

House District 6
Senate District 3

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

Log No:

For Legislature's Use Only

Type of Grant or Subsidy Request:

GRANT REQUEST – OPERATING

GRANT REQUEST – CAPITAL

SUBSIDY REQUEST

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Subsidy" means an award of state funds by the legislature, by an appropriation to a recipient specified in the appropriation, to reduce the costs incurred by the organization or individual in providing a service available to some or all members of the public.

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

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

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

1. APPLICANT INFORMATION:

ALAHOU CLEAN & SOBER

DBA: Alahou Clean & Sober

Street Address: 75-5708 Alahou Street, Kailua-Kona, HI 96740

Mailing Address: Same as Street Address

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name: SANDRA K. MCCOY

Title: Executive Director

Phone # 808-327-1694

Fax # 808-327-1654

e-mail : alahoucleanandsober@hawaii.rr.com

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION
 FOR PROFIT CORPORATION
 LIMITED LIABILITY COMPANY
 SOLE PROPRIETORSHIP/INDIVIDUAL

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

OPERATING FUNDS TO OFFSET FACILITY RENTAL EXPENSE

4. FEDERAL TAX ID #: [REDACTED]

5. STATE TAX ID #: [REDACTED]

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2014: \$ 100,000.00

8. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

- NEW SERVICE (PRESENTLY DOES NOT EXIST)
 EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ \$100,000.00

FEDERAL \$ _____

COUNTY \$ _____

PRIVATE/OTHER \$ _____

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE:

WALLIS MCCOY PRESIDENT, BOARD OF DIRECTORS
NAME & TITLE

JANUARY 28, 2013
DATE SIGNED

Application for Grants and Subsidies

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

I. Background and Summary

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

1. A brief description of the applicant's background; *Alahou's Executive Director, Sandra McCoy, has over 30 years experience in Human Services residential treatment facilities and is a certified Substance Abuse Counselor. She has been a resident of Hawaii since 2005.*
2. The goals and objectives related to the request; *Alahou's mission is to provide a clean, safe, low-cost and mutually supportive living environment for up to 60 individuals in active recovery from alcohol or drugs who are committed to maintaining a clean and sober lifestyle. We are requesting the State's assistance in accomplishing this mission by partially offsetting the annual cost of our physical facility.*
3. The public purpose and need to be served; *Alahou provides the only long-term independent living facility on the Big Island for those with a chronic mental disabilities and addiction challenges. In addition to providing a safe living environment for these individuals, their absence from the streets results in improved public health and safety and overall quality of life on the Big Island.*

Almost all of our participants receive financial assistance from the State or Social Security. Without Alahou's provision of housing and guidance in money management, these dollars would likely be spent on alcohol and drugs.

4. Describe the target population to be served; *The majority of Alahou's program participants come to us through referral from other agencies or the justice system. The attached statistics for FY2012 and for FY2013 to date reflect the ethnic and age distribution of our client base, all of whom live at or below the poverty level. Prior to entering Alahou's program, new intakes were typically either incarcerated or living on the street.*
5. Describe the geographic coverage. *Most of our participants are from West Hawaii with a few from East Hawaii. We accept referrals from other islands.*

II. Service Summary and Outcomes

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

1. Describe the scope of work, tasks and responsibilities: *The two full-time positions, Executive Director and On-Site Coordinator, are responsible for management and oversight of a 60-bed facility that rarely falls below 80% occupancy. With the support of the Residents' Council and outside volunteers, they screen incoming applicants, discipline participants for infractions of house rules, administer U/As and Breathalyzer tests as necessary, conduct apartment inspections, dispense meds, provide case management in coordination with external agencies, parole/probation officers, Drug Court, and other stakeholders, maintain records, assign chores and insure their completion, provide transportation to appointments, shopping, and recreational group outings, and provide counseling on life skills, recovery strategies, and money management.*
2. Provide a projected annual timeline for accomplishing the results or outcomes of the service: *Alahou Clean & Sober is currently meeting all of its performance criteria and will continue to strive for improvement.*
3. Describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results: *Statistics for occupancy, average length of stay, reasons for leaving, and transition from Alahou to independent living arrangements are monitored on a monthly basis. We are searching for a statistical model that can be used to measure our performance against national averages. Thus far, we have been unable to locate such a tool. We continue to strive to improve length of occupancy and frequency of transition into totally-independent housing, and to reduce frequency of relapse.*
4. List the measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency). The measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment. Please note that if the level of appropriation differs from the amount included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.

PROGRAM PERFORMANCE MEASURES	PROJECTED RESULTS
Average Occupancy per Month	>80%
Number of Bed-Nights delivered per Month	>1,500
Number of Unduplicated Participants per Year	>180
Weekly On-Site AA/NA Meetings	7

III. Financial

Budget

1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.
2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2014.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$25,000	\$25,000	\$25,000	\$25,000	\$100,000

3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2014.
 - *Applying to Hawaii Island United Way for \$25,000.*
 - *Applying to Hawaii County for \$32,000.*
 - *Applying to Shippers' Wharf Committee Trust for \$50,000.*
4. The applicant shall provide a listing of all state and federal tax credits it has been granted within the prior three years. Additionally, the applicant shall provide a listing of all state and federal tax credits they have applied for or anticipate applying for pertaining to any capital project, if applicable.
 - *Not Applicable.*

IV. Experience and Capability

A. Necessary Skills and Experience

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

As stated in Item I.1 above, Alahou's Executive Director, Sandra McCoy, has over 30 years experience in Human Services residential treatment facilities. Before relocating to Hawaii in 2005, she worked for various residential programs in Anchorage, Alaska. Prior to the start-up of Alahou in April 2010, Sandra was an Outpatient Counselor and Residential Manager for Po 'ailani, an Oahu-based dual-diagnosis treatment program. After five years of operation, when Po 'ailani was forced to close its Big Island facilities, Sandra stayed on at the facility and, with the support of program participants and community volunteers, created Alahou Clean & Sober.

B. Facilities

The applicant shall provide a description of its facilities and demonstrate its adequacy in relation to the request. If facilities are not presently available, describe plans to secure facilities. The applicant shall also describe how the facilities meet ADA requirements, as applicable.

The Alahou facility consists of 19 one- and two-bedroom furnished apartments in three separate but adjacent buildings. Apartments are segregated by gender, and bedrooms and living areas are shared. Common areas, including a large covered lanai and coin-operated laundry facility, are shared as well. Residents are responsible for maintaining all common areas, including landscaping, and for maintaining their individual apartments in a clean and habitable manner.

Quarters are subject to entry and search without notice by the staff and members of the Residents' Council if the presence of drugs or alcohol is suspected. Alahou executed a five-year lease with the property owner in December 2011.

On-site AA/Substance Abuse support group meetings are conducted several times a week and each resident must attend a minimum of two. Life-skills discussion groups are facilitated several times a week to assist participants in development of effective coping and interpersonal skills. These life-skills meetings are conducted by mental health professionals whose missions include support of our population. Mandatory Community Meetings are held weekly during which topics of general interest are discussed and issues of concern are raised.

The facilities are not ADA-compliant.

Personnel: Project Organization and Staffing

A. Proposed Staffing, Staff Qualifications, Supervision and Training

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

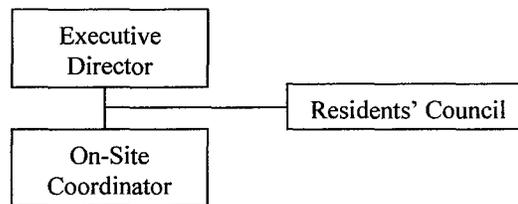
The Alahou office is staffed during normal business hours by the Executive Director and On-Site Coordinator and during evening and weekend hours by resident volunteers who monitor the property, provide access to supplies, and respond to emergencies. At the time of occupancy, new residents are required to sign an agreement acknowledging a commitment to abide by Alahou House Rules and restrictions, especially with regard to violence and drug or alcohol possession or consumption. They further agree to immediate eviction if they are

found to be in possession of drugs or alcohol on Alahou property, or fail to abide by Alahou's House Rules regarding behavior.

The Executive Director and On-Site Coordinator are the only employees of the corporation. All other administrative and operational functions are handled by volunteers from among our program participants. It is this voluntary acceptance of personal responsibility for one's individual success, the success of one's peers, and the success of the Alahou program that marks a significant step along the path to each participant's ongoing recovery.

B. Organization Chart

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



VI. Other

A. Litigation

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

- *Not applicable.*

B. Licensure or Accreditation

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

- *Not applicable.*

BUDGET REQUEST BY SOURCE OF FUNDS
(Period: July 1, 2013 to June 30, 2014)

Applicant: ALAHOU CLEAN & SOBER

BUDGET CATEGORIES	Total State Funds Requested (a)	Hawaii County Council Grant (b)	Shippers' Wharf Committee Trust (c)	Hawaii Island United Way (d)	Program Revenue (e)
A. PERSONNEL COST					
1. Salaries					81,600
2. Payroll Taxes & Assessments					9,523
3. Fringe Benefits					
TOTAL PERSONNEL COST					91,123
B. OTHER CURRENT EXPENSES					
1. Airfare, Inter-Island					1,000
2. Insurance					4,000
3. Lease/Rental of Equipment					
4. Lease/Rental of Space	70,000		50,000		
5. Staff Training					
6. Supplies				6,000	9,200
7. Telecommunication					4,000
8. Utilities	30,000	32,000			2,000
9. Vehicle Expense				4,500	
10. Vehicle Insurance				2,500	
11. Participant Rent Assistance				12,000	
12. Professional/Outside Services					24,000
13. Property/Unit Repairs & Maintenance					12,500
14. Promotion					500
15. Other Office Expense					2,400
16. Depreciation					5,000
17. Miscellaneous					5,000
18					
19					
20					
TOTAL OTHER CURRENT EXPENSES	100,000	32,000	50,000	25,000	69,600
C. EQUIPMENT PURCHASES					
D. MOTOR VEHICLE PURCHASES					
E. CAPITAL					
TOTAL (A+B+C+D+E)	100,000	32,000	50,000	25,000	160,723
SOURCES OF FUNDING			Budget Prepared By:		
(a) Total State Funds Requested	100,000		Wallis McCoy	808-987-5397	
(b) Hawaii County Council	32,000		Name (Please type or print)	Phone	
(c) Shippers' Wharf Comm. Trust	50,000			1/28/13	
(d) Hawaii Island United Way	25,000			Date	
(e) Program Revenues	160,723				
TOTAL BUDGET	367,723		Wallis McCoy, President, Board of Directors		
			Name and Title (Please type or print)		

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

The undersigned authorized representative of the applicant acknowledges that said applicant meets and will comply with all of the following standards for the award of grants and subsidies pursuant to section 42F-103, Hawaii Revised Statutes:

- (1) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant or subsidy is awarded;
- (2) Comply with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
- (3) Agree not to use state funds for entertainment or lobbying activities; and
- (4) Allow the state agency to which funds for the grant or subsidy were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant or subsidy.

In addition, a grant or subsidy may be made to an organization only if the organization:

- (1) Is incorporated under the laws of the State; and
- (2) Has bylaws or policies that describe the manner in which the activities or services for which a grant or subsidy is awarded shall be conducted or provided.

Further, a grant or subsidy may be awarded to a non-profit organization only if the organization:

- (1) Has been determined and designated to be a non-profit organization by the Internal Revenue Service; and
- (2) Has a governing board whose members have no material conflict of interest and serve without compensation.

For a grant or subsidy used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant or subsidy was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant or subsidy used for the acquisition of the land.

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

Alahou Clean & Sober

(Signature)

1/28/13
(Date)

Wallis McCoy, President, Board of Directors

ALAHOU CLEAN AND SOBER

**REPORT ON THE REVIEW
OF THE FINANCIAL
STATEMENT
FOR THE YEARS ENDED
JUNE 30, 2012 and 2011**

Sharon Davis CPA PC

68-1830 Pakanu St., Waikoloa, HI 96738

Ph/Fax 808-883-2748

E-mail sadavis@hawaii.rr.com

To the Board of Directors
Alahou Clean and Sober
Kailua-Kona, HI 96740

I have reviewed the accompanying statements of financial position of Alahou Clean and Sober (a not-for-profit corporation) as of June 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of American and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. These standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report. Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the accounting principles generally accepted in the United States of America.

I am independent with Alahou Clean and Sober according to SSARS No. 19, however, I do preform certain accounting services for Alahou Clean and Sober such as bank reconciliations and preparation of their 990-EZ. In addition I am President of the

Waikoloa Community Development Corporation (WCDC), a not-for-profit corporation, which acted as the fiscal agent for Alahou Clean and Sober prior to the approval of their not-for-profit application with the IRS. Alahou operated without the assistance of WCDC during that time as no grants were obtained and the fiscal agency was not needed.

Sharon Davis CPA PC
January 25, 2013

**ALAHOU CLEAN AND SOBER
STATEMENT FINANCIAL POSITION AS OF JUNE 30, 2012 and 2011**

ASSETS		2012	2011
Current Assets			
Cash in Bank and on hand	\$	4,653.76	\$ 1,797.15
Accounts Receivable		2060.19	7,688.83
Allowance for Doubtful Accounts		(1,084.06)	-3,356.07
Total Accounts Receivable		976.13	4,332.76
Total Current Assets		5,629.97	6,129.91
Fixed Assets			
Office Equipment		771.08	
Rental Unit Furniture		27,025.00	22,370.00
Van		9,500.00	9,500.00
Total Fixed Assets		37,296.08	31,870.00
Accum Depreciation		-9,730.91	-3,187.00
Total Fixed Assets		27,565.17	28,683.00
Other Assets			
Security Deposit Paid		-	2,058.56
TOTAL ASSETS	\$	33,195.14	\$ 36,871.47

LIABILITIES & FUND BALANCE

Liabilities			
Current Liabilities			
A/P - Sandi McCoy	\$	149.53	\$ 7,400.45
Security Deposits		3,350.00	475.00
Total Current Liabilities		3,499.53	7,875.45
Total Liabilities		3,499.53	7,875.45
Fund Balance			
Unrestricted Net Assets		28,996.02	
Current Net Revenues		699.59	28,996.02
TOTAL LIABILITIES & FUND BALANCE	\$	29,695.61	\$ 36,871.47

**ALAHOU CLEAN AND SOBER
STATEMENT OF ACTIVITIES
TWELVE MONTHS ENDED JUNE 30, 2012 and 2011**

	2012	2011
Revenues		
Program Service Income	\$ 203,370.59	\$ 183,898.27
Grants	24,999.96	0.00
Public Support		
Donations	11.92	188.00
In-Kind Donations	4,280.00	32,670.00
Total Public Support	<u>4,291.92</u>	<u>32,858.00</u>
Interest Income	<u>-</u>	<u>148.56</u>
Total Revenues	232,662.47	216,904.83
Expenses		
Administrative & Overhead Costs	13,583.88	8,953.91
Fundraising	1,762.49	3,038.54
Program Service Expenses	<u>216,616.51</u>	<u>175,916.36</u>
Total Expense	231,962.88	<u>187,908.81</u>
Net Revenues	\$ <u>699.59</u>	\$ <u>28,996.02</u>

**ALAHOU CLEAN AND SOBER
STATEMENT OF CASH FLOWS
For Years Ended June 30, 2012 and 2011**

	2012	2011
OPERATING ACTIVITIES		
Net Income	\$ 699.59	\$ 28,996.02
Adjustments to reconcile Net Income to net cash provided by operations:		
Accounts Receivable	5,628.64	-7,688.83
Accounts Receivable: Allowance for Doubtful Accounts	-2,272.01	3,356.07
A/P - Sandi McCoy	-7,250.92	7,400.45
Security Deposits	2,875.00	475.00
Net cash provided by Operating Activities	<u>-319.70</u>	<u>32,538.71</u>
INVESTING ACTIVITIES		
Office Equipment	771.08	
Office Equip: Accum Deprec - Office Equip	115.74	
Rental Unit Furniture	-4,655.00	-22,370.00
Rental Unit Furniture: Accum Deprec - Furniture & Fixt	4,528.17	2,237.00
Van	0.00	-9,500.00
Van: Accum Deprec - Van	1,900.00	950.00
Security Deposit Paid	2,056.56	-2,058.56
Net cash provided by Investing Activities	<u>4,716.55</u>	<u>-30,741.56</u>
Net cash increase for period	<u>1,797.15</u>	<u>1,797.15</u>
Cash at end of period	<u>\$ 4,663.84</u>	<u>\$ 1,797.15</u>

**ALAHOU CLEAN AND SOBER
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012 and 2011**

**NOTE 1- NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

Alahou Clean and Sober is an incorporated not-for-profit entity, incorporated in the State of Hawaii on July 22, 2010. Alahou leases several apartment houses at 75-5708 Alahou Street in Kailua-Kona, Hawaii, and then leases the apartments back to the approximately fifty-five, 55, residents they service in their program. Their mission is to provide safe, clean, and affordable housing in a supported drug and alcohol free living environment. Activities in support of this mission are conducted by staff members, resident volunteers, and community health and human services agencies, and volunteers from the community and volunteer staff.

The Organization raises general operating funds through monthly rents, utility use charges, parking charges, etc. In addition the company receives in-kind donations of furniture, office supplies, rental unit furnishings, etc.

(A) Method of Accounting

The books of account are maintained on a modified accrual basis. Modified accrual accounting recognizes revenues when they become available and measurable, and with a few exceptions, recognizes expenditures when liabilities are incurred. The Organization recognizes rent and utility revenues when invoices are issued and expenditures are recognized when a check is issued or when a debit card expense is noted by the bank.

(B) Cash and Cash Equivalentents

For purposes of reporting cash flows, cash is defined as cash on hand and amounts held at financial institutions. All cash is unrestricted.

(C) Allowance for Doubtful Accounts

The Organization carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its accounts

receivable and establishes the amount of its allowance for doubtful accounts based on a history of past write-offs and collections and current credit conditions.

(D) Fixed Assets

Fixed Assets are stated at cost when purchased and the lower of fair market value or replacement cost when donated. Expenditures for maintenance and repairs are charged to expense as incurred, whereas renewals and betterments that extend the lives of property and vehicles are capitalized. Depreciation of furnishings and vehicles is computed using the straight-line method over varying useful lives of the assets. Depreciation expense for the year ended June 30, 2012 is \$6543.91 and for 2011 is \$ 3,187.

(E) Leasehold Improvements

Leasehold Improvements are stated at cost. Amortization of improvements is computed using the straight-line method over the lesser of the useful lives of the assets or lease terms. At June 30, 2012 there were no Leasehold Improvements purchased or donated.

(F) Taxes

The organization is a not-for-profit organization that is exempt from income taxes and accordingly, a provision for income taxes has not been made on the financial statements. In addition the organization has obtained exemption from the State of Hawaii for excise taxes on the revenues they collect. They do not claim exemption from excise taxes on items they purchase.

NOTE 2 - RELATED PARTY TRANSACTIONS

The Organization has had significant related party transactions. As of June 30, 2011 statement date, there are expenditures of \$ 7,400.45 owed to Sandra McCoy for initial start-up expenses and operating expenses. No item is over \$300 and receipts are available for all items. The Board of Directors unanimously agreed to reimburse Ms. McCoy on a cash available basis however, this is not noted in the board minutes recorded through July 7, 2011. Six reimbursement checks have been issued

in the following amounts on the following dates:

8/25/2011	\$ 1,000.00
9/15/2011	\$ 2,036.18
10/3/2011	\$ 707.04
11/21/2011	\$ 1,482.82
12/08/2011	\$ 2,042.88
11/09/2012	\$ 149.53

The total amount owed Ms. McCoy at the date of this report is \$ 0. Management does not anticipate additional loans from Ms. McCoy.

NOTE 3 – DONATED ITEMS AND SERVICES

Donated assets and other items are recognized at the lower of their fair market value or replacement cost and donated services are recognized as in-kind revenues at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated. For the years ended June 30, 2012 and 2011, there were no recorded services.

Significant services are being provided by Ms. Catherine Manewa who resides on the premises as a condition of her employment. The Organization does not record the value of Ms. Manewa's administrative, clerical, bookkeeping and program administration work as it anticipates future compensation will be made for services rendered. If the value of these services were to be recorded the estimated value would be between \$36,400 and \$52,000. However, the net revenue would not be affected.

NOTE 4 – OPERATING LEASES

The Organization leases the facilities at 75-5708 Alahou Street from Alahou, LLC, a Hawaii limited liability company, and a company unrelated to the Organization. The lease is for 2.5 apartment buildings containing 21 residential apartments, together with the use of common areas and related parking. The term of the lease is December 1, 2011 through December 31, 2014, with a sixty (60) day written notice termination

clause. Basis rent is \$10,000 per month due the first day of each month and 1% per month late fee if paid after 15 days. The Organization secures their own electric service and water is secured by the Lessor and repaid by the Organization with their monthly rent. The lease contains no option to renew clause. The organization houses their administrative offices on the premises. There is a long term relationship between the Lessor and the Organization, however, without a long term lease or the purchase of same or similar facilities, the effect upon the financial condition of the Organization should the lease not be renewed cannot be determined.

NOTE 5 – SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2012, the date of the most recent balance, have been evaluated for possible adjustment to the financial statements or disclosure is January 25, 2013, the date the financial statement were issued. The Organization's filing of their 990 for year ended June 30, 2012 has also been evaluated and does need to be adjusted to record additional depreciation expense of \$3,160.45, which is recorded in this financial statement. As of the date of this report, that amended tax return has yet to be prepared.

ALAHOU CLEAN AND SOBER
SUPPLEMENTAL SCHEDULE
DETAILED STATEMENT OF REVENUES
TWELVE MONTHS ENDED JUNE 30, 2012 and 2011

	2012	2011
Revenues		
Program Service Income	\$ 203,370.59	\$ 183,898.27
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Public Support		
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Total Expense	231,962.88	<u>187,908.81</u>
Net Revenues	\$ <u>699.59</u>	\$ <u>28,996.02</u>

See the Accompanying Notes to the Financial Statements.

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**SUPPLEMENTAL SCHEDULE – DETAILED PROGRAM SERVICE
EXPENDITURES
TWELVE MONTHS ENDED JUNE 30, 2012 and 2011**

	2012	2011
Program Service Expenses		
Client Relations	\$ 1,914.20	\$
Depreciation Expense	6,428.17	3,187.00
Harper Truck Rental	-	449.60
Liability&Commercial Insurance	3,552.00	1,995.00
Occupancy Costs		
Cleaning & Janitorial	-	8.00
Laundry	1,310.89	
Rent Expense	120,000.00	99,326.35
Repairs & Maintenance.	4,289.20	7,242.50
Security	374.73	
Supplies	5,386.09	6,619.04
Supplies Cleaning	567.85	593.72
Utilities	58,720.38	44,469.08
Total Occupancy Costs	<u>190,649.14</u>	<u>158,258.69</u>
Property Furnishing	880.75	437.80
Rental unit furnishings	4,139.81	3,938.22
Sports Equipment	128.06	
Storage	-	589.16
Testing Supplies	879.92	1,142.65
Vehicle Expenses	6,954.03	5,627.25
Volunteer Services	886.73	290.99
Total Program Service Expenses	<u>\$ 216,412.81</u>	<u>\$ 175,916.36</u>

