



OFFICE OF HAWAIIAN AFFAIRS 2011 ANNUAL REPORT

EIA HAWAI'I, HE MOKU, HE KĀNAKA
HERE IS HAWAI'I, THE LAND, THE PEOPLE

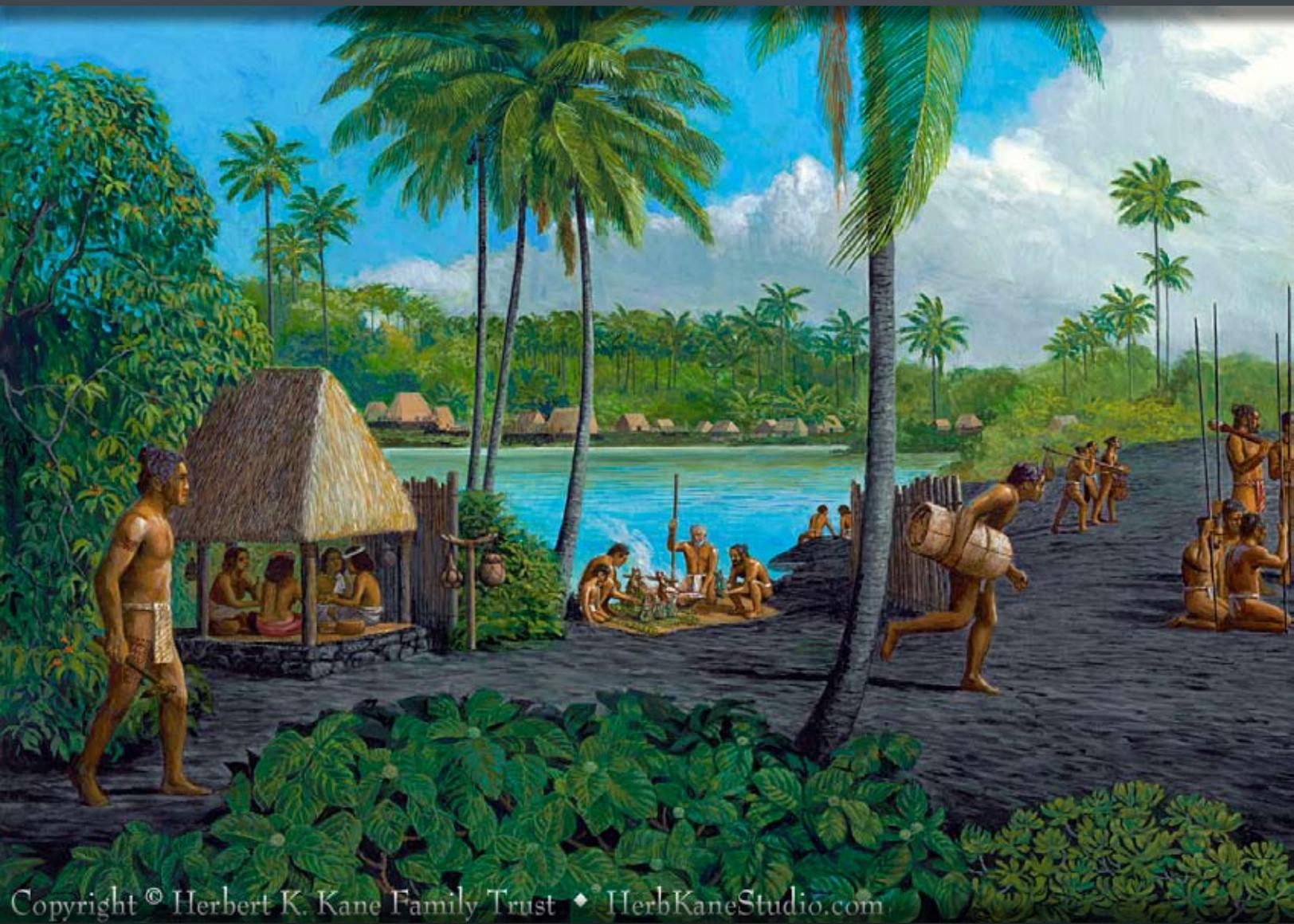


EIA HAWAI‘I, HE MOKU, HE KĀNAKA

Here is Hawai‘i, the land, the people

‘O HAWAI‘I KŪ KAHI

We are a people, unique to these islands



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ANCIENT PUNALU‘U HAWAI‘I ISLAND

Depiction of how Punalu‘u may have appeared before European discovery. The village, pond, and beach were alive with figures — women working under a thatched shelter, fishermen coming ashore, working on a canoe; chiefs with bodyguards and a priest on the beach awaiting the arrival of a visiting chief’s double-hulled sailing canoe, men preparing food for baking in an earth oven — activities that may have filled the scene in another time. On the far side of the bay, upon its still-existing rock platform, are depictions of the temple buildings and oracle tower of Kane‘ele‘ele Heiau.

E 'AUAMO KĀKOU

Let us bear this ancestral legacy proudly on our shoulders

'IMI I KA NĀ'AU

Look deep within ourselves for the foundation



Mahalo

The Office of Hawaiian Affairs extends a warm mahalo to Pualani Kanahela of the Edith Kanaka'ole Foundation for providing the theme for the fiscal year 2011 annual report. Her profound words not only remind us of where we come from, but serve to inspire us as we continue to work to improve the conditions of all Hawaiians.

We are deeply grateful to Herb Kawainui Kane's wife, Deon, who graciously allowed us to feature her late husband's art in these pages. Our sincere thanks also go to Errol and Karen Kaufman, without whose help none of this would have been possible.



Courtesy photo: © David Croxford/Hawaii Magazine

About the Artist

HERB KAWAINUI KANE was an artist-historian and author with special interest in Hawai'i and the South Pacific. Born in 1928, he was raised in Hilo and Waipi'o Valley, Hawai'i, and Wisconsin. After service in the U.S. Navy, he studied at the University of Chicago, and held a master's degree (1953) and an honorary doctorate (2008) from the School of The Art Institute of Chicago.

Career experience included advertising art, publishing art, architectural design, painting, writing, and sculpture. His clientele included private collectors, the Hawai'i State Foundation on Culture and the Arts, the National Park Service, as well as paintings and writing for National Geographic and other major publishers of books and periodicals. His art has appeared on postage stamps for the U.S. Postal Service, the Republic of the Marshall Islands, The Federated States of Micronesia, and French Polynesia. His ninth U.S. postage stamp, commemorating 50 years of Hawai'i statehood, was released August 21, 2009.

Research on Polynesian canoes and voyaging led to a series of paintings and to his participation as co-founder of the Polynesian Voyaging Society. As general designer and builder of the sailing canoe Hōkūle'a, he also served as its first captain on a shakedown and training cruise. Navigated largely without instruments, the canoe has logged more than 115,000 miles on voyages throughout Polynesia and Micronesia.

Capping off numerous awards and achievements, Herb Kawainui Kane was honored for his life's work as the 2011 Kama'āina of the Year by the Historic Hawai'i Foundation. It was the first time in the decadeslong history of the award that the foundation presented it posthumously.

KAHUNA KALAI KA'I

With deft strokes of a ko'i (adze), he shapes a ki'i (image) from wood. The beliefs of a nation are reflected in the carvings he creates. Once abundant, ki'i represented gods such as Kū or 'aumākua (family or personal gods). Some of these celebrated treasures survive to tell the stories of a vibrant Hawaiian people and nation.



Herb Kawainui Kane





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contents

INTRODUCTION	2
CHAIRPERSON'S MESSAGE	8
CEO'S MESSAGE	9
ORGANIZATIONAL CHART	10
CORPORATE COUNSEL	12
OFFICE OF THE CHIEF OPERATING OFFICER	15
WASHINGTON, D.C., BUREAU	16
ADVOCACY	19
COMMUNITY RELATIONS	20
RESEARCH	22
RESOURCE MANAGEMENT	25
FINANCIAL DATA	26

EIA HAWAI'I! - (BEHOLD HAWAI'I) SIGHTING MAUNA KEA

Voyagers from the Marquesas or the leeward Tahitian Islands discover the white summit of Mauna Kea rising above a cloud bank. Applying the age-distribution theory, which assumes that cultural features found most widely distributed must be the most ancient, the painting depicts features of sail and hull design which survived local changes in the Marquesas, Hawai'i, the Cook Islands, and New Zealand.

ARTIST & ART EDITORIAL | Herb Kawainui Kane

GRAPHIC DESIGN | John Matsuzaki

EDITORIAL STAFF | Lei Fountain, Francine Murray, Lisa Asato

FINANCIAL STATEMENTS | Aedward Los Banos

PRINTING | Hagadone Printing Company

Aloha mai kākou

The Office of Hawaiian Affairs Annual Report for fiscal year 2011 is presented in celebration and in honor of the life and enduring legacy of the late Herb Kawainui Kane.

A brilliant Hawaiian man who stood on the frontlines of the Hawaiian Renaissance, Kane, along with others, were contributors to a movement that ignited a cultural awakening of Hawaiians that began to reshape our identity.

As the spirit of Hawaiians diminished, Herb Kawainui Kane offered hope. He co-founded the Polynesian Voyaging Society. He designed the Hōkūle‘a, Hawai‘i’s first voyaging canoe in centuries. As a gifted painter, he created bold, dramatic imagery that for the first time portrayed our ancestors as skillful masters of their destinies co-existing with respectful deference to the land, seas, and deities that sustained them. In his own quiet way, Kane stirred the dreams of a nation.

The Office of Hawaiian Affairs Board of Trustees continues to be inspired by the legacy of Herb Kawainui Kane. Even today, the community at large reaps the benefits of the Hawaiian Renaissance, which spurred great strides for Hawaiians in the arenas of government, cultural revival, and language.

In similar fashion, the Office of Hawaiian Affairs continues to be driven by its 2010-2016 Strategic Plan, which provides a blueprint for creating positive systemic change. With a focus on elevating the standing of all Hawaiians, we will continue to fulfill our mission and vision.

We will advocate for Hawaiians at all levels of government. We will conduct original research as well as collaborate with other researchers and keepers of knowledge on projects such as the Papakilo Database, a unique digital library unveiled in 2011. And we will manage our assets in the best interests of Hawaiians today and for the Hawaiian nation yet to come.

Finally, I would personally like to acknowledge and thank Pualani Kanahele, a respected cultural expert, dedicated community leader, and renowned kumu hula for providing the theme for this annual report. In carefully chosen words, the theme states: “Eia Hawai‘i, he moku, he kānaka. ‘O Hawai‘i kū kahi. E ‘auamo kākou. ‘Imi i ka nā‘au. – *Here is Hawai‘i, the land, the people. We are a people, unique to these islands. Let us bear this ancestral legacy proudly on our shoulders. Look deep within ourselves for the foundation.*”

As we build upon the foundation of the past, we will work to advance toward a brighter future. As Herb Kawainui Kane and his contemporaries exemplified, our future is only limited by the magnitude of our dreams.

‘O wau iho nō me ke aloha,



Colette Y. Machado
Chairperson, Board of Trustees



Aloha kākou

I am pleased to present the Office of Hawaiian Affairs fiscal year 2011 Annual Report, covering the period from July 1, 2010, to June 30, 2011.

This fiscal year marked the 30th year of the Office of Hawaiian Affairs, a state agency founded on the ideals of visionary Hawaiian leaders in 1978 to improve the conditions of Native Hawaiians, the once-thriving and self-reliant indigenous people of Hawai‘i.

In a major step forward this year, the Hawai‘i State Legislature passed the Hawaiian Recognition bill, which grants formal recognition of the Native Hawaiian people as the only indigenous, aboriginal, maoli people of Hawai‘i, and establishes a commission to certify a roll of qualified Native Hawaiians who may choose to participate in facilitating Native Hawaiian self-governance. Fittingly, the commission is funded by and administratively housed within OHA.

This groundbreaking state law also exemplifies broad-based support in the State of Hawai‘i for achieving recognition at the federal level, which remains our priority.

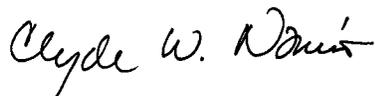
Guided by our 2010-2016 Strategic Plan, the Office of Hawaiian Affairs has honed our roles as Advocate, Researcher, and Asset Manager striving to affect positive systemic change to improve the conditions of all Hawaiians.

We continued to fulfill our promise to the State Department of Hawaiian Home Lands, providing \$3 million annually over 30 years for housing for native Hawaiians – an example of how Hawaiian-focused agencies can, and must, work hand-in-hand to leverage assets toward a common goal. This is just part of the more than \$13 million in grants OHA awarded in fiscal year 2011 to improve, among other things, the health, education, housing, and economic conditions of Native Hawaiians.

We look forward to helping even more Hawaiians as we continue to carry out our Strategic Plan and hope that you will join us in looking toward a bright future for our Native Hawaiian people.

On behalf of the Office of Hawaiian Affairs, I would like to express our gratitude to the State Administration and members of the Hawai‘i State Legislature for their continuing support.

Me ka ‘oia‘i‘o,



Clyde W. Nāmu‘o
Chief Executive Officer

ABOUT THE OFFICE OF THE CHIEF EXECUTIVE OFFICER AS OF JUNE 30, 2011

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. The Office 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

2011



Colette Y. Machado
Chairperson
 Trustee, Moloka'i & Lāna'i



Boyd P. Mossman
Vice Chair
 Trustee, Maui



John D. Waihe'e IV
Trustee
 At-large



Oswald Stender
Trustee
 At-large



Rowena Akana
Trustee
 At-large



Peter Apo
Trustee
 O'ahu



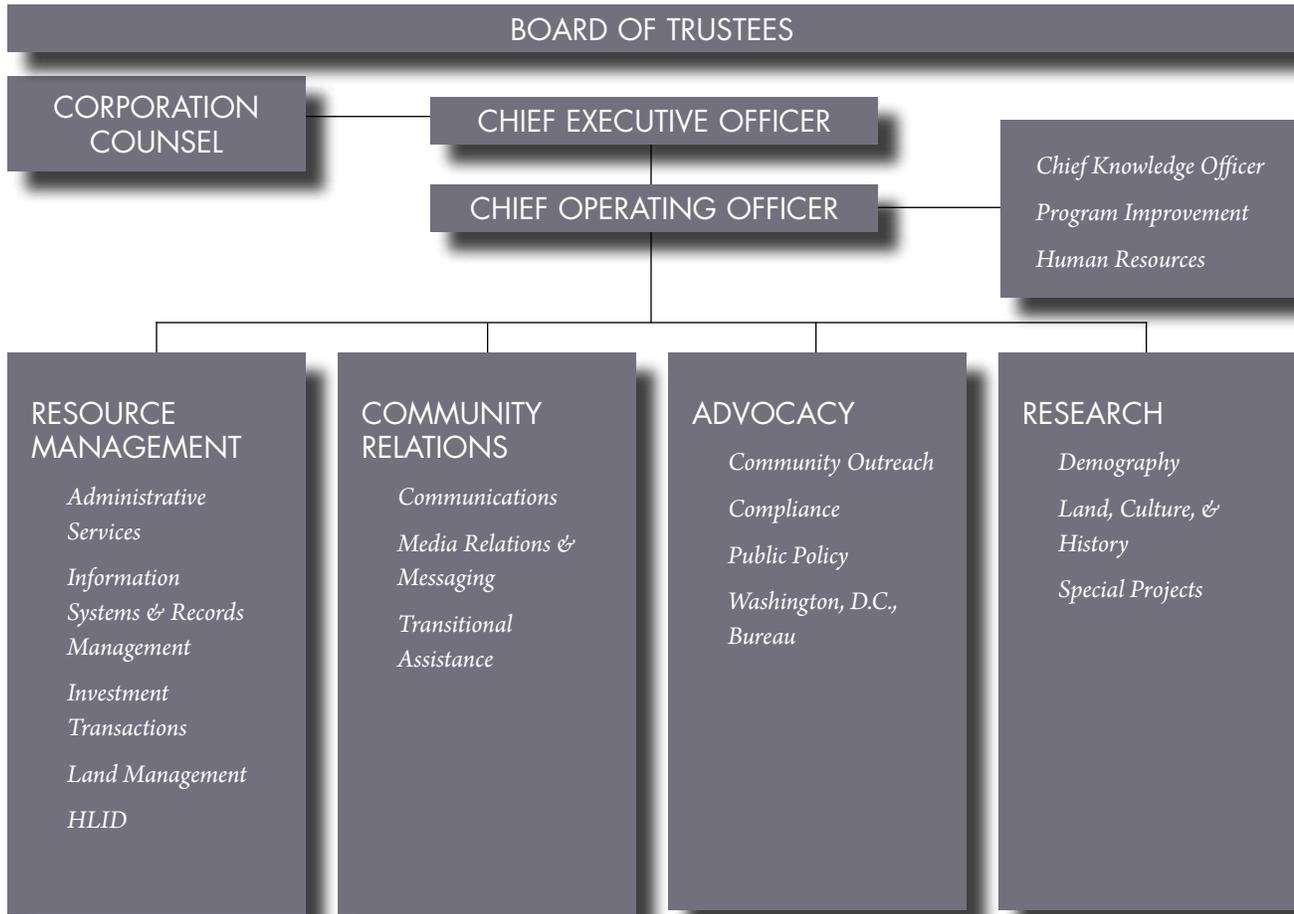
S. Haunani Apoliona, MSW
Trustee
 At-large



Donald B. Cataluna
Trustee
 Kaua'i & Ni'ihau



Robert K. Lindsey, Jr.
Trustee
 Hawai'i



Note: The chart above depicts the structure of the organization as of June 30, 2011.

Administration and Locations

ADMINISTRATION

Clyde W. Nāmu’o *Chief Executive Officer*

Stanton Enomoto *Chief Operating Officer, through March 2011*

Richard Pezzulo *Chief Operating Officer, March 2011 through present*

Esther Kia’aina *Chief Advocate*

Denise Iseri-Matsubara *Community Relations Director*

Dr. Kamana’opono Crabbe *Research Director*

Richard Pezzulo *Resource Management Director, through March 2011*

Hawley Alamodin *Resource Management Director, March 2011 through present*

OFFICES

OHA Administration

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Hilo, HI 96720-4869
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Fax: 808-920-6421

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Kailua-Kona, HI 96740
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OHA Maui

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Fax: 808-560-3968

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Fax: 808-565-7931

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Fax: 808-241-3508

OHA Washington, D.C., Bureau

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Washington, D.C. 20002
Phone: 202-454-0920
Fax: 202-408-3365

Corporate Counsel *Ernie Kimoto, Corporation Counsel*

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.

Legal advice and outsourced legal services

Recognized and identified complex legal issues and provided legal advice and recommendations to the CEO in consultation with outside counsel as necessary as part of the decision-making process to ensure that OHA, the Trust, and its beneficiaries are sufficiently protected. Oversaw and coordinated the provision of legal services by outside counsel to ensure that legal services and representation critical to OHA and its beneficiaries are provided when required.

Procurement Reviews

Reviewed and approved procurement selections for legal sufficiency. Reviewed and approved contracts for legal sufficiency and form and resolved contractual disputes as necessary.

Kuleana Land Escheat Cases

Collaborated with outside counsel to review evidence to determine whether OHA has escheat interests in quiet title actions involving kuleana land on various islands. Provided genealogical research assistance to outside counsel for selected cases as requested by counsel.

Trial and/or Appellate Litigation

Successfully defended OHA in the *Day* and the *Amsterdam* cases, significant legal victories in difficult cases that threatened the existence and operations of the agency.

Administrative Contested Case

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. The final decision and order issued on June 10, 2010, restored less than half the volume of water that the proposed decision would have and no water was restored to 'Īao Stream or Waikapū Stream. OHA, with others, appealed to the Intermediate Court of Appeals (ICA). The Hawai'i Supreme Court granted the application to transfer the appeal from the ICA to this Court in June 2011, based upon its conclusion that the appeal involved a "question of imperative or fundamental importance." The appeal is still pending.

Risk Management and Liability Insurance Coverage

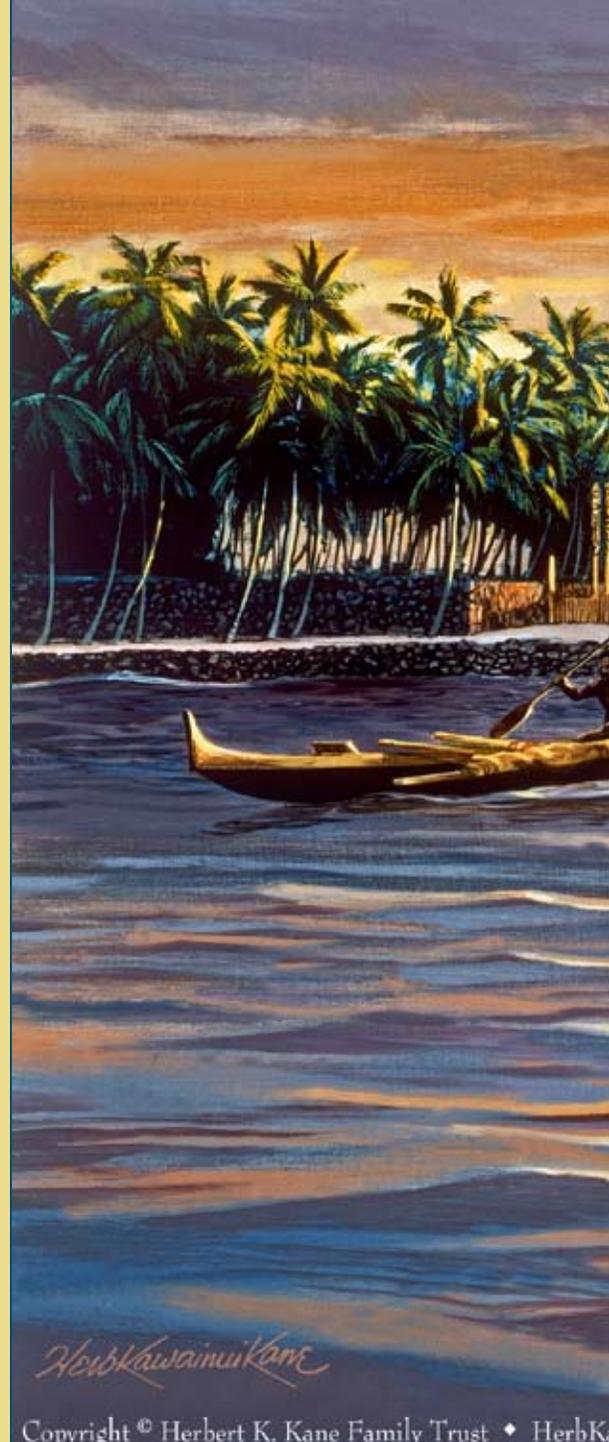
Prudent and effective management yielded significantly enhanced coverage for agency at a cost savings over the previous year and ensured adequate coverage for OHA's operations and activities.

OHA Conflict Program

Managed OHA's Conflict Representation Program and assisted a growing number of beneficiaries who could not otherwise have afforded legal representation but who had legitimate legal claims and financial need but could not be represented by the Native Hawaiian Legal Corporation due to conflicts.

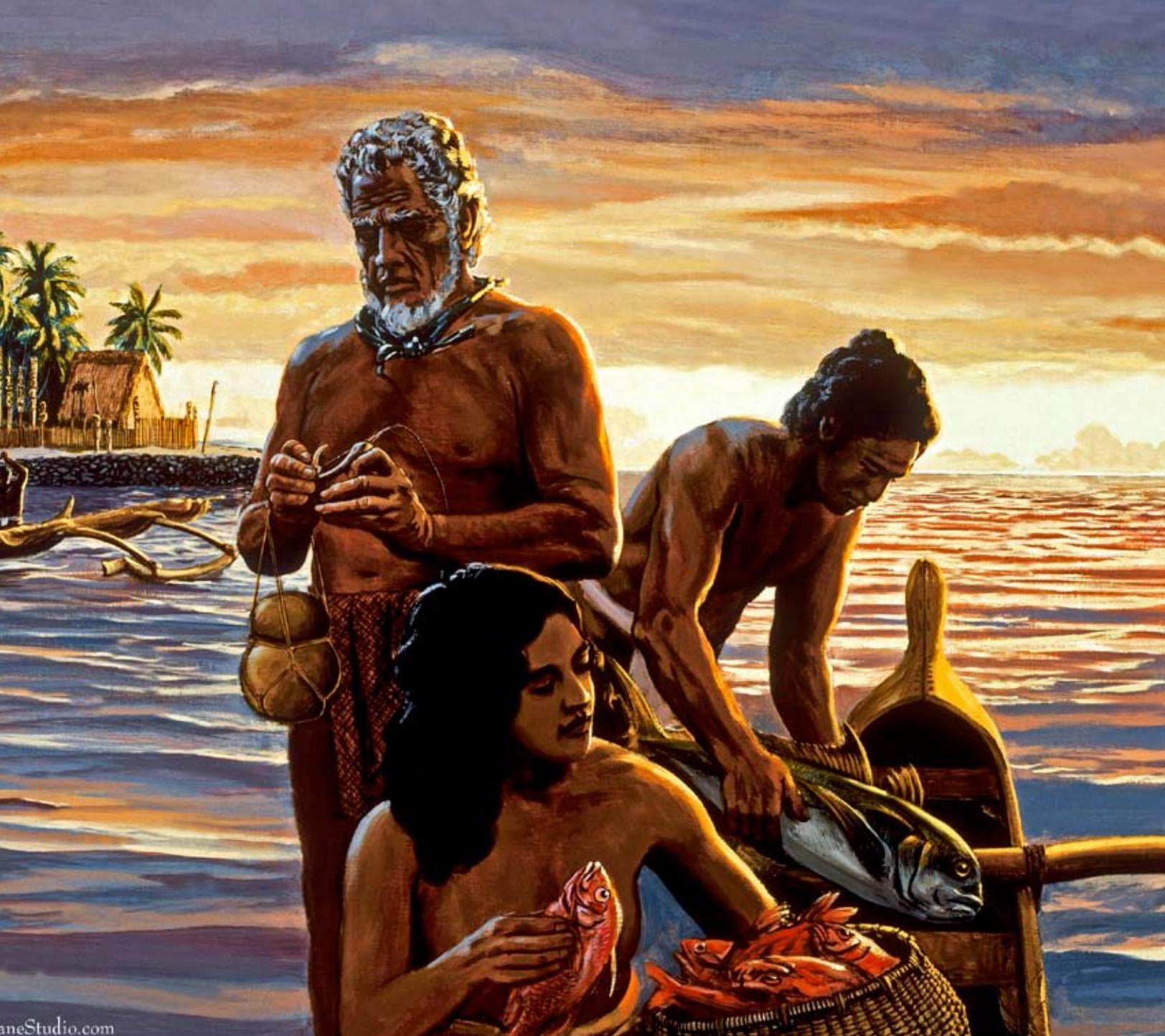
Quiet Title Legal Clinic

Partnered with the University of Hawai'i William S. Richardson School of Law to create a law school course and legal clinic on quiet title issues to directly assist beneficiaries who are parties to a large quiet title action. Clinical education programs on quiet title actions for pro-se beneficiaries who are quiet title defendants, and production of a comprehensive legal primer on quiet title actions for distribution to OHA's beneficiaries will be provided.



Papahānaumokuākea Marine National Monument

Inscribed on the World Heritage List as a cultural and natural, "mixed" World Heritage Site at the World Heritage Convention, after being nominated by the United States. OHA continues to advocate for Co-Trusteeship of Papahānaumokuākea and maintains co-management role and responsibilities of the world's third largest marine protected area while consistently sustaining a balance of Native Hawaiian resource management, spirituality, and knowledge with western management skill sets and understandings.



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HŌNAUNAU BAY, SUNSET

Sails down, fishing canoes return from sea in the stillness of a Kona sunset. In the background is the ancient Pu'uhonua o Hōnaunau (sanctuary of Hōnaunau), now a National Park. Named for a famous king, the Hale O Keawe (House of Keawe) is the thatched structure in the background. A mausoleum, it held bones of many ruling chiefs, persons of great mana. The aggregate mana of the Hale o Keawe protected the sanctuary against any violation. Fugitives who were able to get inside the great wall that surrounds the sanctuary were protected, and after some time were allowed to go free.



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NAVIGATOR ON THE OBSERVATORY

Seated on a rock platform designed and oriented for viewing celestial events, he studies stars and their movements throughout the seasons. The appearance of certain stars rising in the evening sky heralded seasons for planting, gathering, fishing, and the politics of peace and war. Polynesians named least 150 stars. In navigation, their positions rising on the eastern horizon and setting in the west were used as a compass, and the elevation of their pathways as they arched overhead in the night sky could be viewed as indicators of latitude.

Office of the Chief Operating Officer

Stanton Enomoto, Chief Operating Officer, through March 2011 | Richard Pezzulo, Chief Operating Officer, March 2011 to present

MISSION

The Office of the COO oversees the development of all Advocacy Initiatives and provides knowledge management and leadership services to the CEO and Executive Team, so they can create systemic change and achieve strategic program results.

The Strategic Plan, approved by the Board of Trustees in September 2009, consists of six Strategic Priorities and ten Strategic Results. During fiscal year 2010, the COO's office focused on aligning the organization to the new Strategic Plan while fiscal year 2011 was dedicated to the full implementation of the Plan.

Advocacy Initiative Development

The purpose of OHA's Advocacy Initiatives is to develop and implement strategies to address the major issues faced by Native Hawaiians. OHA will work with partners to advocate for policies and fund programs that achieve its Strategic Results and thereby initiate positive systemic change for our beneficiaries. During fiscal year 2011, the Office of the COO led the development of five Advocacy Initiatives. Each of the Advocacy Initiatives is expected to be fully implemented by the end of 2011 to include:

- Increase Family Income
- Exceed Educational Standards
- Decrease Chronic Disease
- Build Stability in Housing
- Nation Building

Additionally, with the Hawai'i State Legislature passage of Act 195, State Recognition Act – SB 1520, OHA developed the Nation Building Advocacy Initiative to support the creation of a legitimate roll for a Native Hawaiian governing entity.

Advocacy Initiatives mobilize OHA's staff and resources in a coordinated effort in order to sharpen our focus for systemic change, and strengthen our role as advocates, knowledge leaders, and asset managers by aligning operations to implement OHA's 2010-2016 Strategic Plan.

Knowledge Management

The office of the COO through the Chief Knowledge Officer is developing a knowledge management framework to maintain the integrity of OHA's intellectual and knowledge assets. This includes the development of a relational database that will coordinate information storage and data analysis processes throughout the organization.

Managing For Results

Managing for Results (MFR) is a tool used to ensure efficient execution of OHA's Strategic Plan through strategic performance reporting, including ongoing data collection and analysis. MFR operates to ensure Line of Business Plans, Program Work Plans, and Individual Performance Plans are aligned to OHA's 2010-2016 Strategic Plan, so that we can achieve our Strategic Results.

Strategic Plan Extension

The OHA Strategic Plan was given a six-year planning horizon of 2010-2016. At the time of its approval, it was determined that the Strategic Plan would be revisited and updated every two years and that the planning horizon would also be extended by two years. The COO's office led the process to review and extend the Strategic Plan to 2018. This effort is expected to result in a focus on specific Strategic Results over the six-year period along with number of minor language and Strategic Result changes before the end of 2011.

Washington, D.C., Bureau Tim Johnson, Bureau Chief

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.

Advocacy and Education

In FY-11, the Bureau advocated for passage of the Native Hawaiian Government Reorganization Act (NHGRA) and other measures important to Native Hawaiians, and worked to prevent elimination of Native Hawaiians from existing U.S. policy and law. Efforts included educating the U.S. Congress and federal agencies on issues important to Native Hawaiians, advising and assisting the Department of Defense in Native Hawaiian Consultation policy and cultural communications training, and consulting with the White House Initiative on Asian Americans and Pacific Islanders to educate White House officials about issues important to Native Hawaiians.

The Bureau also continued to develop 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.

Sponsorships

The Bureau sponsored educational and cultural events that promoted and preserved the Hawaiian culture in the nation's capital, including the 2011 National Museum of the American Indian Hawaiian Cultural Showcase, and the 2011 U.S. Capitol Visitor Center Kamehameha I Lei Draping Ceremony.

Monitoring

A mechanism was maintained to collect and disseminate information on issues of importance to Native Hawaiians. Bureau 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.

PLAITER OF MATS

She plaits (ulana) a fine-weave lauhala mat from strips of the lau (leaf) of the hala (pandanus) tree. The lei upon her head is made of seed keys of the ripe hala fruit. Fine mats were often plaited with intricate designs using strips of dyed lauhala, and some were of great size. Very fine mats were also made from makaloa, a native sedge. Baskets, as pictured at right, were plaited from lauhala as well as from the aerial roots of the 'ie'ie, a vine-like forest plant.







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THE NAVIGATOR - KAHUNA KILO HŌKŪ

A canoe navigator of ancient Hawai'i aboard a sailing canoe at sunset, the stars of the northern constellation of the Big Dipper in the darkening sky. He wears a pendant of polished pearl shell, a metaphor for "star" because of its luster, suspended by a necklace of strands of finely braided hair of ancestors, treasured for its mana.

Advocacy

Esther Kia'aina, Chief Advocate

MISSION

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

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 and policy review mainly regarding preservation of cultural treasures, places, or burials.

The Public Policy Program advocates for systemic change, drafting proposed policy, working with policymakers, and compiling OHA's Legislative Package.

COMMUNITY OUTREACH

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 provides the Hawaiian community nationwide with information regarding OHA's programs, services, and initiatives and gathers their mana'o on achievements, challenges, and concerns so that OHA can best serve all beneficiaries.

- Awarded \$63,478 in sponsorships to support 36 events, and \$16,018 in small grants to support 15 community events.
- Attended 453 community meetings and 96 community events throughout the state and continent, and extended outreach efforts to California, Nevada, Arizona, Washington, Illinois, Colorado, and Utah.
- Coordinated a cultural webinar from Hawai'i featuring Puakea Nogelmeier for beneficiaries in Washington, Utah, Arizona, New Mexico, and California.
- Provided information on and referral to resources that meet beneficiary needs to approximately 2,000 callers and 500 beneficiaries monthly.

COMPLIANCE MONITORING

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.

- Finalized OHA's Survey Report regarding Stryker litigation.
- Worked with the U.S. Department of Defense on issues ranging from iwi repatriation and cultural resources management to Navy sonar deployment.
- Engaged in advocacy and consultation efforts regarding the Mākua Programmatic Agreement, Arizona Bureau of Prisons investigation, and Kawaihae kapa repatriation, among many others.
- Reorganized and restructured the Native Hawaiian Historic Preservation Council (NHHPC), an advisory board to OHA, to enhance efficacy and focus.

PUBLIC POLICY

The purpose of the Public Policy Program is to provide partnership development, policy, and legislative services to the Chief Executive Officer, the Executive Team, and Program Managers so they can effect positive changes in public policy (Laws, Regulations, Rules, Guidelines, Court Decisions).

- Instrumental in developing and garnering community support for OHA's 2011 Legislative Package, of which three measures were enacted: Act 95 appropriates state general funds, matched by OHA trust funds, for OHA's 2011-2013 biennium budget; Act 169 amends the process by which state agencies can sell, gift, or exchange public land to require that state agencies provide additional information on whether the lands

were former crown or government lands of the Kingdom of Hawai'i; and Act 170 establishes a criminal justice task force within OHA to examine early intervention strategies to reach individuals before they are incarcerated.

- Advocated for passage of Act 195, a state law that formally recognizes the Native Hawaiian people as the only indigenous, aboriginal, maoli people of Hawai'i and establishes a commission to certify a roll of qualified Native Hawaiians who may choose to participate in facilitating Native Hawaiian self-governance. The commission will be funded by and administratively housed within OHA.
- Filed an amicus brief in the case of Kaua'i Springs v. Planning Commission of the County of Kaua'i, in support of Native Hawaiian rights to freshwater resources.
- Continued the appeal of the Commission on Water Resources Management's Final Decision on the Interim Instream Flow Standards for Nā Wai 'Ehā (Waihe'e, Waiehu, 'Iao, and Waikapū). The case, now with the Hawai'i Supreme Court, will have a broad and long-term impact on Native Hawaiian cultural practices at Nā Wai 'Ehā and throughout the state.
- Participated in community meetings about and made recommendations to the Hawai'i Congressional Delegation regarding the Native Hawaiian Education Act and its reauthorization as part of the Elementary and Secondary Education Act.

Community Relations Denise Iseri-Matsubara, Director

MISSION

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 OHA's various media platforms encompassing a monthly newspaper and e-newspaper, weekday radio show, and web site. 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.

COMMUNICATIONS

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.

- Administered OHA's weekday morning radio show, *Nā 'Ōiwi 'Ōlino*, covering issues facing the Native Hawaiian community and the general public, airing on stations in Hilo, Kona, Maui, O'ahu, and online worldwide at am940hawaii.com. After a long, successful run, the final show aired June 30, 2011.
- Produced monthly editions of OHA's newspaper, *Ka Wai Ola*, and its sister e-edition *Ka Wai Ola Loa*, delivering the very latest in Native Hawaiian and OHA-related news and community events to more than 48,000 subscribers in Hawai'i and the continent.

MEDIA RELATIONS AND MESSAGING

The Media Relations and Messaging Program provides media production, public and media relations, and marketing 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.

- Held a news conference to bring public attention to the release of OHA's report *The Disparate Treatment of Native Hawaiians in the Criminal Justice System*, generating significant media coverage.
- Organized the public launch and news conference for the Papakilo Database. This was well attended by the media, stakeholders, and data partners.
- Produced a key general election debate, "The Race to Washington Place," featuring the Democratic and Republican nominees for the Governor's seat. The debate was broadcast live on OC16.

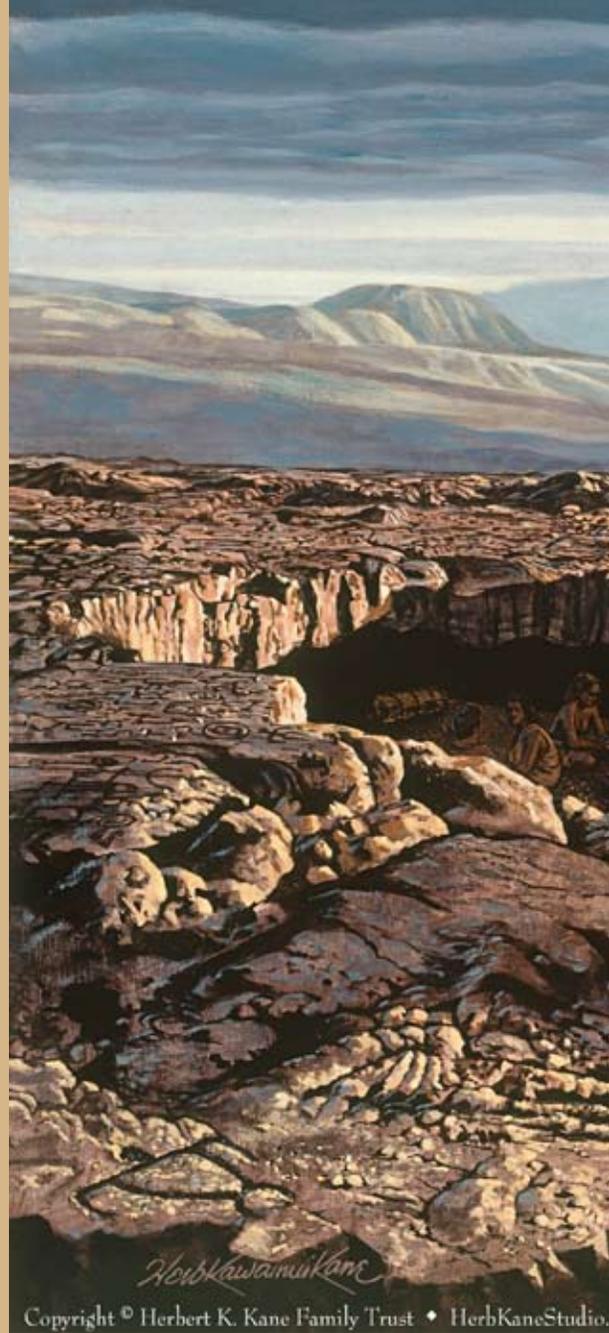
TRANSITIONAL ASSISTANCE

The Transitional Assistance Program provides access to social services through grants and partnerships with non-profit organizations or other government agencies, and through providing loans to Native Hawaiians so that they can transition toward economic security and stabilize their life situation.

GRANTS & SPONSORSHIPS

OHA's grants program continues to be one of the most significant ways in which it demonstrates its investment in bettering the lives of Native Hawaiians. In fiscal year 2011, OHA invested over **\$13 million** in community events, programs, and services for the benefit of Native Hawaiians.

- Awarded **\$2,485,249** in Program & Proviso Grants, which includes the Community-Based Economic Development (CBED) Grant.
- Awarded 23 Kauhale grants totaling **\$500,075** to organizations that provide programs or services that have a direct impact on one or more of OHA's strategic priorities.
- Awarded 25 'Ahaui grants totaling **\$227,097** to organizations that hosted community events benefitting the general Hawaiian community and were linked to one or more of OHA's strategic priorities.
- Awarded 22 Kaiāulu grants totaling



\$1,635,171 to organizations that provide programs or services having a direct impact on one or more of OHA's strategic priorities.

- Awarded 17 Level II grants totaling **\$3,656,715**, including for scholarships for higher education.
- Continued to fulfill OHA's obligation via formal agreement with DHHL regarding debt service on revenue bonds issued for the development of affordable housing opportunities for native Hawaiians. The agreement promised **\$3 million** a year over 30 years.
- Awarded **\$20,000** in Small Grants.
- Awarded a total of **\$814,455** in CEO-approved sponsorship funding



of community events providing recognition benefits to OHA.

LOANS & SERVICES

- Quadrupled the loan volume – in terms of both the number of loans disbursed and the value of those loans – of the Native Hawaiian Revolving Loan Fund through its product, the Mālama Loan. The increase is due to multiple factors: a lowered interest rate of 4%, a longer repayment term of seven years, the addition of a new Debt Consolidation loan, and aggressive radio advertising. In fiscal year 2011, **\$5.9 million** in loans were awarded to Native Hawaiian individuals, non-profits, and businesses.
- Increased the number of Consumer Micro-Loans distributed by 22% over the prior fiscal year to 45 loans totaling **\$237,748**.
- In fiscal year 2011, the Hawai'i Procurement Technical Assistance Center served 353 business entities of which 84 were Native Hawaiian-owned. HI-PTAC clients have garnered **\$51,139,357** in contract awards of which **\$9,103,258** went to Native Hawaiian-owned business entities.

THE PETROGLYPH MAKER

Along the ancient trail that passes 'Anaeho'omalu (now Waikoloa Beach Resort) on Hawai'i Island, thousands of petroglyphs tell of those who stopped to record their passage over the centuries.

Much speculation has been offered, but little is really known about the meanings of these rock carvings. Many are clustered at ancient borders where travelers appear to have camped until receiving permission to enter another district – this petroglyph field lies at the border of South Kohala and North Kona. Some petroglyphs may have been clan emblems or signatures; others may have commemorated events of a trip. They are treasured today as evidence of the ancient culture.

MISSION

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 demographics: population, health, education, housing, and economic status of Native Hawaiians.

The Land, Culture, and History Program delves into relevant historical analyses about the Native Hawaiian people, their relationship to the land, 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 guide advocacy, policy, and operational initiatives.

DEMOGRAPHY

The Demography Program strives to fulfill OHA's constitutional mandate to compile demographic data on all Hawaiians; identify their physical, sociological, psychological, and economic needs; and conduct, encourage, and maintain research relating to all Hawaiians.

- Conducted research to compile: Fact Sheets related to the strategic measures; Preliminary Analysis Reports, which review the data and expand on the issues in the Fact Sheets; and Comprehensive Reports, which examine how issues in the Preliminary Analysis Reports were addressed in traditional Hawaiian society, and as possibilities to address their modern equivalents.
- Analysis of social services provided to Native Hawaiians and possible impacts to the Hawaiian community when the state Department of Human Services (DHS) was considering reducing its offices.
- Analysis on Native Hawaiians attending public schools whose quality of education would have been compromised if their education time were to be reduced when the state Department of Education (DOE) was considering Furlough Fridays.
- Organizational assessments on grants, compliance, governance, and OHA's

legislative package.

- Papakilo Database, the database of databases consisting of historical and culturally significant places, was launched attracting over 150 attendees. In building the database, partnerships were forged with The Nature Conservancy, Hawai'i State Archives, Bishop Museum, Ulukau, and Kamehameha Schools' Ka'iwakiloumoku.
- Production of the Native Hawaiian Data Book, to be released in FY-12.
- Presentations on its assessments, reports, findings, and recommendations.

LAND, CULTURE, AND HISTORY (LCH)

I ulu no ka lāla i ke kumu – to recognize and value the rich heritage and traditions of our ancestors 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.

- Conducted research to develop Fact Sheets, Preliminary Analysis, and Comprehensive Reports for OHA's Strategic Results.
- Co-authored reports on OHA Strategic Results addressing: Transfer of Assets, Viable Land Base, Increasing Family Income, Achieving Pae Āina Sustainability, and Participation in Cultural Activities.
- Initiated a plan to increase OHA's GIS capacity by developing a Relational Database Management System (RDBMS), which will include data sets acquired from the Bureau of Conveyances, Land Survey Office, SHPD, The Nature Conservancy, etc.
- Developed a land research methodology that investigates land tenure in Hawai'i from the Mahele to the present. This research combined

with the RDBMS will produce GIS layers depicting ahupua'a, ili āina, crown lands, and government lands as described by the *Buke Mahele*.

SPECIAL PROJECTS

The Special Projects Program provides applied research services to identify Native Hawaiian issues and trends. Applied research, as opposed to basic research, is discovering, analyzing, and developing methods and recommendations based on indigenous worldviews and other research perspectives to improve the conditions of Native Hawaiians.

- Released *The Disparate Treatment of Native Hawaiians in the Criminal Justice System*, which highlights the disproportionate impact of Native Hawaiians as they enter the criminal justice system. Completed through partnerships among OHA, the Justice Policy Institute, Georgetown Law School, the University of Hawai'i at Mānoa William S. Richardson School of Law, and the Myron B. Thompson School of Social Work, the research was supported by an advisory council comprised of Native Hawaiian scholars and clinicians, and community advocates.
- Provided presentations on the *Disparate Treatment* report at Healing Our Spirit Worldwide, the Judiciary History Center, and the State Council on Hawaiian Congregational Churches. Will present at the World Indigenous Peoples' Conference on Education and The American Society of Criminology in FY-12.
- Produced Fact Sheets, Preliminary Analysis, and Comprehensive Reports related to housing, childhood obesity, and valuing history and culture.
- Disseminated data related to family income, education, and housing to assist the advancement of program development and policies.



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THE PHYSICIAN

Wearing a lei of shredded ti leaves, a kahuna lapa'au (healer) prepares an infusion of herbs, some to be ground up in the stone mortar near his knee. Many remedies were gathered from the sea to the mountain forests, and some were cultivated. Smoke curls up behind him from a small fire over which noni leaves are being charred for use in a preparation.





THE FISHERMAN

He wears a ti leaf rain cape and holds a yellowfin tuna (ahi). A favorite pearl shell lure with a bone hook is carried around his neck. In the background, the presence of birds betrays a surface-feeding school of skipjack tuna (aku). Fishermen sail through the school, chumming the water and hauling in aku that have struck their lures.

Resource Management

Richard Pezzulo, Director and Chief Financial Officer, through March 2011 | Hawley Alamodin, Director and Chief Financial Officer, March 2011 to present

MISSION

Resource Management supports the OHA mission by providing leadership direction, decision support, and management services to position OHA as a leader in producing systemic changes for the Native Hawaiian community.

ADMINISTRATIVE SERVICES

The Administrative Services Program provides internal financial management and procurement services to OHA.

- OHA's FY-10 financial audit, conducted by an independent certified public accounting firm, concluded successfully with the issuance of the auditor's report in December 2010. The unaudited financial statements for FY-11 are presented on page 26.

INFORMATION SYSTEMS & RECORDS MANAGEMENT

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

- Created a server farm and upgraded the SharePoint intranet application, Ka Ipu O Ka 'Ike.
- Automated manual business processes.
- Initiated the digitization of records.
- Installation of virtual teleconferencing equipment at OHA's Honolulu, Kaua'i, Moloka'i, and Lāna'i offices through a grant from the Distance Learning and Telemedicine Program (DLT) of the U.S. Department of Agriculture's Rural Utilities Service. Federal funds also provided equipment for DHHL, five Hawaiian focused charter schools, five Hawaiian immersion schools, and community centers in Hāna and Kealahou.

INVESTMENT TRANSACTIONS

The Investment Transactions Program provides prudent oversight, sound analyses, and transactional services in support of the Board of Trustees and executive leadership to steward and grow the value of OHA's portfolio investments.

- The Native Hawaiian Trust Fund (NHTF) showed a 19.49% net return, lifting the year-end balance to \$362.3 million.

Reviewed 25 proposals for investment management services and conducted due diligence on the top eight proposals. As a result, two new investment advisers were selected, JP Morgan and Commonfund.

LAND AND PROPERTY MANAGEMENT

The Land and Property Management Program (LPM) provides land and property acquisition, land and facilities management and oversight, and consulting services to OHA.

- Managed 12 properties owned or leased by OHA (25,860 acres).
- Wao Kele o Puna. Staff worked with the community to allow for access for land management. Townscape, Inc. will compile a report on sustainable and appropriate revenue generation opportunities, to be finalized in FY-12.
- Pahua Heiau. Staff identified stewardship partners, and drafted a vegetation and restoration plan. Completed the Phase 1 field study of sacred lands, and the Property Boundary Survey. Entrance and safety signage was approved, installation in FY-12.
- Kekaha Armory. OHA holds the lease, which is used by Ke Kula Ni'ihau o Kehaha (KKNOK) to educate Ni'ihau children. The recording studio enables KKNOK to document the dialect, stories, and music of Ni'ihau. KKNOK uses the certified kitchen: 1) to teach healthy nutrition and lifestyles, 2)

as cafeteria space, and 3) as a place for the community and non-profit organizations to prepare food for fundraisers.

- Waialua Courthouse. Baseline improvements were identified and the assessment completed. Completed the septic system upgrade, exterior painting, and termite control, further improvements slated for FY-12.
- Participated on the state's Forest Stewardship Advisory Committee, which allocates state and federal funds for forestry projects.
- Contributed to several policy initiatives, including a presentation to the Hawaiian Caucus on Act 178 public land trust revenues.

Participation on the Pacific Islands Climate Change Cooperative and the Hawai'i Conservation Alliance.

HĀLAWA-LULUKU INTERPRETIVE DEVELOPMENT PROJECT

The Hālawā-Luluku Interpretive Development (HLID) Project is designed to interpret, preserve, and mitigate adverse impacts resulting from the construction of Interstate H-3 Highway. HLID was created by a Memorandum of Agreement (MOA) among 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 OHA.

- Continued Phase 2, Design and Development, and hired a Project Planner and Project Assistant to help prepare compliance documentation for environmental permits and coordination of professional design and construction consultants.
- Began integrating interested parties as part of OHA's commitment to environmental and cultural preservation for the project sites.

OFFICE OF HAWAIIAN AFFAIRS

2011
UNAUDITED
FINANCIAL
STATEMENTS

The following financial statements for the fiscal year beginning July 1, 2010, and ending June 30, 2011, 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 posted online at oha.org.

Office of Hawaiian Affairs

2011 UNAUDITED FINANCIAL STATEMENTS

2011 UNAUDITED FINANCIAL STATEMENTS

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

YEAR ENDED JUNE 30, 2011

ASSETS	GOVERNMENTAL FUNDS					TOTAL	ADJUSTMENTS (NOTE L)	GOVERNMENT- WIDE STATEMENT OF NET ASSETS
	GENERAL FUND	PUBLIC LAND TRUST	FEDERAL GRANTS	OTHER	HI'ILEI ALOHA LLC			
Petty cash	\$ -	\$ 700	\$ -	\$ -	\$ 3,350	\$ 4,050	\$ -	\$ 4,050
Cash in State Treasury	399,535	-	-	-	-	399,535	-	399,535
Cash in banks	-	4,976,701	991,784	739,329	437,784	7,145,598	-	7,145,598
Cash held by investment manager	-	1,742,127	1,177,232	-	-	2,919,359	-	2,919,359
Accounts receivable	-	39,425,159	221,154	9,877	43,985	39,700,175	-	39,700,175
Interest and dividends receivable	-	654,318	94,059	-	-	748,377	-	748,377
Inventory, prepaid items and other assets	59,586	517,493	20,114	-	117,460	714,653	-	714,653
Notes receivable - due within one year	-	576,807	1,936,956	-	-	2,513,763	-	2,513,763
Notes receivable - due after one year	-	2,774,693	5,330,127	-	-	8,104,820	-	8,104,820
Security deposits	-	605	-	-	973	1,578	-	1,578
Investments	-	339,335,904	18,368,323	-	-	357,704,227	-	357,704,227
Capital assets - net	-	-	-	-	-	-	26,987,107	26,987,107
TOTAL	\$ 459,121	\$390,004,507	\$ 28,139,749	\$ 749,206	\$ 603,552	\$419,956,135	\$ 26,987,107	\$446,943,242

2011 UNAUDITED FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS - BALANCE SHEET/GOVERNMENT-WIDE STATEMENT OF NET ASSETS (CONTINUED)
 YEAR ENDED JUNE 30, 2011

LIABILITIES AND FUND BALANCES/NET ASSETS	GOVERNMENTAL FUNDS						ADJUSTMENTS (NOTE L)	GOVERNMENT- WIDE STATEMENT OF NET ASSETS
	GENERAL FUND	SPECIAL REVENUE FUNDS				TOTAL		
		PUBLIC LAND TRUST	FEDERAL GRANTS	OTHER	HI'ILEI ALOHA LLC			
LIABILITIES								
Accounts payable and accrued liabilities	\$ 49,408	\$ 15,607,853	\$ 245,098	\$ -	\$ 276,686	\$ 16,179,045	\$ -	\$ 16,179,045
Due to State of Hawai'i	-	-	-	-	-	-	-	-
Long-term liabilities:								
Due within one year	-	-	-	-	-	-	728,855	728,855
Due after one year	-	-	-	-	-	-	1,165,955	1,165,955
TOTAL LIABILITIES	49,408	15,607,853	245,098	-	276,686	16,179,045	1,894,810	18,073,855
FUND BALANCES/NET ASSETS								
Fund balances								
Nonspendable								
Prepaid items & security deposits	59,586	518,098	20,114	-	50,053	647,851	(647,851)	-
Long-term portion of notes receivable	-	2,774,693	5,330,127	-	-	8,104,820	(8,104,820)	-
Restricted for:								
Beneficiary advocacy	153,893	255,098	104,543	-	-	513,534	(513,534)	-
Native Hawaiian loan programs	-	-	22,490,060	-	-	22,490,060	(22,490,060)	-
Committed to:								
DHHL-issued revenue bonds	-	81,000,000	-	-	-	81,000,000	(81,000,000)	-
Assigned to:								
Support services	106,802	5,310,548	-	-	-	5,417,350	(5,417,350)	-
Beneficiary advocacy	100,046	9,150,507	-	749,206	-	9,999,759	(9,999,759)	-
Hi'ilei Aloha LLC	-	-	-	-	276,813	276,813	(276,813)	-
Public Land Trust	-	275,387,710	-	-	-	275,387,710	(275,387,710)	-
Unassigned	(10,614)	-	(50,193)	-	-	(60,807)	60,807	-
TOTAL FUND BALANCES	409,713	374,396,654	27,894,651	749,206	326,866	403,777,090	(403,777,090)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 459,121	\$ 390,004,507	\$ 28,139,749	\$ 749,206	\$ 603,552	\$ 419,956,135		
Net assets								
Invested in capital assets, net of related debt							26,847,369	26,847,369
Restricted - federal funds							27,894,651	27,894,651
Unrestricted							374,127,367	374,127,367
TOTAL NET ASSETS							\$ 428,869,387	\$ 428,869,387

2011 UNAUDITED FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES/
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2011

	GOVERNMENTAL FUNDS						GOVERNMENT- WIDE STATEMENT OF ACTIVITIES	
	GENERAL FUND	SPECIAL REVENUE FUNDS				ADJUSTMENTS (NOTE L)		
		PUBLIC LAND TRUST	FEDERAL GRANTS	OTHER	HI'ILEI ALOHA LLC			TOTAL
Expenditures/expenses								
Current divisions:								
Board of Trustees	\$ 35,459	\$ 1,806,777	\$ -	\$ -	\$ -	\$ 1,842,236	\$ (92,208)	\$ 1,750,028
Support services	1,196,772	12,589,362	-	4,852	-	13,790,986	(360,536)	13,430,450
Beneficiary advocacy	1,208,030	19,419,948	1,865,579	228,550	-	22,722,107	(62,126)	22,659,981
Depreciation	-	-	-	-	-	-	454,734	454,734
Hi'ilei Aloha LLC	-	-	-	-	3,678,421	3,678,421	(84,154)	3,594,267
TOTAL EXPENDITURES/EXPENSES	2,440,261	33,816,087	1,865,579	233,402	3,678,421	42,033,750	(144,290)	41,889,460
Program revenues								
Charges for services	-	-	433,204	-	-	433,204	-	433,204
Operating grants	-	-	922,868	-	-	922,868	-	922,868
Interest and investment earnings	-	-	183,048	5,037	-	188,085	-	188,085
TOTAL PROGRAM REVENUES	-	-	1,539,120	5,037	-	1,544,157	-	1,544,157
NET PROGRAM (EXPENSES) REVENUE	(2,440,261)	(33,816,087)	(326,459)	(228,365)	(3,678,421)	(40,489,593)	144,290	(40,345,303)
General revenues								
Appropriations, net of lapses	2,311,873	-	-	-	-	2,311,873	-	2,311,873
Public land trust	-	15,100,000	-	-	-	15,100,000	-	15,100,000
Interest and investment (losses) earnings	-	68,061,561	-	-	115	68,061,676	-	68,061,676
Newspaper advertisements	-	-	-	106,651	-	106,651	-	106,651
Donations and other	-	644,874	-	40,808	-	685,682	-	685,682
Hi'ilei Aloha LLC	-	-	-	-	2,306,531	2,306,531	-	2,306,531
Non-imposed fringe benefits	214,301	-	-	-	-	214,301	-	214,301
TOTAL GENERAL REVENUES	2,526,174	83,806,435	-	147,459	2,306,646	88,786,714	-	88,786,714
EXCESS OF (DEFICIENCY) REVENUES OVER EXPENDITURES	\$ 85,913	\$ 49,990,348	\$ (326,459)	\$ (80,906)	\$ (1,371,775)	\$ 48,297,121	\$ 144,290	\$ 48,441,411
Other financing sources (uses)								
Net transfers (to) from other funds	-	(2,481,986)	-	240,494	1,498,752	(742,740)	-	(742,740)
Net change in fund balance/net assets	85,913	47,508,362	(326,459)	159,588	126,977	47,554,381	144,290	47,698,671
Fund balance/net assets								
Beginning of year	323,800	326,888,292	28,221,110	589,618	199,889	356,222,709	24,948,007	381,170,716
End of year	\$ 409,713	\$ 374,396,654	\$ 27,894,651	\$ 749,206	\$ 326,866	\$ 403,777,090	\$ 25,092,297	\$ 428,869,387

2011 UNAUDITED FINANCIAL STATEMENTS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(BUDGETARY BASIS), GENERAL FUND
YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE
REVENUES:				
State appropriations, net of lapses	\$ 2,469,659	\$ 2,469,659	\$ 2,311,891	\$ (157,768)
TOTAL REVENUES	2,469,659	2,469,659	2,311,891	(157,768)
EXPENDITURES:				
Board of Trustees	29,935	29,935	26,077	3,858
Support services	808,657	808,657	1,132,133	(323,476)
Beneficiary advocacy	1,631,067	1,631,067	1,156,984	474,083
TOTAL EXPENDITURES	2,469,659	2,469,659	2,315,194	154,465
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	\$ (3,303)	\$ (3,303)

OHA'S MISSION STATEMENT

To mālama (protect) Hawai'i's people and environmental resources and OHA's assets, toward ensuring the perpetuation of the culture, the enhancement of lifestyle and the protection of entitlements of Native Hawaiians, while enabling the building of a strong and healthy Hawaiian people and nation, recognized nationally and internationally.



THE BUILDING OF PU'UKOHOLĀ HEIAU

Kamehameha decided to build a great heiau (temple) at Kawaihae to Ku, patron deity of men's works, and as Kū-kailimoku the patron of warfare. Thousands of men passed rocks from hand to hand over great distances and stoneworkers fitted them without mortar. Kamehameha himself led the work; here he is seen standing next to the bearer of his standard, a feathered kahiki, taking a rock from a workman.



Herb Kane

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FEEDING THE ANCESTOR

The painting depicts an ancient belief that still exists among some Hawaiian extended families (‘ohana). In times of danger or distress, the spirit of a powerful ancestor (‘aumakua), might shed its invisibility and become physically present by taking possession of a living animal. For some ‘ohana this might be a fish, such as a shark. To others it might be a bird, frequently an owl or a hawk. A dolphin might also serve as a living body for an invisible ‘aumakua. In the painting, a family elder feeds a shark that appears frequently.



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