geothermal well at Wao Kele O Puna. By working cooperatively with the State Department of Land and Natural Resources, the geothermal well was plugged and abandoned in March 2010.

PĀHU HEIAU
The National Audubon Society/Toyota’s TogetherGreen Leadership Program awarded $10,000 to OHA’s Land Manager for the restoration of Pahua Heiau.

Together with OHA’s Land, Culture, and History Program, a meeting was held in February 2010 to begin engaging community members in providing information, stories, and photos on Pahua Heiau and participating in the stewardship of this wahi pana. A field study for Pahua was drafted in May 2010.

INVESTMENT TRANSACTIONS PROGRAM
Connie Cheng, Manager

MISSION
The Investment Transactions Program provides prudent oversight, sound analyses, and transactional services in support of the OHA Board of Trustees and the executive leadership to steward and grow the value of OHA’s portfolio investments for the eventual legal transfer to the future Native Hawaiian governing entity.

The Native Hawaiian Trust Fund (NHTF) achieved a 12.95 percent gross return in FY-10, lifting the year-end Trust Fund balance to $319.2 million. The NHTF outperformed other public funds, endowment, and foundations in FY-10, according to statistics reported by the Wilshire Trust Universe Comparison Service benchmark survey.
In FY-10, OHA successfully negotiated a fee reduction from its current investment advisors while continuing to monitor and evaluate the performance of other investment management firms.

In order to ensure that OHA Trustees have sufficient investment knowledge, an investment education program was launched. The program includes quarterly in-house investment education sessions and periodic external institutional investment seminars and conferences. Ten investment education seminars were held during the 12-month period.

Together with the Board of Trustees, the Investment Transactions Program conducted an annual review of the investment policy statement. Amendments made allow OHA to invest directly in Hawai‘i real estate and to establish a short-term liquidity account to manage OHA’s short-term investments for operational funding.

**PROGRAM IMPROVEMENT PROGRAM**

*Jim Patterson, Manager*

**MISSION**

Program Improvement provides administrative and operational evaluation services to management so that they can manage service contracts to achieve performance measures and improve service delivery to their Native Hawaiian clients.

In FY-10, Program Improvement developed and approved evaluation criteria for selection of contracts, and completed initial selection of FY-09 contracts for review and evaluation.

**HUMAN RESOURCES PROGRAM**

*Tane Mosher, Manager*

**MISSION**

The Human Resource Program provides comprehensive workforce development and management support services to managers to attract, retain, and motivate a high performing staff to achieve strategic and operational results.

Human Resources played a major role in transitioning OHA to a new organizational structure comprising four Lines of Business. Highlights include implementing a transition severance and retirement program, developing an OHA Employee Handbook, and upgrading the Oracle Human Resources Management System to conform with the new organizational structure.

**INFORMATION SYSTEMS & RECORDS MANAGEMENT PROGRAM**

*Rodney Saito, Manager*

**MISSION**

The Information Systems & Records Management Program provides business tools, technology tools, applications, network services, and records management to enable staff to conduct business and achieve results in a reliable and efficient computing environment.

There are many things we can do to mālama our environment. One of the efforts OHA undertook is to move toward a paperless environment. The Records Management Unit continues collaboration with all Lines of Business to automate the flow of paper as well as the preservation of records that document our history.

**HĀLAWA-LULUKU INTERPRETIVE DEVELOPMENT (HLID) PROJECT**

*Kaiwi Nui, Coordinator*

**MISSION**

The Hālawa-Luluku Interpretive Development (HLID) Project is designed to interpret, preserve, and mitigate adverse impacts resulting from the construction of Interstate H-3 Highway. The project was created by a Memorandum of Agreement (MOA) between the Federal Highway Administration, Hawai‘i State Historic Preservation Division, and the Advisory Council on Historic Preservation and exists through a Cooperative Agreement between the Hawai‘i Department of Transportation and the Office of Hawaiian Affairs.

In FY-10, HLID completed Phase 1 (Planning) with approval of the Interpretive Development Plan, in which the community identified a number of sites for cultural mitigation. In addition, HLID began Phase 2 (Design and Development), including development of a project budget and schedule.

HLID also executed the Final Cooperative Agreement, which codifies the responsibilities of all parties toward project completion and ensures that approved projects will be delivered and ready for stewardship and management.
The following financial statements for the fiscal year beginning July 1, 2009, and ending June 30, 2010, were prepared internally by the Office of Hawaiian Affairs and were not reviewed by any external auditor. OHA makes no representations as to the accuracy of these financial statements. When audited financial statements become available, they will be printed in Ka Wai O Oha and available online at oha.org.
## 2010 UNAUDITED FINANCIAL STATEMENTS

**GOVERNMENTAL FUNDS - BALANCE SHEET/GOVERNMENT-WIDE STATEMENT OF NET ASSETS**

**JUNE 30, 2010**

### GOVERNMENTAL FUNDS

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>GENERAL FUND</th>
<th>PUBLIC LAND TRUST</th>
<th>FEDERAL GRANTS</th>
<th>OTHER</th>
<th>HI'ILEI ALOHA LLC</th>
<th>TOTAL</th>
<th>ADJUSTMENTS</th>
<th>GOVERNMENT-WIDE STATEMENT OF NET ASSETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petty cash</td>
<td>$ -</td>
<td>$ 700</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 3,353</td>
<td>$ 4,053</td>
<td>$ -</td>
<td>$ 4,053</td>
</tr>
<tr>
<td>Cash in State Treasury</td>
<td>539,984</td>
<td>3,086,763</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$ 3,626,747</td>
<td>-</td>
<td>$ 3,626,747</td>
</tr>
<tr>
<td>Cash in banks</td>
<td>-</td>
<td>2,945,017</td>
<td>1,046,864</td>
<td>593,917</td>
<td>296,363</td>
<td>4,882,161</td>
<td>-</td>
<td>4,882,161</td>
</tr>
<tr>
<td>Cash held by investment manager</td>
<td>-</td>
<td>755,171</td>
<td>1,598,726</td>
<td>-</td>
<td>-</td>
<td>$ 2,353,897</td>
<td>-</td>
<td>2,353,897</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>-</td>
<td>32,391,979</td>
<td>43,845</td>
<td>7,045</td>
<td>57,674</td>
<td>32,500,543</td>
<td>-</td>
<td>32,500,543</td>
</tr>
<tr>
<td>Interest and dividends receivable</td>
<td>-</td>
<td>155,867</td>
<td>83,396</td>
<td>-</td>
<td>-</td>
<td>239,263</td>
<td>-</td>
<td>239,263</td>
</tr>
<tr>
<td>Inventory, prepaid items and other assets</td>
<td>44,464</td>
<td>425,413</td>
<td>67,042</td>
<td>-</td>
<td>78,089</td>
<td>615,008</td>
<td>-</td>
<td>615,008</td>
</tr>
<tr>
<td>Notes receivable - due within one year</td>
<td>-</td>
<td>575,506</td>
<td>1,985,569</td>
<td>-</td>
<td>-</td>
<td>2,561,075</td>
<td>-</td>
<td>2,561,075</td>
</tr>
<tr>
<td>Notes receivable - due after one year</td>
<td>-</td>
<td>3,439,162</td>
<td>5,884,738</td>
<td>-</td>
<td>-</td>
<td>9,323,900</td>
<td>-</td>
<td>9,323,900</td>
</tr>
<tr>
<td>Security deposits</td>
<td>-</td>
<td>605</td>
<td>-</td>
<td>973</td>
<td>-</td>
<td>1,578</td>
<td>-</td>
<td>1,578</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>310,249,374</td>
<td>17,636,473</td>
<td>-</td>
<td>-</td>
<td>327,885,847</td>
<td>-</td>
<td>327,885,847</td>
</tr>
<tr>
<td>Capital assets - net</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>26,936,605</td>
<td>-</td>
<td>26,936,605</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$ 584,448</strong></td>
<td><strong>$ 354,025,557</strong></td>
<td><strong>$ 28,346,653</strong></td>
<td><strong>$ 600,962</strong></td>
<td><strong>$ 436,452</strong></td>
<td><strong>$ 383,994,072</strong></td>
<td><strong>$ 26,936,605</strong></td>
<td><strong>$ 410,930,677</strong></td>
</tr>
</tbody>
</table>
# 2010 UNAUDITED FINANCIAL STATEMENTS
## GOVERNMENTAL FUNDS - BALANCE SHEET/GOVERNMENT-WIDE STATEMENT OF NET ASSETS (continued)

**June 30, 2010**

### LIABILITIES AND FUND BALANCES/NET ASSETS

<table>
<thead>
<tr>
<th>GENERAL FUND</th>
<th>PUBLIC LAND TRUST</th>
<th>FEDERAL GRANTS</th>
<th>OTHER</th>
<th>HI’ILEI ALOHA LLC</th>
<th>TOTAL</th>
<th>ADJUSTMENTS</th>
<th>GOVERNMENT-WIDE STATEMENT OF NET ASSETS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$260,648</td>
<td>$27,137,265</td>
<td>$125,543</td>
<td>$11,344</td>
<td>$236,563</td>
<td>$27,771,363</td>
<td>$ -</td>
</tr>
<tr>
<td>Due to State of Hawaii</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Long-term liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due within one year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>598,475</td>
</tr>
<tr>
<td>Due after one year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,390,123</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>$260,648</td>
<td>$27,137,265</td>
<td>$125,543</td>
<td>$11,344</td>
<td>$236,563</td>
<td>$27,771,363</td>
<td>$1,988,598</td>
</tr>
</tbody>
</table>

| FUND BALANCES/NET ASSETS |                   |                 |       |                 |       |             |                                        |
| Fund balances |                   |                 |       |                 |       |             |                                        |
| Reserved for encumbrances | 474,107 | 14,722,391 | 322,530 | - | - | 15,519,028 | (15,519,028) | - |
| Reserved for notes receivable | - | 4,014,668 | 7,870,307 | - | - | 11,884,975 | (11,884,975) | - |
| Reserved for other | 44,465 | 426,017 | 67,042 | - | - | 537,524 | (537,524) | - |
| Fiscal reserve | - | 14,959,445 | - | - | - | 14,959,445 | (14,959,445) | - |
|Unreserved |                   |                 |       |                 |       |             |                                        |
| Designated for debt service for DHHL-issued revenue bonds | - | 84,000,000 | - | - | - | 84,000,000 | (84,000,000) | - |
| Designated for Native Hawaiian revolving loans | - | - | 17,636,473 | - | - | 17,636,473 | (17,636,473) | - |
| Designated for Fannie Mae Loan Program | - | 32,473 | - | - | - | 32,473 | (32,473) | - |
| Designated for other grants | - | - | 29,419 | - | - | 29,419 | (29,419) | - |
| Designated for Hawaiian projects | - | 2,978,703 | - | - | - | 2,978,703 | (2,978,703) | - |
| Designated for subsequent year’s expenditures | - | 2,978,703 | - | - | - | 2,978,703 | (2,978,703) | - |
| Undesignated | 194,772 | 205,754,595 | 2,295,339 | 1,344 | 199,889 | 208,056,395 | (208,056,395) | - |
| **TOTAL FUND BALANCES** | 323,800 | 326,888,292 | 28,221,110 | 589,618 | 199,889 | 356,222,709 | (356,222,709) | - |
| **TOTAL LIABILITIES AND FUND BALANCES** | $364,448 | $354,025,557 | $28,346,653 | $600,962 | $436,452 | $383,994,072 | - | - |

### Net assets

| Invested in capital assets, net of related debt | 26,778,818 | 26,778,818 |
| Restricted - federal funds | 28,221,110 | 28,221,110 |
| Unrestricted | 326,170,788 | 326,170,788 |

**TOTAL NET ASSETS** | $381,170,716 | $381,170,716 |
## 2010 UNAUDITED FINANCIAL STATEMENTS

**GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES/GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

Year ended June 30, 2010

### GOVERNMENTAL FUNDS

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Public Land Trust</th>
<th>Federal Grants</th>
<th>Other</th>
<th>Hi’ilei Aloha</th>
<th>Total</th>
<th>Adjustments</th>
<th>Government-Wide Statement of Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditures/expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current divisions:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board of Trustees</td>
<td>$33,919</td>
<td>$1,706,211</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$1,740,130</td>
<td>$ (67,282)</td>
</tr>
<tr>
<td>Support services</td>
<td>707,168</td>
<td>11,787,694</td>
<td>-</td>
<td>7,539</td>
<td>-</td>
<td>12,502,401</td>
<td>(453,801)</td>
</tr>
<tr>
<td>Beneficiary advocacy</td>
<td>1,769,233</td>
<td>20,798,356</td>
<td>1,316,850</td>
<td>80,137</td>
<td>-</td>
<td>23,964,576</td>
<td>(188,445)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>413,518</td>
</tr>
<tr>
<td>Hi’ilei Aloha LLC</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,014,988</td>
<td>3,014,988</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES/EXPENSES</strong></td>
<td>$2,510,320</td>
<td>34,292,261</td>
<td>1,316,850</td>
<td>87,676</td>
<td>3,014,988</td>
<td>41,222,095</td>
<td>(303,303)</td>
</tr>
</tbody>
</table>

### Program revenues

| Charges for services | - | - | 388,043 | - | - | 388,043 | - | 388,043 |
| Operating grants | - | - | 349,057 | 8,000 | - | 357,057 | - | 357,057 |
| Interest and investment earnings | - | - | 349,645 | 4,381 | - | 354,026 | - | 354,026 |
| **TOTAL PROGRAM REVENUES** | - | - | 1,086,745 | 12,381 | - | 1,099,126 | - | 1,099,126 |

### Net Program (Expenses) Revenue

| (2,510,320) | (34,292,261) | (230,105) | (75,295) | (3,014,988) | (40,122,969) | 303,303 | (39,819,666) |

### General revenues

| Appropriations, net of lapses | 2,307,596 | - | - | - | - | 2,307,596 | - | 2,307,596 |
| Public land trust | - | 15,100,000 | - | - | - | 15,100,000 | - | 15,100,000 |
| Interest and investment (losses) earnings | - | 37,829,657 | - | - | 185 | 37,829,842 | - | 37,829,842 |
| Newspaper advertisements | - | - | 94,973 | - | - | 94,973 | - | 94,973 |
| Donations and other | - | 371,531 | - | 81,935 | - | 453,466 | - | 453,466 |
| Hi’ilei Aloha LLC | - | - | - | - | - | 1,514,403 | 1,514,403 | 1,514,403 |
| Non-imposed fringe benefits | 215,621 | - | - | - | - | 215,621 | - | 215,621 |
| **TOTAL GENERAL REVENUES** | 2,523,217 | 53,301,188 | - | 176,908 | 1,514,588 | 57,515,901 | - | 57,515,901 |

### (Deficiency) Excess of Revenues over Expenditures

| $12,897 | $19,008,927 | ($230,105) | $101,613 | ($1,500,400) | $17,392,932 | $303,303 | $17,696,235 |

### Other financing sources (uses)

| Net transfers (to) from other funds | - | (1,266,279) | - | 69,355 | 1,452,737 | 255,813 | - | 255,813 |

### Net Change in Fund Balance/Net Assets

| 12,897 | 17,742,648 | (230,105) | 170,968 | (47,663) | 17,648,745 | 303,303 | 17,952,048 |

### Fund balance/net assets

| END OF YEAR | $323,800 | $326,688,292 | $28,221,110 | $589,618 | $199,889 | $356,222,709 | $24,948,007 | $381,170,716 |
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The cliff of Nihoa stands as a resistance against the wind.

Said of one who stands bravely in adversity.
Miller peak, the highest point on Nihoa, is home to one of 88 cultural sites that are found throughout the island.

Nihoa, Northwestern Hawaiian Islands, Hawai‘i. Photo: NOAA
the sunrise of kāne at ha'eha'e shines bright
the rays of the sun spread throughout hawai'i
i yearn for the deep knowledge
the knowledge of kanaloa who lives in the ocean
the hu'akai wind is of lehua that swims in the sea
rich is the pit of kūhaimoana in the seaspray of ka'ula
kū is of the loulu (endemic fan palm) and our respect grows for nihoa, isle of birds
manu o kū (white tern) flies in a bunch and leads the nation
the multiple forms of hina of coral and moon
the 'ōhu'a (juvenile wrasse, tang, unicorn, parrot fish) spawns, the whale dives
love for the limu kala (sargassum seaweed), whose land counterpart is the 'ākala (hawaiian raspberry)
the pe'a (hawaiian bat) gives birth to the pe'ape'a (starfish) in the sea
the 'ina (endemic sea urchin) is the seasoning, delicious with salt
the deep knowledge of our kūpuna lies in the depths
extremely important for us to grasp, it is my passion
honored of the land of my ancestors, the abundant islands

A name song for Papahānaumokuākea

No Papahānaumokuākea

In November 2007, cultural practitioners Kainani Kahaunaele and Halealoha Ayau offered this mele, no papahānaumokuākea, to the papahānaumokuākea Marine National Monument. This mele celebrates the natural, historic, and cultural resources found at papahānaumokuākea.
No Papahānaumokuākea

The sunrise of Kane at Ha’eau shines bright
The rays of the sun spread throughout Hawai’i
I yearn for the deep knowledge
The knowledge of Kanaloa who lives in the ocean
The Hu’akai wind is of Lehua that swims in the sea
Rich is the pit of Kūhaimoana in the seaspray of Ka’ula
Kū is of the loulu (endemic fan palm) and our respect grows for Nihoa, isle of birds
Mano o kū (white tern) flies in a bunch and leads the nation
The multiple forms of Hina of coral and moon
The ‘ōhua (juvenile wrasse, tang, unicorn, parrot fish) spawns, the whale dives
Love for the limu kala (Sargassum seaweed), whose land counterpart is the ‘akala (Hawaiian raspberry)
The pe’a (Hawaiian bat) gives birth to the pe’ape’a (starfish) in the sea
The ‘ina (endemic sea urchin) is the seasoning, delicious with salt
The deep knowledge of our Kūpuna lies in the depths
Extremely important for us to grasp, it is my passion
Honored of the land of my ancestors, the abundant islands
A name song for Papahānaumokuākea

- by Kainani Kahaunaele and Halealoha Ayau

In November 2007, cultural practitioners Kainani Kahaunaele and Halealoha Ayau offered this mele, No Papahānaumokuākea, to the Papahānaumokuākea Marine National Monument. This mele celebrates the natural, historic, and cultural resources found at Papahānaumokuākea.
30 years of Empowering Hawaiians, Strengthening Hawaiʻi