

A History of the North Kohala Community Resource Center

Contents

Introduction	1
Roots and Origin	2
Formation	5
Identifying and Enrolling Directors	6
The Early Executive Director's Job	8
Incorporation and IRS Tax Exemption	8
Designing the Program	9
Fees	12
Communicating with the Community	13
Early Workshops	14
The New Office	15
Bookkeeping, Accounting, Data Base, and Tax Returns	15
Early Fund Raising	16
Grant Funding For Operations and Projects	17
Discovering An Executive Director	17
<i>Kohala 'Aina</i>	19
Pennies For Kohala	19
The Saga of our Projects	20
Honorary and New Directors	21
Board Development	22
Planning For The Future	23
Lessons Learned	23
Conclusion – Five Years of Fun	24

Introduction

The history of the Resource Center, its roots and origin, its formation, and its growth in the community, is of some interest to people in North Kohala and around the state. Project coordinators, current and potential Directors and staff members, and others in the local community are sometimes curious about the Center. People outside the community who want to understand how such an asset might be created in their own communities sometimes ask how we came to be. And, occasionally, donors and funders ask the same questions: where did you guys come from and what gave you the idea for such a unique set of services as a nonprofit?

This short history is designed to address these questions. I hope it will be an interesting story as well as a factual description of our history. Some would argue that there is nothing short about this history, but compared to the novel I could have written, its short, believe me.

I apologize in advance for two things.

First, this history has a lot of “I’s” in it. It makes me a central character, and maybe even more central than the Center itself. I regret that. I really don’t want to be central at all. But the history of the Center, up to this point, is so entwined with my own life since 2001 that there is no way I can get myself out of the story. My fondest hope about the Center is that one day soon I will be

able to disengage from the leadership of the efforts, and others will rise to the occasion, take the reigns and lead the way into the next era of the Center's service to the community. I want to fade away, watch, and help when called.

My second apology is that a lot of the history is missing. I am confident that I have forgotten more than I remember about what really happened and how it came to pass. Although I have done quite a bit of research while writing this history, my work, as intense as it was, seems more like a blur than a photograph. I ask readers who have better memories to remind me of my omissions and commissions in telling this story. Together we will be able to re-write the history to be a more accurate and inclusive picture of what really happened as we created this beautiful dream come true.

Roots and Origin

The first glimmer of the current organization occurred to me in 1994. I was on the board of the Kohala Foundation, a nonprofit located in North Kohala, which was founded and funded by a woman who spent most of her time on the mainland. Its mission was to protect land in the North Kohala area from development, and as such, was really a land trust in today's terminology.

It was my first encounter with a nonprofit up close and personal, as they say, and I enjoyed seeing first hand its hopes, issues, and trials. Susan Lehner was its Executive Director, and Jerry Williams, Jim Trump, Janet Coit, among others, were members of its Board. I was just beginning to get involved in the community, and about to start a six year period of serving as President and Treasurer of the Merchant's Association.

I attended board meetings once a month for less than a year. When I was invited to join the board, the Foundation was already in serious trouble. The founder's money was running out and there was no fund development activity, and little interest in raising money as far as I could see among the members of the board. I think I had been invited to become a director as a way to raise money, but I had little interest in donating money or raising money either. I quickly came to understand how challenging it is to sustain a charitable concept in the face of extreme organizational poverty.

As we wrestled with this condition, two options were considered. Keep the mission or change it. The current mission – land protection – sounded good, but none of us felt we could go out and raise a lot of money locally under this banner. During the discussion, the idea of providing what was called a “nonprofit umbrella” for small groups in the community to use in seeking funds kept coming up. We considered this approach as a way of changing the mission to provide a set of services to the community that would attract more broad based interest in the community.

Ultimately, the board of the Kohala Foundation decided not to change its mission. In retrospect, I think the IRS would have treated such a change unfavorably anyway. So, to bring this chapter of the story to an end, the board voted to close the nonprofit due to lack of funding, and that was that. I remember it was quite an exercise to close a nonprofit, and I came away with another valuable lesson: creating, managing, sustaining, and closing a nonprofit enterprise was complicated hard work, work the likes of which I had never seen before, and much more difficult than doing the same in a “for profit” business.

During the next several years, between 1995 and 1997, as President of the Merchants Association, the umbrella idea kept coming up. Although I don't remember exactly who

introduced it, Tom Quinlan played an important role in bringing the need for it to my attention. Tom, who had been associated with the Kohala Foundation a year or so before my joining, was actively engaged in raising money to save and restore local buildings, but there was no local nonprofit to sponsor his work. He came to the Merchants several times over a two or three year period and asked for sponsorship. We appreciated and supported his projects, but the Merchant's organization was not a nonprofit, so Tom was forced to use the Main Street program in Waimea and other nonprofits outside North Kohala to sponsor his grant proposals. I believe he lost several grants due to lack of sponsorship, and there were grants lost by others during this time as well. The seed for the "nonprofit umbrella," or "fiscal sponsorship," as we refer to it today, was sown in these losses, and I became more and more convinced of its merits with each passing year.

During this same period after this failure to sustain the Kohala Foundation, Susan and her husband Scott, who lived next door, and Karen and I would talk around the dinner table about creating a nonprofit to serve North Kohala as an "umbrella." I even bought *How to Form a Nonprofit Corporation* from Nolo Press to see if I could start this kind of business without legal assistance (more on this later). The fuel for this little fire was accumulating slowly in my thinking.

Aside from seeing a number of available grants being lost, I was also seeing up close the number of community service organizations there were in North Kohala that needed money. Every week the businesses I was involved in were getting requests for donations, sometimes several a week. There was no way we could donate money to all these organizations, so we usually didn't donate at all. The same requests were also coming to the Merchants association. We had a number of discussions in our meetings, and pretty much stuck to our mission of working on the business interests of the community. So we seldom, if ever, donated money either, not that we had a lot to donate, with dues at about \$10 a year. But the need in the community wouldn't go away.

In those days, and to some extent now, the charm of the community was often reflected in its work to raise money. Bake sales, car washes, lucky number drawings, spaghetti dinners and you name it; extracting money for good works was an ever present part of going to the market or checking your mail box. So much so, that Dixie Adams once mused with me early in the Center's startup that she wasn't so sure that bringing in big money to the community was a good thing, that our heritage was fund raising on the street, so to speak. We laughed at this, but I think it represents a point of view shared by some residents. On the other hand, it had become clear to me that this type of fund raising would never satisfy the demand in Kohala for funds for volunteer work.

At about the same time, 1996 or so, Virginia Holte of the West Hawaii Dance Theater asked me to write proposals for her to obtain grants from Hawaii foundations. I agreed to do it on a percentage basis. Later I discovered that this was frowned upon by the proposal writing professionals, for reasons that have never been adequately explained to me. I wrote proposals for two years, and used the pre-internet system of identifying foundations to ask for money. I spent days going through a spiral binder called the *Directory of Charitable Trusts and Foundations 1996-1997* listing all of the Hawaii foundations. It was published every two years for the Hawaii Community Foundation by Helping Hands Hawaii. I also had a brief exposure to the Catalog of Federal Domestic Assistance which comes in two volumes of over 1000 pages each listing all the Federal programs. What a daunting and tedious process. Although my efforts were reasonably successful in getting grants, the real value of the experience was learning the ropes of grant seeking and proposal writing. It was a field I had never seen before, and about as challenging as

they come. I remember thinking that the whole process of finding and obtaining grant funding could be done in a lot more streamlined way. After two years of working with Virginia, we agreed she could do it on her own without me.

In the face of all this, a pivotal event occurred in late 1998. I was invited to organize the re-creation of the Kohala Country Fair. Invited is not exactly the right word, it was more like arm twisting by several business associates who shall remain nameless. Two years before, the organizers had burned out and quit. The fair, held each year since about 1986 (possibly since 1983, but the financial records date to 1986), under the banyan trees in Hawi, was being coordinated by Parks and Recreation, at Kamehameha Park. There was considerable interest in bringing it back to Hawi and making it work as a more prominent event for the community, and for the merchants. I agreed, but with a condition: I would chair the fair (along with Karen as the co-chair), but I wanted the Merchants involved to receive the net proceeds and each year contribute this money to the organizations in the community that were asking for help so regularly. When I presented this condition to the collection of volunteers who were willing to work on the fair in our first meeting in early 1999, every one agreed.

I thought we could make the fair a winner, both as an event and as a fund raiser for the community, and I was right. I should add that I am not a fair person. I was a lot more interested in making money for the community than in creating a major 4 or 5 star event. While going to the fair was more a chore for me than a treat, organizing the fair was fun, but my real motivation was raising money in the community.

Under this arrangement, the Merchants sponsored the fair, did the bookkeeping, and after the fair was over, the Merchants decided how much to give away, and who would get it. We had an application process, and the Executive committee of the Merchants met each year and decided who would get the money and how much for each organization. This went on for three years. I was treasurer of the Merchants by then, and my role as Fair Chair and Fair Treasurer made the two organizations fit together smoothly. At least for a while.

During this time, the fair grew and became more successful. However, it also became very clear to me that the net proceeds of the fair could never meet the needs for funding projects in the community. In our first year, 1999, we gave away \$4,099, and that grew to \$7,200 in 2000. However, in both years we could fund less than a third of the requests, and the more we funded the more the requests grew. We received three times as many requests in 2001 than in the years before, and the amount of the net proceeds, down to \$6,100, was not coming any where near filling the gap. It was discouraging: our success was creating a monster.

Meanwhile, my tenure with the fair committee was strained. There were out-spoken proponents on the committee who wanted to spend more money on improving the fair. And they didn't see why the Merchants got to give away the net proceeds of the fair operations and very few merchants were actually involved as volunteers on the fair committee. They had a point, but in my thinking, improving the fair might be needed, but raising more money for the community was what I thought we should be all about. I arrived at two sad conclusions: the fair committee needed new leadership, and the fair was never going to be the total solution to the community's fund raising needs.

Simultaneously, I was working my way through another learning experience. I had agreed to serve on the Advisory Committee of the Intergenerational Center. This organization was a long-standing effort of many, many people in the community, and a collaboration of the seniors, the

county government, and local organizers who were looking for a way to provide more activities for the young people in the community. I came to the party very late. I had donated to the organization and I wanted to see it succeed. I was invited to serve, so ultimately I joined the effort.

As we all know, the building got built, which had been the primary objective. But then it dawned on me: there was no funding to hire a staff and operate the center, and no plan to raise the \$100,000+ a year needed to open and run a youth program. And worse, there was no nonprofit structure to provide a tax-deductible vehicle for that funding, and creating one was beyond the energy of the group who had just spent ten years or more getting the building constructed. Once again, I felt the need like an ice-cold shower in the middle of a freezing day. There had to be a better way.

After the 2001 fair, I resigned as chair. Scott Bedingfield and Karen took over as the new co-chairs. I remained as Treasurer. Shortly thereafter, in early 2002, for the first time, the fair committee's officers made the donation decisions for the 2001 net proceeds, not the Merchants. I remained on the committee as Treasurer for the 2002 fair, then resigned. By that time, an opportunity had appeared that took me by storm.

In June 2001 I had gotten a phone call from Lani Bowman, the head of the TEAM Kohala, the long-standing community anti-drug effort. She asked if I would be interested in helping her form a nonprofit. I had studied *How to Form a Nonprofit Corporation*, the do-it-yourself guide from Nolo Press I bought years before. It is a definitive explanation, so clear, in fact, that I had decided never to try it. Using this book, a layman setting up a nonprofit without legal help would as soon try flying an airplane by studying a book: The chances of success would not be high. I said no, thanks, and forgot about the call.

In August, I got another call, this time from Nani Svendsen. She asked me again, but this time she explained that Surety Kohala was going to pay for their attorneys to help us get the job done. This time I thought about it more carefully, but my dream was not a nonprofit for TEAM Kohala, it was a nonprofit for North Kohala. I said I would lead this effort if the nonprofit served the entire community, not just TEAM Kohala. I briefly explained my dream of a nonprofit that would umbrella many small projects in the community. She said she would get back to me.

Time passed. Sometime in September Nani called me back. Lani had agreed with this approach, and Nani had talked briefly with Mike Gomes at Surety. He was agreeable as well. Soon after my last fair as Chair, on September 22, 2001, Nani and I began talking in earnest. By mid-October, we had met several times, and we agreed to move forward. I trusted her, and respected her opinion that we could actually pull this off. I agreed to present my plan to the TEAM Kohala organization to secure their commitment (or not), and if they agreed, to make it happen. I understood it was an enormous job, but little did I know how much of my life I was committing.

Formation

On October 17, 2001, in a meeting at the Kohala office of Family Support Services of West Hawaii, I presented a one page description of the organization I was planning to the TEAM Kohala organizers: Nani, Dennis Matsuda, the District Supervisor for Parks and Recreation, Cory Causey, the Kohala Family Center Coordinator, Lani Bowman, and others. I wanted to be very clear with them what I planned to do, and more importantly, what I did not plan to do, that is, create a TEAM Kohala nonprofit.

This group had recently been successful in creating the drug rehabilitation therapeutic living home for men in North Kohala. I mention this accomplishment to demonstrate that these people were seasoned veterans in creating, against all odds, successful community projects. They had organized a group to lobby in the state legislature in Honolulu for this facility, and were being touted, rightfully so, as the model of how communities can respond aggressively to the serious “ice” problems besieging our families and eroding the fabric of community right before our eyes. The facility was about ready to open, and this group took “getting things done” seriously. They were go-getters, heavy hitters in my view. I wanted them to support my effort, and I suspected they would not automatically accept me or my plan without some resistance.

I was relieved to be wrong in my suspicions. As I shared my paper, answered questions, and discussed it with the group, the idea of working on all of the issues in the community carried the day. These organizers were not just focused on the drug issues; they had their hearts in the community. They saw the same problems I did: and although they were successful organizers, they could see others in the community who could benefit greatly from the kind of nonprofit I was describing. As we went around the room to get a consensus, everyone agreed to go with the idea as I had presented it.

As I look at the paper from October 17, it amazes me to see that it is a blueprint for exactly what the Center has become. Its mission, purpose, operations, structure, Board of Directors arrangement, officers, staff, location, and sources of funds are almost exactly what we have today. I even suggested these names: Kohala Center for Community Service, Kohala Resource Center, and Support Kohala, Inc. Later, the final name would be hammered out by the full board, along with all the other details, but the clarity of the vision at that early stage seems both eerie and compelling to me now. This document, and a series of three updates to it prepared after our weekly Board meetings and dated December 4, December 11, and December 18, are in the archives of the Center for anyone with an interest in a more detailed view.

After October 17, I took a three week break to visit my family on the mainland. Beginning November 19, work on the non-profit began in earnest. It took forty to fifty hours a week, and this period lasted for four years. I was compelled, with boundless energy, focused, and stressed as well. We also began regular board meetings once a week, which lasted well into 2003.

The first steps were crucial: select the directors and enlist them, and get the ball rolling on the IRS nonprofit application.

Identifying and Enrolling Directors

The founding Directors were the principals of the decision in the meeting on October 17 – Nani Svendsen, Dennis Matsuda, and Lani Bowman, all of whom agreed to serve on the board in that meeting. This was the core group that met on November 19 to get the ball rolling.

Selecting the remaining Directors was, of course, a set of make or break decisions for the new organization. One bad apple and the barrel would be at risk. And, we live in a small closely knit community. We couldn’t afford to make any mistakes or the word would spread. The talk-story about us would poison the well for a long time. So we felt strongly that we could consider only respected people in the community.

Secondly, we wanted people who had proven themselves in the community as successful organizers. This would show their commitment to the community, which was critical, their ability to get things done and to work with and in groups, and would add considerable credibility to our efforts.

Another consideration was that we knew from experience that some of the prospective directors had big egos that would make it difficult to work with them, and difficult for them to work with us. People who have a hard time listening would complicate our task as a group, and we wanted to steer clear of that pitfall. So the well-known big egos didn't get invited in, and just in case one or two slipped by, we had a saying for all directors: "when you come to our meetings, check your ego at the door."

We also suspected that people who were well-known advocates of special points of view about things in the community would be difficult board members. Because these people were so constantly speaking out in the community, we feared they would be unable to get off their cause in our meetings. And, we did not want to be associated with recognizable "causes" like the power company issues, the water pipeline issues, and other "gang-plank" anti-development issues, not because we didn't agree with them but because we did not want to be branded as a "cause" oriented organization. We wanted our cause to be the community, and anything else would absolutely get in the way.

Finally, we wanted a good cross-section of the community represented on the board, and only people from North Kohala could serve. In a nutshell, we needed people who could work constructively together, who loved North Kohala and would keep that focus foremost in our work, and who were already credible organizers with proven track records.

Then we had to answer the question about what we wanted the directors to do, or, what was the director's job. As a director for the West Hawaii Mediation Center, I had heard the three w's as a basic description of a director's obligation to the organization. A director should bring wealth, work, and wisdom. We focused on the latter two, work and wisdom, and gave no attention at all to directors having to contribute money to the organization. We said we wanted them to work, that is, come to meetings, at least twice a month in the first year as we got organized, along with three to six hours a month outside of meetings, if necessary. Secondly, we wanted their wisdom, that is, in our meetings and discussions, we wanted them to offer their opinions and give us their judgments on all the questions we would have to address and answer as we created the structure and operations of the Center. We agreed to use the mission as written in the October 17 document with each prospective director to explain what we would be doing.

All of these thoughts were summarized in the first update (December 4) to the October 17 paper: "Criteria for Directors:

- (1) full-time resident of North Kohala
- (2) a heart-felt connection for improving the quality of life in North Kohala
- (3) previous demonstrated public service in community
- (4) agreement with our objective and purpose and capacity to stay focused on making it happen
- (5) respected community leader and opinion influencer
- (6) ability to set aside personal agenda, maintain an open mind, and be a team player
- (7) willing to serve for at least 1, 2 or 3 years
- (8) willing to devote 3-6 hours a month to Director responsibilities and meetings
- (9) willing to provide leadership as officer of corporation if elected

(10) willing to participate in Board activities (fund raising, community events, public relations, and Board member development and growth).”

This set of criteria represented a tall order for a small community, but we forged ahead. We prepared a long list of candidates, and after our first meeting on November 19, the next day I met with Bill Graham, explained what we were doing, and invited him to join us. He accepted. In rapid succession, by December 24, Corey Causey, Gino Amar, Fran Woollard, and Desiree Yamamoto agreed to serve as well. Everyone I invited accepted. By this time, our nine member Board had formed with me as President, Dennis as Vice President, Nani as Secretary, and Lani as Treasurer. Everyone agreed to serve for at least three years, and we did not establish a limit on their terms. In fact, we were concerned about providing a stable Board by trying hard to keep Directors, not making sure that there was turnover in the future.

The Early Executive Director’s Job

During this time, we knew that we would need an Executive Director to make the Center go, and to accomplish what we wanted the Center to become. I invited Susan Lehner to sit with us and see if she was interested in the job. She met with us throughout December and early 2002, but ultimately she declined. The idea was to have her volunteer her time, at least on a limited part-time basis, until funding was sufficient to pay her. This meant too that she would be involved in fund raising, and she did not want to be involved in raising money to pay her salary. Ultimately, she decided this approach would not work for her, and in February 2002, she declined the offer and stopped attending meetings.

This left the ED job up in the air. I talked with Cory and Gino about taking it, and both said they wanted to be on the Board, but didn’t see themselves becoming the ED. After considerable discussion, I agreed to carry out the Executive Director’s role until we could afford to pay someone to do it, and could find an acceptable talent in the community who could fill this important position. I agreed to do this work as a volunteer even though some on the Board urged me to do it on a paid basis. I couldn’t bring myself to take money from the organization that was just being born, and I understood that for the first three years or so most business founders work as volunteers. So it seemed natural to work as a volunteer, and I couldn’t see not doing it since the work of the Center was so important to the community. It also gave me the opportunity over the next two years to fully develop the processes, systems, and nitty-gritty details supporting our operations, sometimes by trial and error, so that when the time came to teach them to my ED successor, I was ready.

Incorporation and IRS Tax Exemption

By December 2001, I had met with Steven Lim, the attorney at Carlsmith Ball in Hilo (Surety Kohala’s law firm), to begin the process of incorporation. By January, Steven handed me off to Mary Jane Connell, the nonprofit specialist in Carlsmith Ball’s Honolulu office. Mary Jane proved to be invaluable, and the office staff, including Lynn Little, at Carlsmith Ball was excellent as well. We prepared the Articles, By-Laws, and were incorporated in the State of Hawaii as a nonprofit on February 13, 2002. Our filing with the IRS, the Form 1023, was completed in late February as well, mailed on March 8, approved by the IRS on March 22, and on April 3 we received our IRS Letter of Determination, that is, our tax exemption.

The Form 1023 application, although an IRS document, is worth thirty minutes of careful review for those with an interest in exactly what the IRS approved in their determination. It precisely

defines what we do, and provides a fundamental description of our charitable purpose, our mission, our territory, our work, and our role as a fiscal sponsor. Straying from this platform, without IRS prior approval, would nullify our nonprofit status.

With the advance ruling of public charity status, and our Letter of Determination, we were good to go, but there remained one important question: how specifically were we going to do it? Supporting projects was a general idea, but we needed a specific set of activities that would bring our mission to life.

Designing the Program

Throughout our formative period, my mind was working on this issue. It was clear that we would need to write grant proposals for our own operations, and our sponsored projects would have to have proposals as well. This meant writing a lot of proposals, a time-consuming proposition for the Center. It wasn't clear how we could manage to do this, and we had no idea about the world of Foundations in Hawaii or how to best access it.

Further we had wanted to support project coordinators in being successful, but what did that entail? We really didn't know what support they needed. There was also the question of the nonprofit umbrella. How would this work, or more properly, how would it work and stay clear of any IRS difficulties? By early March, it was clear that each of these issues meant doing some heavy homework.

The nonprofit umbrella came first. I started with Amy Luersen of the Hawaii Community Foundation, who, according to Steve McPeck, was the expert in this area in the State. Steve had just begun working for the Hawaii County Resource Center, a brand new organization at the county level in Jane Testa's Research and Development organization designed to support the nonprofit segment of the Big Island. He had worked in the nonprofit sector in Europe, and returned to Hawaii and was familiar with the sector here. Steve said Amy would be a good starting point on figuring out how to do a nonprofit umbrella. I met with Steve on February 1, and on March 21, I met with Amy at the Executive Center in Honolulu. She was a gracious lady.

We sat in the lobby and talked for an hour and a half. She explained the concept of "fiscal sponsorship" in detail, and told me that the HCF had been planning to use this concept in Hawaii for projects that were too small to go through the 501(c)3 process themselves. They had been working with the Tides Foundation in San Francisco, but a recent turn of events at Tides, and the market turndown in general which had reduced income for many foundations, had led the HCF to back off this idea. She said that we would be acceptable to the HCF as a potential recipient of grants, and gave me the name of the bible on fiscal sponsorship, *Fiscal Sponsorship – Six Ways To Do It Right* – written by Gregory Colvin, an attorney in the Bay area in 1993 and re-published in 2000. I ordered the book and had it in four days. It was a masterpiece of clarity, and completely defined how we needed to go about offering fiscal sponsorship in our organization. That, and a call to the Tides Foundation and a day on their web-site, gave us the path for our next steps.

We needed to make a clear decision by the Board, a resolution to approve or not approve if you will, in the case of each project that wanted fiscal sponsorship. Further, we needed to know exactly what each project was doing, or planning to do, so that we could determine if the project fit into our charitable purpose definition with the IRS. We also needed a contract with each

project stating a number of important considerations. I had not thought of any of these things, so the book was a godsend.

Incidentally, *Fiscal Sponsorship* has proven to offer a very flexible set of options for us. Although the vast majority of our projects are “arms-length” independent organizations, recently we needed a new approach since the FCC required the Center to be the applicant for the non-commercial educational public FM radio station project in the Fall of 2007. The “independent contractor” model, described as one of the “six ways to do it right”, was just what the doctor ordered for this case.

This body of knowledge made it clear that we had to design an application that met the criteria we needed to do fiscal sponsorship correctly, but would also be simple and straightforward with our project organizers. This was a task since we didn’t want to put our project organizers through a “busy-work” exercise, but we needed to get a clear statement from them on a number of important areas related to their proposed project.

The second issue was learning how to access the Foundations and other funding sources in Hawaii. As early as January, we became aware of a grant opportunity with the Community Based Economic Development (CBED) program administered by the Department of Economic Development and Tourism (DBEDT) of the State of Hawaii. We had applied and our request was pending (see the Grant Funding section for the outcome of this application). But this experience demonstrated dramatically that we had to do our homework on how to do funding research.

In my meeting with Amy in March, she had mentioned that funding research was now mostly done on the computer, and that the HCF website was a good place to start. She also pointed out that data bases existed on the web that facilitated quick searches for potential funders on specific areas. This led to my taking the “Grant Seeking on the Web” workshop on April 22 at Tutu’s House in Waimea. Joan Campbell, the instructor, was a great help, and she introduced me to the Foundation Center, a New York based organization that maintains an accessible data base of all the foundations and major funders in the United States. This one-day experience demonstrated that grant research had advanced significantly in the last few years, and the art and science of finding funders could be made readily assessable to anyone with computer access and the resources to maintain a \$595 Foundation Center annual membership. As explained later, I began my formal training at the Foundation Center in May.

The third issue was to figure out how exactly we should support project organizers. As early as December it had occurred to me that we had to better understand what they needed. Based on my background with the Merchants and the Kohala Country Fair, I knew the organizers who were busy in the community. I made it a point to talk to about a dozen organizers, informally, in a talk-story fashion. I just asked a few questions when I bumped into them at the market, or at the post office. Everyone talked, and kept on talking. In no time a clear picture emerged.

Mainly organizers talked about their problems: not having enough money, constant fund raising, not having enough volunteers to help, running into confusion and frustration in what they were trying to do when challenged by others who were trying to help, and not having the community they were trying to serve respond to their efforts. Many described that they had the idea and jumped in before they saw all the difficulties and what was needed to make their project work. Some of the organizers talked about how awful it was to let their projects go, and some of the organizers of what were considered successful events in the community indicated they had

experienced such difficulty they would never do the project again. In fact, the burn out factor was rampant among people who had been involved in community service.

On the other hand, the successful projects had enough money, had a lot of volunteers, had a clear idea of what they wanted to do, a credible identity in the community, and good leadership with a well organized step-by-step process to get the project done.

All these stories began to show what had made for successful efforts, and what circumstances had led to failure. Having enough money was a key, knowing what had to be done, and seeing clearly the goal of the project was vital so that others could get enrolled and invested in the idea, and sharing the work with others so that the organizer didn't burn out. Also, knowing the community and what was a real need here was important.

What emerged was the need to be clear about what the project was supposed to accomplish, how the community would benefit, what it would take to get it done, including how much money, and who could help. This translated to me as the need for a good plan. In fact, it seemed to me that a project was nothing more than a socially-oriented mini-business, and needed a mini-business plan just like a business needed a business plan. I had been teaching this for years to local business people. Community service projects could benefit from the same lessons.

Finally, we had to face the issue of proposal writing. If money was a key, and it was, and in fact, bringing money into the community for community service work was at the heart of what we were trying to do, we needed to solve the proposal writing dilemma? How could we ever write all the proposals? We considered hiring professional proposal writers, but frankly, I didn't know any really good ones. Diane Chadwick at the Waimea HCF office confirmed that she didn't either. This left us with two options: I would have to write all the proposals, or I could teach others to do it. What a novel idea!

As I thought about it, why couldn't we teach project organizers to write their own proposals? Obviously, this would be a challenge. Writing is generally not a widespread strength in any community, and North Kohala was no exception. Further, writing proposals was considered a specialized occupation done by professionals. My background suggested that I would have to do a lot more research to come to a conclusion on this issue. I needed to be able to write a successful proposal myself, and then I could decide.

First, I needed training myself. The first stop was the Foundation Center in Manhattan. On May 21, I did the Center's Grant Seeking on the Web one-day workshop, and on June 4, I completed their Proposal Writing workshop, and got my first exposure to nonprofit people in New York City. It became very clear to me that these people were hustlers and serious and would constitute superior competitors in the nonprofit marketplace. I suspected that their Hawaii counterparts would be equally as good. On the other hand, both workshops were great learning experiences, and I began to feel more confident that our educational program could come together.

In early June I heard about a one-week proposal writing workshop taught by the Grantsmanship Center. Norton Kiritz, the founder of the Center in Los Angeles many years ago, was teaching. Steve McPeck encouraged me to go, and I did. Although I had written our first master proposal based on the Foundation Center training, I felt I owed it to the Center to take Norton's workshop. Several Directors wondered out loud in our June Board meetings why I needed to go to another workshop on proposal writing, especially since I had gotten so much from the Foundation Center experience. Wasn't this a waste of time, and shouldn't we be getting on with our mission? After

all, we had been organizing and planning since last October, nearly nine months. Wasn't this kid ever going to be born? Great questions, but something drew me to Norton.

During the week of July 22, I bunked at the University of Nations in Kona and attended Norton's workshop along with about twenty five other nonprofiteers from all over the islands. It was a rough week. Norton ripped my first proposal to shreds, and I also took a lot of slashing critique from the audience. I must say I gave as well as I got. But the result was a far, far better master proposal for the Center, and a clear decision to use the Grantsmanship model for our own proposal writing workshops. We adopted Norton's model, and we still teach it today.

Finally, we had the ingredients of a training program – researching funders on the internet using the Foundation Center model and their data base which we purchased for the year 2002 in July, and the Grantsmanship proposal writing model. But to get started, we still needed a formal application form for projects who were seeking fiscal sponsorship.

I didn't want a "fill in the blanks" kind of application. I wanted the applicants to begin to ask and answer the same questions as they had to address in the proposal. Norton had taught that a good proposal is really just a plan for the project, and what we needed to see from the project organizer was a good plan for their project so we could determine if we could sponsor it. I developed our application guidelines based on the same format as the proposal we were teaching.

Then it hit me: why not offer a one day workshop on planning a good project in which we taught how to prepare the application for sponsorship. That workshop would help people apply and form a solid foundation for teaching proposal writing. This workshop design completed our workshop series: Planning Successful Projects, Researching Funding, and Writing Successful Proposals with a critique of the finished proposal two weeks after the Writing workshop. These learning experiences became our curriculum and our program, and by July, the Board agreed on our program and felt comfortable that it would be of value to the community.

Fees

In the meantime, we had been discussing our fees for service on and off since early 2002. We considered charging an up-front fee for our services, and we considered not charging at all, for anything. In fact, Susan Lehner held this viewpoint, and seemed aghast at the idea of charging project coordinators for our services. After all, we were supporting volunteers, how could they be expected to pay us. I think this may have been the pivotal point in Susan's conclusion to move on to other pastures.

At any rate, the concept that finally resonated with most of us was charging fees to project coordinators only if, and when, they were successful in garnering grants or contributions under a fiscal sponsor agreement. The Tides Foundation, the largest fiscal sponsor in the country, was our model in this. And in the final analysis, we concluded that our need to sustain ourselves over the long-term depended in part on our ability to generate income from fees for service. We really had no choice if we wanted to be around for the long term.

The fee structure that finally emerged, up to 15% of grants and contributions if the project coordinator had participated in our entire program, and lower if not, had some excellent advantages. People could attend all of the workshops for free, and if they didn't receive any funding, they would have at least learned some valuable lessons at no cost. Additionally, the first workshop on Planning Successful Projects could be attended as a way to explore a potential

project, to test it out so to speak, and this could be done for free. Using “up-front” fees for everyone would have significantly reduced our participation and the effectiveness of our program.

Another factor in our fee structure was that project coordinators could build the fee into their budget so that the money needed for the project, along with our fee, would be part of the grant received. This worked fairly well in most cases, and where it didn't, I think we worked out compromise solutions that basically satisfied the project coordinators involved. One of the lessons we learned is that when you put money on the table, as in being awarded a large grant for a project, we all get a little squirrely about getting our fair share, no matter what the fee agreement was going in. And on one occasion, we forgot about the fee in preparing the proposal, and this case really has tested all concerned. But by and large, the fee structure has worked, and is working today.

Another aspect of our fees involved people from other nonprofits in the community, and outside of North Kohala, asking to participate. We concluded that in these cases, since fiscal sponsorship would not be possible, that an up-front fee of \$300 (\$450 for two people) for the workshop series would be appropriate. So far, three nonprofits have participated—two in Waimea and the Community Land Trust here at home.

Later, in 2005 and 2006, we learned that charging 15% on large grants caused the fee to be larger than both the perceived and real value of our services, and charging a fee on a small contribution produced more work than the fee was worth. We adjusted the fee structure to cap at certain percentages depending on the size of the grant or contribution, and we eliminated the fees where the amount of the fee would be less than \$100.

In our first five years, we collected \$55,346 in program service fees. This represented 5.2% of our total income (including income for projects), and almost 15% of our operating support income. By 2006, our fees, at \$25,569, represented just about 31% of our total operating expense for the year. In other words, the growth in project funding was fueling a growth in our fees, and this was a significant help in keeping the Center in business.

In the final analysis, I've come to the conclusion that our ultimate goal should be to generate 100% of our annual operating budget from fees for service, just like any good business. I don't mean raising our fee rates; I mean that we can be more successful in getting our larger projects funded. In other words, the better we are at generating funds for the community from our own hard work, the more likely we will continue to receive support from the community and be able to sustain our efforts. By the end of 2007, I expect that we will be approaching this level of fees.

Communicating with the Community

Our first contact with the general community was a table during a Saturday Resource Fair at Hisaoka Gym on January 19, 2002. The September 11, 2001 fall-out in the visitor industry had caused numerous cut backs and layoffs at the resorts, and many families in the community were having difficulties. Many of our Directors were involved in staging this event, and naturally suggested that we set up a table and begin explaining ourselves to interested residents. I put together a pamphlet and a few stand-up signs for our table, Nani brought table cloths, and three or four of us took turns talking story all day with people who were curious about what we were all about. I was encouraged by the reactions we got, but it was clear that we had to have a very

simple common-sense wheels-on-the-ground program or our audience wouldn't be able to grasp what we were doing.

By July 2002, even though all the final details of our program were not yet in place, we felt that we had to begin our work that fall, and so we had to let the community know what we were up to. We had been planning for what seemed like an eternity, and we all were restless to get into gear.

On July 15 and July 29, we held two community-wide meetings in the Hisaoka Gym conference room which were attended by over a hundred curious residents. Dennis Matsuda opened the meeting; I then explained our program in some detail. We announced the schedule of our first workshop series beginning in September. We then fielded questions of all sorts. Many of the Directors chimed in about our program and their personal points-of-view about our work. I don't remember much about these meetings except a feeling of unity with the Board, an appreciation for their work and contributions, and gratitude that the people in the meetings seemed genuinely excited by what we were doing.

Early Workshops

Our program was a series of one-day Saturday workshops, and was to begin on September 14, 2002 with the inaugural "Planning Successful Projects" workshop, followed at two-week intervals by "Finding Funders", "Writing Successful Proposals", and the "Proposal Critique" workshops. Little did we know.

Within three weeks of our July community meetings, we had about twenty-five people sign up for the first workshop. Our room at Family Support Services would hold ten, if we squeezed in and held hands. We had to divide the group into two sessions, and on September 14 and 28 we entertained, taught, and dialogued with the first nineteen workshop participants. Some of the Directors sat in, and it was clear that we were on to something exciting.

We had excellent dialogue around many subjects, including subjects not particularly related to planning a project. We heard about projects that people had in mind that had never occurred to us. People also wanted to make sure we were for real, and tested our program to be sure it measured up to their standards of community service. The combined rating of these two sessions was a 4.7 on a scale of 5.0. I was astounded by these rating, and the thoughtful comments, suggestions, and frankly, praise, we received from this vocal audience. Whatever we were doing, it seemed to be meeting the market.

As an aside, my wife Karen Rosen participated in the first session. She had concluded that she wanted to protect the "community space" under the banyan trees in Hawi, and together we wrote an application for sponsorship for her project which we used as an example for a while in subsequent workshops. It was a good test for me to see someone up close and personal come to understand all of the things we were teaching and produce an application. This project was later transferred to the new Community Land Trust where it languished. I remember Karen's observation that the work was good but she wondered what we were going to do for volunteer project coordinators after the first series of workshops. Frankly, I had another concern: how was I going to be able to serve so many sponsored project coordinators?

We finally finished this first workshop series in January 2003. Although our ratings continued to soar in the Finding Funding and Writing Successful Proposals workshops, I learned how we

could be more efficient and effective, and the second series beginning in March 2003 took a lot less time (two months instead of four), and fixed a few bugs in how I explained certain concepts so they could be better understood by the participants. Since that time, one hundred and fourteen participants from the community and other nonprofits have participated in the program, and our ratings have remained consistent with an overall average of 4.8.

The New Office

In the late fall of 2002, the nail salon occupying the makai corner of the Kohala Village Inn restaurant building, moved out. This location had been recognized by several Directors as a prime office site. Jonathan Gaines, who had assumed the lease on the property, agreed to a reasonable lease which we inked on December 1, 2002.

The Board pitched in. Gino and others cleaned and painted over orange, violet, and lime green walls with flowers. Nani cleaned up the outside area. We had the carpet steam-cleaned twice, ordered telephone and internet service, installed a new computer and multi-purpose printer, and opened for business in mid-January 2003. The space gave us a home, literally. We had our sign hand-painted on the plate glass window, and settled in.

Starting with our spring 2003 workshop series, with 14 participants, all of the subsequent workshops have been taught at this location. When the landlord changed, we were allowed to stay. We endured the renovation of the building, constantly re-arranged things to find additional storage space, and have enjoyed the space to this day. If we ever have to leave, this space will have absorbed enough positive karma to fuel a life-time of community service.

Bookkeeping, Accounting, Data Base, and Tax Returns

Keeping books and accounting for a small business is my second nature. The same for a nonprofit is very different, and two or three times more challenging. We had no money to pay a bookkeeper, so I concluded that I'd learn the ropes.

First, I attended a one day workshop on nonprofit accounting on January 25 at the Waimea Community Center. I met Catha Lee Combs, who invited us all to email her with questions. I did, of course, and learned a lot of details about the 990 and the public support test. After this, I studied everything I could find on the internet, and gradually began to get the hang of the nonprofit accounting requirements. Later that year, I spent a wonderful day with Alan Arakaki, and my enthusiasm for nonprofit accounting increased. Alan is the premier nonprofit accountant in Hawaii, and it was a privilege to learn from him. Later, he became our go-to guy on all accounting matters. I experimented with the MYOB software and quickly determined that it would not be sufficient to meet a nonprofit's bookkeeping requirements. I tried Nonprofit Books, and found it to be way too clumsy and completely worthless.

I settled on QuickBooks, and later, QuickBooks for Nonprofits. By mid-year 2002 we were set for accounting. By the following year I had learned enough to tackle the 2002 Form 990 tax return in May of 2003, and with Alan's review and comments, we filed in August. I have enjoyed doing the returns ever since, and the annual emails and phone call with Alan after he reviews our accounting and filing for the year. All this makes for-profit business accounting and tax returns look like a first grade finger painting exercise.

The data base was another matter. I knew that our long-term sustainability would depend almost entirely on our donors, and keeping track of them, and their gifts. Being able to analyze this data base was paramount; it was essential to our survival. After considerable research on the internet, and several false starts with cheap software, I discovered Exceed Basic, a modestly priced package that fit our needs perfectly. After a little learning in 2003, we began to build and master this very nimble data base. It is without doubt the best data base of community support in North Kohala, and represents the most valuable asset we own, next to our reputation for performance acquired over the last five years.

Early Fund Raising

To get started, we needed enough money to buy equipment and rent an office. During May and June of 2002, the Directors and I visited Jon Adams, Frank and Jan Morgan, Shiro Takata, Norman and Anne Fojtasek, Tamo Kitagawa (owner of Kohala Nursery), and Bennett Dorrance (New Moon Foundation). All but two gave us money on the spot; not a lot, but enough to claim community support, and enough to begin.

As described earlier, we had decided by March 2002 to charge fees for service. This income stream was not going to be available for startup expenses, nor support all of our needs at first, but it would help.

Later, in October 2002, we held a series of Board meetings to brainstorm fund development, and began with a plan and financial analysis for a Kohala museum at the Kobsev property in downtown Hawi. This analysis convinced us all that the museum would have a hard time sustaining itself, much less contribute handsomely to the financials of the Center.

Then, one of the seminal events in learning about this entire area was Kim Klein. I know Kim is a person, but when you attend one of her workshops on fund raising, she becomes an event. I met her first at a two-day workshop beginning on August 1, 2002. I learned more about fund raising during these two days than I had possibly imagined. Plus, it was fun, and extremely relevant. Later, in 2004, Christine and I would attend the same workshop again. I was just as impressed the second time around as I had been the first.

Based largely on Kim Klein's teaching, in the spring of 2003 we once again brainstormed fund development (a new nonprofit sector buzz word replacing fund raising). Three special Board meetings resulted in the successful funding activities we have been doing since that time – two newsletters (one an annual report) each year to inform the community about our work, and to help generate new donors. What gradually emerged from those efforts were the campaign in the summer for residential donors, and the business campaign in the fall coincident with the Kohala Country Fair and the silent auction held at the fair.

This latter arrangement came about in the May 11, 2004 agreement, after Scott Bedingfield and I worked out an arrangement for the fair to become a sponsored project. The Center agreed to do the fund-raising in return for being the single recipient of the fair's donation to the community each year. The fair committee and our Board agreed with this approach, and we have been very successful for three years. The fair committee does what it does best: it puts on a great fair for the community and visitors as well. The Center does what it does best: it supports community projects and raises money. The partnership is sometimes questioned, particularly by new fair committee members, but has stood the test of time.

As we head into the future, the fair committee and our Board are looking forward to finding even more effective ways to collaborate.

Grant Funding For Operations and Projects

From the start, the main-stay of our funding plans in the early years had to be grants. After all, we planned to teach finding funding and proposal writing. We had to walk our talk or our program wouldn't resonate with us or our clients. Secondly, our early fund raising in the community was encouraging, but it was clear that we would need grants until our community credibility and reputation was established, and this would depend on successful operations for a number of years, not just a few months.

It was also clear, even at this early juncture, that grant funding for operational support wouldn't last longer than about three years. Foundations made this clear to us, and all of our training in New York and with Norton had underscored this principle.

Our first proposal, to the State of Hawaii's Community Based Economic Development fund, on January 15, 2002, was rejected, even though David Fuertes sat on their board. We didn't have members, so by their definition, we weren't community based, and therefore were not eligible for the grant program. David told us that he was working on getting us money, and to try again later. Additionally, we attracted the attention of Linda Lewis, the head of Bank of Hawaii's nonprofit department. She also sat on the CEED Board, and encouraged us to apply again, and to the Bank of Hawaii. Of course, we later received \$10,000 from CBED which funded a major educational effort as described in the next section, and over the years BOH has provided significant grant funding to us as well. This first experience reinforced a valuable lesson: if you strike out the first time, stick to it.

Using our own master proposal, which we updated with each proposal as our record of credibility was gradually being created, we submitted 57 proposals to 32 foundations and charitable trusts for operating support (as opposed to project support), in our first five years. Our success rate for all of these was 52%, with a total award of \$92,100. This track record is enviable, and it attests to the careful research we did on each opportunity. What isn't shown in our records is the number of letters of inquiry and investigative phone calls to funders, but these probably number in the hundreds.

We applied the same approach with our projects, where grant funding is a way of life, especially since many projects have a life span of less than three years. In this category, our first proposal was submitted to the Hawaii County Council on January 29, 2003 for the Kohala Community Athletic Association, and we were awarded \$3,000 in June of that year. Over the last five years, we have submitted 77 proposals with a hit rate of 44%. All told, in five years our projects have been awarded \$1,049,604 in grant funding, not counting significant funding that the State awarded to us in 2006 but not yet received due to red tape.

Discovering An Executive Director

From the very beginning, there was no doubt that we would need an Executive Director. Susan Lehner was the first candidate, but Susan chose to move on by early 2002, and two of our younger Directors, for various reasons, had declined as candidates for the job. By the summer of 2002, I was looking hard, and my antennas were up everywhere for possibilities.

Finding someone seemed impossible. First, we had no money to pay anyone. Second, we needed someone living in the community, who had a track record of demonstrated capability and credibility with the local people. Our employment market of about 1,900 employable adults over 25 made the prospects pretty slim. Undaunted, I kept my ears to the ground, and my eyes on the horizon. Actually, all I had was a faith in North Kohala and the destiny of what we were doing, and my antennae were tuned to every nuance of opportunity.

In the second workshop series, beginning in March 2003, we continued to attract a crowd as another fourteen bright-eyed eager-beaver volunteers showed up. One of the participants represented a project to create a green waste operation in the community, later sponsored as Wastestream. Out of nowhere Christine Richardson materialized as a volunteer organizer. A registered nurse, Christine had been caring for families and individuals in North Kohala for over ten years with Kohala Home Health Care and North Hawaii Hospice. She had recently bought a house and hired on as a part-time at the Kohala Hospital emergency room to help pay for it. It occurred to me she must know nearly every family in the community, and was probably respected by most, if not all. Hummm.

As a reporter for the old Kohala Mountain News, I had written an article about the University of Hawaii's Kohala Health Research Project in May 1998. This project was providing free physical exams and lab work to local residents, and thereby collecting valuable data on local health problems and how they relate to diet and lifestyle. She had managed this effort, and touched the lives of hundreds more local residents in the process. Hummmm!

I remember doing my own research on this effort, and passing out after my blood was taken. Christine Richardson, with a certain whimsical bedside manner, woke me up, brushed me off as her staff hovered around hoping I didn't die on their floor, and sped me on my way, laughing all the time. A manager with a sense of humor – hummm, again. Hummm, big time.

Sometime after the spring 2003 workshop, I invited her to come in and talk. She had little or no knowledge about nonprofits, and she professed a serious aversion to computers and anything having to do with money, but other than that, she seemed ideal. She also seemed truly dumbfounded by my interest in her. After a number of discussions, during which we spent most of the time laughing at each other about our social, political, and personal differences, as well as life in Kohala in general, I knew she was the one. Destiny, fulfilled.

I offered her a deal approved by the Board – come work as an Associate Director on a part-time basis. I would teach her the computer, QuickBooks, and anything else she needed to know. And if she liked the work, got along with the Board, and did well, we would put her on a training path to become the full-time Executive Director of the Center. With some trepidation and a lot of belief in the mission of the Center, laughing all the way, she finally accepted in the summer of 2003.

Shortly after that, we used a large CEBD grant from the State of Hawaii received in November 2003 to fund Christine's and my participation in the Kapiolani Community College Nonprofit Manager Certification program. As Christine continued to learn the job, we began this nine-month program in Honolulu two days a month in early 2004.

In addition to working more and more hours at the Center, the Kapiolani program allowed her to learn the theory and practice of nonprofits in the class, with a constant commentary from me about how we actually got things done in our small community, with our unique mission,

structure, operations, and Board. The course prepared Christine for the job, improved our operations in the bargain, and helped prepare her to work with someone as rambunctious as a Republican anti-tree-hugger conservative. We both learned a lot.

Christine graduated in September 2004, and by January 2005 became our full time Executive Director. Just in time. I departed on a medical adventure three months later and didn't get back until the end of that year. All I can say is thank you universe for Christine and thank you Christine for being here and now.

Kohala 'Aina

In late 2002, Mike Gomes at Surety Kohala asked me if we would be interested in helping to market *Kohala 'Aina, A History of North Kohala*. I said yes before I could even blink my eyes. He also suggested that Surety would contribute a portion of the wholesale income to the Center, and we would be able to sell the book at a decent retail margin. As a business related directly to our stated mission – in this case, preserving the culture and heritage of the community, this was a natural and exciting venture.

The book was being written by Sophie Schweitzer, and turned out to be a beautiful and extremely well-researched and well-written coffee-table masterpiece. In collaboration with Jan and Frank Morgan's Kohala Book Shop, we launched the holiday book sale event on November 23, 2003 with a major book signing event in the Nanbu Courtyard. This had been preceded by a major marketing program including a card mailer to every P. O. Box in the community, as well as our extensive out of the area mailing list.

All told, we sold about 780 books for \$48,120, netting \$18,924, and still sell a few books each year. But more importantly, this one activity seemed to put us on the map in the community.

Pennies For Kohala

During 2004, Christine visited Crested Butte, Colorado where she attended a wedding and had dinner in the community there. On her table top was a little sign announcing a program called 1% for Open Space. One percent of her dinner charge would be added to her check (unless she objected), and the money would be donated to the Gunnison County group working on open space in the area. This program sounded like a blue print for us.

As it turned out, in the spring of 2005 the ED for this program was visiting, of all places, Hawi. We had lunch with her, developed the program of automatically adding 1% to visitor's checks, and shortly thereafter introduced Pennies For Kohala to several local merchants who served mostly visitors. As Hawi Turns, Elements, Kohala Coffee Mill joined the program, Sushi Rock joined with a less than full commitment to the program (no automatic add on), and Bamboo and Flumin' da Ditch declined. Both told me that the bookkeeping was too difficult. Later, AHT dropped out of the program due to a major customer complaint by a local resident, and Kohala Coffee Mill agreed to do it, but with no automatic ad on. Karen just contributes one percent of her gross sales to the Center each year, quietly adjusting her prices occasionally to help fund the program.

All in all, the program has generated \$19,126 over two years. We are much indebted to John and Prakash Flynn at Elements, and Karen Rosen at Kohala Coffee Mill.

The Saga of our Projects

Over the years, the saga of our sponsored projects is well documented in our annual reports in the first quarter of each year, and our newsletters in the third quarter, so I won't replicate that information here.

Suffice to say that the daily life of the Center is all about projects. On any given day, we are working on nothing but projects – phone calls to funders, hand-holding 101 as the project coordinators try to solve problems and seek advice, planning over and over (which suggests how hard it is for some coordinators to get clear about what they want to do), helping coordinators research funding on the internet in the back office, final reports to funders, and numerous proposals in preparation at the same time being worked on in order of their submission deadlines (each one of which takes an extraordinary attention to detail and collating often four or five attachments depending on the funder's requirements). You name it in terms of support, and without doubt we have done it for someone during this time.

The saga of our projects would not be complete without a word or two about the Hawaii Wildlife Center, Linda Elliott's long-time dream. Linda attended our workshops in early 2004, and presented a project she had been working on for ten years: a Wildlife Center for the entire state dedicated to the care and conservation of Hawaii's threatened wildlife through hands-on treatment, research, training, and cultural and educational programs. Hawaii is the only state in the union without one, and this facility is long overdue. We accepted her project, the most ambitious one we had yet received, and went to work. Over the next two and a half years, Linda and Christine and Linda churned out twenty grant proposals, seven letters of inquiry, too many phone calls to count, and with me in tow, took two trips to Honolulu to visit the legislature and talk with the Department of Health where the reigns to Hawaii's emergency response to maritime and other disasters were held. We met with Dwight Takamine, our representative in the State House, whose support was quick and influential among his peers. Dwight's good-natured encouragement, and a lot of leg work for us all, led to the \$500,000 grant for the project in April 2006, the first installment of which we received in September 2007.

By 2006, Linda's project had also nailed down an agreement with Surety Kohala for a long-term license to use property in the Halaula Industrial area, received \$20,000 in addition to the State grant, and garnered pro bono support from Scott Bedingfield, Phil Tinguely, West Hawaii Concrete, and a host of other engineers and architects. In other words, her work had grown in momentum to the point that it was time for her to create her own nonprofit. This was accomplished late that year. It was our first "graduation," and kindled the same emotions that parents and children have in the "growing up" transition. We were thrilled at her success, and unsettled that one of the projects we had worked hardest on was leaving the nest. Linda's ground-breaking event, a very moving and exciting milestone in the history of the Center, occurred in May 2007.

Thank Mother Nature that our project coordinators are not all hard at work, like Linda, at the same time, or we could not manage this business. We have averaged about 42 sponsored projects in any given month during the past three years which could produce giant log jams if they all showed up for help in the same week.

Over the years, we have developed two rules about how our ED relates to projects. One is "you work, we work" (our own variety of "the squeaky wheel gets the oil"). We are very clear about this one with the project coordinators, and it has served us well. We want our ED to work about

forty hours a week to avoid burn-out, a contagious disease in this profession. Given this approach, there is no way we can monitor inactive projects and work to get them going. To help keep Christine's hours down, we engaged Juanita Rivera, better known as Gooche, in early 2006. As our Executive Assistant, she's done a great job, and been a big help, but the work keeps growing. If the time comes when we need additional staff, we'll have to find it and fund it, but our rule will stay the same.

Our second rule is "stay on the right side of the line." This roughly translates into "don't do the project for them," or get over-invested in the actual management of the project. Our relationships with projects, as defined by our fiscal sponsorship contract which each projects signs, is "arms-length." That means they are a separate and independent entity from us. Crossing the line with a few projects would not only significantly reduce our effectiveness, it would significantly jeopardize the accomplishment of our mission, and violate our stated relationship with the project. This rule is sometimes very hard to keep, especially when a much needed project is going down the tubes and we have invested considerable time and energy already, not to mention major funders watching over our shoulder with our reputation on the line. Christine, over years, has become a master at this balancing act, but every now and then even she has to take stock and get back on the right side of the line again.

Honorary and New Directors

During the early years, two of our original Directors departed. Corey Causey left the area when her husband changed jobs. Faye Mitchell accepted our invitation, and has been a mainstay at the Center ever since, both as an active Director and with her own project, *Living Journals*. Later, Bill Graham joined the County of Hawaii's Planning Commission, and couldn't do justice to our Board and spend considerable time working out of town for the Commission. He was replaced by David Gomes who has brought a quiet and consistently "right-on" community point-of-view to our work.

All of our original Directors had agreed to serve for three years. As the end of year three approached, in the fall of 2004, no one opted out. To be honest, I didn't remind the Board that we had been at it for three years, and it didn't come up in my personal conversations with the Directors either. By the end of year four, 2005, there were signs that Board membership was wearing a little thin among some of the original Directors. Meeting attendance was down and we began having trouble getting a quorum of five Directors. Our meetings were starting later and later in the afternoon as busy Directors arrived when they could make it, and my sense was that the energy for the Center, although still present, was flagging.

This prompted me to think hard about what to do. I wanted to energize the Board, but I did not want to lose the founding Directors if I could avoid it. Additionally, I felt that most of the founders might be willing to remain associated with the Center if their roles were lightened, that is, if attending our meetings and active participation in our work were no longer a requirement.

Honorary Director status seemed to be a logical solution. The plan that finally emerged would allow Directors who had served at least three years to stay on the Board as Honorary Directors, not have to attend meetings but attend when they desired, and to be available to contribute their views on matters that interested them. We would keep their names on the masthead, but ease their burden. The Board approved this approach, and by early 2006 Dennis, Desiree, Lani, and finally Nani by the end of the year, opted for Honorary status.

In short order, Christine Thomas-Pollock, Joe Carvalho, Jessica Brown, and Chris Helmuth agreed to join our Board as Directors, and quickly became an essential part of the team. Their energy and willingness to pull on the paddles is making a difference in our work.

Board Development

In February 2006, the Board attended *Board Alive*, a one-day workshop on the best practices of nonprofit board governance. Put on by the Hawaii Community Service Council, all of the Directors attended. Led by one of the Kapiolani instructors, Jennifer Cornish Creed, we learned a great deal about the nonprofit sector, essential Board functions, building a strong Board, and creating organizational quality. But most of all, each of us did a thorough board assessment, a long questionnaire about the effectiveness of our current Board.

After the session, we summarized our self-assessment findings. To start, we had an average score of 146 out of a possible 200. According to the score sheet, we were “on our way to a strong, effective board,” and should pay attention to our weak spots, and involve the entire board in developing solutions.

We listed our weak spots, discussed them at a Board meeting for two meetings, and then agreed on the following action areas we would consider:

- ❖ Work on Fund Development
- ❖ A Board Manual and orientation for new Directors
- ❖ An annual evaluation of the Board and the organization
- ❖ Committees for Fund Development, and maybe Board and Organizational Evaluation
- ❖ One or two social events for Directors and donors a year
- ❖ Better understanding of the work the volunteers are doing in the projects

In later sessions, we agreed that the entire Board would work on Fund Development as our first priority. By late 2006, Christine developed a Board Manual, and a fair amount of orientation has occurred for our newer Directors. We also created an Evaluation Committee, but we have not yet met. This is an important area, but not yet quite on the radar screen of high priority issues.

This experience has strengthened our Board, and the work on Fund Development has been robust. We are currently planning events in 2007-2008 to thank donors and build stronger relationships with those who have supported us, as well as engage others who have not yet contributed to our cause.

The first event, held on June 9, 2007, is described later in the conclusion of this history. In second event we are considering inviting the entire community as well as all of our donors to a major event under the banyan trees in Hawi, and will include an evening event featuring local musicians. In preparation for this event, we published a CD of North Kohala’s musicians as a way to create related-business income during the holiday season in 2007, and also plan to see it at the community event in 2008.

I am confident that this work will continue on the Board well into the future. Additional projects like developing an Endowment Fund and an on-going related business income are in the wings waiting for the right time to act.

Planning For The Future

Nonprofits, like all human beings and organizations, suffer from many ills. Two of the most prevalent diseases for nonprofits are founder's syndrome and its corollary, succession planning deficiency.

Founder's syndrome produces slow and painful decline in health while having to put up with a founder who cannot let go, and who is unable, or more often, unwilling, to allow the organization to adapt to changes needed to respond to its current situation. Founders are like parents: it's hard to give up your child for adoption, especially if you've raised her for many years. The syndrome is understandable, but there is no Hospice administering comfort and pain killers for these situations. The best thing Directors and staff can do is leave so as to hasten the ultimate demise.

The other malady, succession planning deficiency, often even more painful and tragic, involves the founder who exits with little or no effort to put in place a well-trained and capable leadership team to carry on the mission. There is nothing more awkward and painful to watch than a Board totally at sea without a compass or a sail, and no water. Everyone wants to do something, but little gets done, and crises abound. The staff gives up in frustration, funding disappears, and then the inevitable occurs. Burying a nonprofit is a lot of work, and unpleasant to boot.

I'd seen both of these sad movies up close and personal, and when I began this work, I knew I had to plan my exit. In five years, or six, I would be turning over the reigns of the Executive Director's job, the Board Chair's and President's responsibilities, and ultimately, I'd be a former Director. From the beginning, I was determined to avoid both of these torturous outcomes.

As a start, the steps taken in the Directors and Board Development sections described above were essential. They set the stage for succession planning. Then the crucial task was to identify Directors who were willing and able to step up to the leadership roles necessary for the future, and willing to invest the time and energy in providing this critical service to the organization. We have been blessed by Faye Mitchell and Chris Helmuth who fill this bill. Both of these "youngsters," as I call them (and I envy their youth), bring a wealth of talent, life and community experiences, passion for and commitment to North Kohala, and a willingness to serve. Faye grew up here, and Chris, a newcomer, is putting his roots down here with two young daughters in school. We couldn't ask for more.

In February 2007 they began the same Kapiolani program Christine and I had attended in 2004. Again, I'm hanging around in these classes to help interpret theory and practice as it relates to our work at the Center. Once this course is completed this fall, they will be prepared to take on any of the leadership roles needed in the foreseeable future. I am confident that we have an extremely bright future in our leadership at the Center for future years.

Lessons Learned

Looking back, we have learned, and are still learning, major lessons, mostly coming as unexpected surprises in our work. Several stand out.

One of the most important things we have discovered is that there seems to be an unending supply of volunteers who are willing to stand up and lead efforts to improve the community. We suspect that this phenomenon exists in all communities, and is relatively untapped in many simply because there is little or no support available. No lightning rod, if you will. We think the

existence of the Center is a major catalyst for volunteerism as potential volunteers see others being successful with their own projects, gaining momentum, and getting funded.

Another lesson is that ordinary people can learn how to write a decent proposal, and think clearly about their plans. We think this is newsy, or should be newsy, to a lot of professional proposal writers (who consistently and incorrectly call themselves grant writers). It is also great news about the capacity of ordinary people to make a tremendous contribution to any community.

A third important lesson is that a fair number of our projects may grow and become 501(c)3 nonprofits themselves. Wildlife was the first, but others will probably follow in the coming years. Kohala Stars Preschool is a likely candidate, as is the Waldorf School. Who knows, North Kohala's most important industry may become nonprofits. This is a mixed blessing of course. We do compete with other nonprofits in the community for what many may consider a fixed amount of potential donations. However, I believe that the community can and will support additional nonprofits that offer valuable services, and that having more nonprofits at work in the community will increase the total donations to charity here. This will be a good thing for everyone.

In fact, the other day someone commented to me that Kohala was creating a new industry for itself: nonprofits. I had to agree. The nonprofit sector is a major contributor to Hawaii's economy, and in many other states, and maybe it could be here too. Our little segment does appear to be budding, and maybe it could join the ranks of the visitor industry, agriculture, and health care as a major contributor to the local economy and employment market. So much the better.

One final lesson is worth noting. Our whole concept is to do work that is guided, in fact, created, by others with a focus on the community. We have never stimulated projects by finding someone interested in a certain area and twisting their arms until they agree to do a project. We don't set the agenda for public good in North Kohala. Our only agenda is that if a project appears to benefit the community, all else being equal, we support it, if it is presented to us. So the broad path of volunteer work reflects the needs of the community from the point of view of the community volunteers, not us. It reflects the community in a way, and helps define those things that are important to our residents. As such, it may be better than any governmental community planning design ever invented. We'll have to see, but I'm not sure any government, much less one with no tax base, could ever get done what the project coordinators have accomplished in this community in the last five years.

Conclusion – Five Years of Fun

When a 501(c)3 nonprofit completes its fifth year of operations, the IRS requires that it “stand and deliver.” This means that the organization must pass the “public support test” to be classified as a “public charity” as opposed to a “private foundation.” A foundation's reporting requirements and operations are much more complicated, challenging, and restricted. In short, unless we passed this test in February 2007, we would be essentially out of business.

The public support test is simple, but very strict. Basically, the organization must have received one-third of its income from the public, including contributions and grants from foundations and the government. Large donations and grants totaling more than 2% of our income over the five year period had to be shown, and any excess over the 2% limit could not be counted as public support, nor could fees for service and related business income like our Kohala Aina book sales.

As it turned out, our public support was 83% of our income – a testament to the support we had received from the community. We filed our Form 8734 on February 2, 2007. On March 16, 2007, the IRS awarded us our final 501(c)3 status. A major milestone, and we had earned it.

Including the \$500,000 grant from the State for the Wildlife Center project, awarded in April 2006 but not actually received by the end of 2006, the Center had gross receipts of \$1,562,425, every single dollar of which has been invested in North Kohala, and 76% of it going directly to our projects. We had taught and learned from 108 participants in our workshops, sponsored 65 projects at last count, and, we believe, touched the lives of most North Kohala residents in a positive and meaningful way.

On June 9, 2007 we celebrated with our local constituents who have steadfastly supported us over the years. Over a hundred people gathered at Kukui Garden, Nani Svendsen's special loi and a long-time sponsored project. It was our first effort to say thank you in person to many of those who we depend on, and it was a touching experience for all of us.

As I look back on the last five years, I can truthfully say it was fun. I can't remember a time I learned more, felt more satisfied with my work, and enjoyed the company of so many great people. It has been an act of love, and a beautiful dream come true, for all of us. Most important, I am also encouraged to believe, beyond a doubt, that the Center will be serving this community for many years to come. That tells it all.

Bob Martin

First Edition May 8, 2007

Updated November 11, 2007