HI'ILEI ALOHA LLC AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2008

N&K CPAs, Inc.
ACCOUNTANTS|CONSULTANTS

AMERICAN SAVINGS BANK TOWER | 1001 BISHOP STREET, SUITE 1700 | HONOLULU, HAWAII 96813-3696
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INDEPENDENT AUDITORS' REPORT

To the Managers
Hi'ilei Aloha LLC

We have audited the accompanying consolidated statements of financial position of Hi'ilei Aloha LLC (Company) and subsidiaries as of December 31, 2008, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hi'ilei Aloha LLC and subsidiaries as of December 31, 2008, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying additional consolidating information on Schedules I and II, are presented for purposes of additional analysis of the basic consolidated financial statements and are not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic consolidated financial statements taken as a whole.

N&K CPAs, Inc.

Honolulu, Hawaii
November 4, 2009

Hi'ilei Aloha LLC and Subsidiaries
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2008

ASSETS

CURRENT ASSETS		
Cash	$	290,065
Accounts receivable		78,886
Inventory		44,380
Prepaid expenses		71,710
Total current assets		485,041
PROPERTY AND EQUIPMENT		
Buildings and improvements		1,258,402
Furniture, fixtures, and equipment		235,892
Vehicles		38,432
		1,532,726
Less accumulated depreciation		72,789
		1,459,937
Land		13,003,821
		14,463,758
OTHER ASSETS		
Goodwill and other intangibles, less accumulated amortization of $16,000		80,000
Security deposit		973
		80,973
	$	15,029,772

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	$	171,292
Accrued liabilities		67,170
Total current liabilities		238,462
NET ASSETS		
Unrestricted		14,791,310
	$	15,029,772

See accompanying notes to consolidated financial statements.

Hi'ilei Aloha LLC and Subsidiaries
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2008

	Unrestricted
SUPPORT AND REVENUE	
Contributions from the Office of Hawaiian Affairs	$ 2,850,389
Sales	
Gift shop	308,119
Poi sales	125,556
Cost of sales and shop expenses	(449,233)
Net loss	(15,558)
Admissions and tours	940,765
Special events and other	20,803
Total net sales	946,010
Audio visual production	40,591
Rentals and other	40,438
Donation of land and buildings	13,980,367
Interest income	5,012
	14,066,408
Total support and revenue	17,862,807
EXPENSES	
Hi'ipaka LLC	2,759,367
Hi'ipoi LLC	215,607
Hi'ilei Aloha LLC	149,740
Total expenses	3,124,714
CHANGE IN NET ASSETS	14,738,093
NET ASSETS AT BEGINNING OF YEAR	53,217
NET ASSETS AT END OF YEAR	$ 14,791,310

See accompanying notes to consolidated financial statements.

N&K CPAs, Inc.
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November 24, 2009

Ms. Mona Bernardino
Executive Director
Hi'ilei Aloha LLC
711 Kapiolani Blvd., 5th Floor
Honolulu, HI 96813

Dear Mona:

Enclosed are three (3) bound copies and one (1) unbound copy of the management advisory report of Hi'ipaka LLC as of and for the year ended December 31, 2008. Please make the appropriate distributions. We have also provided copies of the report directly to Hi'ipaka LLC for their use.

It has been a pleasure working with you and your staff. If you have any questions or need further assistance, please call me at 524-2255.

Sincerely,

N&K CPAs, Inc.

Ron T. Shiigi
Principal

RS:it
Enclosures

Hi'ilei Aloha LLC and Subsidiaries
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2008

INCREASE (DECREASE) IN CASH	
Cash flows from operating activities	
Change in net assets	$ 14,738,093
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	88,958
Loss on disposal of asset	3,599
Increase in:	
Accounts receivable	(78,886)
Inventory	(44,380)
Prepaid expenses	(71,710)
Other	(973)
Increase in:	
Accounts payable	166,618
Accrued liabilities	57,043
Total adjustments	120,269
Net cash provided by operating activities	14,858,362
Cash flows from investing activities	
Acquisition of property and equipment	(14,540,975)
Proceeds from disposal of asset	1,937
Purchase of intangible assets	(96,000)
Net cash used in investing activities	(14,635,038)
NET INCREASE IN CASH	223,324
Cash at beginning of year	66,741
Cash at end of year	$ 290,065

See accompanying notes to consolidated financial statements.

NOTE A - NATURE OF ACTIVITIES

Hi`ilei Aloha LLC (Company) was established on October 1, 2007, for the study, protection, development, enhancement and promotion of Hawaiian culture, resources, values, customs and practices, and for related purposes. The Company is a limited liability company with the Office of Hawaiian Affairs (OHA) as its sole member. In December 2007, the Company created Hi`ipaka LLC, a Hawai`i limited liability company, as a subsidiary whose mission is to preserve and perpetuate the human, cultural and natural resources of Waimea, O`ahu for future generations through education and stewardship. In January 2008, the Company created Hi`ipoi LLC, a Hawai`i limited liability company, as a subsidiary whose primary purpose is to foster cultural, educational, and business opportunities related to taro farming and the production of poi and taro products in Makaweli, Kauai. The Company provides financial and administrative support and services to its subsidiaries, enabling them to fulfill their missions. This in turn supports the mission of OHA.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

(1) ***Principles of consolidation*** - The consolidated financial statements include the accounts of the Company, Hi'ipaka LLC (Hi'ipaka), and Hi'ipoi LLC (Hi'ipoi). All significant inter-company transactions and balances have been eliminated.

(2) ***Basis of accounting and financial statement presentation*** - The consolidated financial statements of the Company and subsidiaries have been prepared on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America. Net assets, public support and revenues and expenses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Company and changes therein are classified and reported as follows:

Unrestricted - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains and losses that are not changes in temporarily or permanently restricted net assets.

Temporarily Restricted - Net assets whose use by the Company is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled by actions of the Company pursuant to those stipulations. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted - Net assets whose use is limited by donor-imposed restrictions that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Company. The income from these assets is available for either general operations or specific programs as specified by the donor.

The Company does not have any temporarily or permanently restricted net assets.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(3) ***Use of estimates*** - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(4) ***Cash and cash equivalents*** - The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

(5) ***Accounts receivable*** - Accounts receivable are stated at the amount management expects to collect from outstanding balances. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected based upon prior experience and management's assessment of the credit worthiness of existing specific customers. Balances that are still outstanding after management has used reasonable collection efforts are written-off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2008, management believes all receivables to be collectible and has not established an allowance account.

(6) ***Inventories*** - Inventories consist of items held for sale in the Waimea Valley gift shop. Inventories are stated at the lower of cost (first-in, first-out method) or market.

(7) ***Property and equipment*** - Property and equipment acquisitions greater than $1,000 and a useful life of more than one year are capitalized and recorded at cost. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets which range from 3 to 40 years.

Expenditures for maintenance, repairs, and minor renewals are charged to expense; expenditures for betterments are capitalized. Property retired or otherwise disposed of is removed from the appropriate asset and related accumulated depreciation accounts. Gains and losses on sale of assets are reflected in current operations.

(8) ***Goodwill and intangibles*** - Goodwill and other intangibles represent the excess of the acquisition costs over the fair value of the net assets and other intangible assets purchased from Makaweli Poi Mill, Inc. (Makaweli Poi). Goodwill and other intangibles are amortized on a straight-line basis over the useful life of the assets.

(9) ***Recognition of OHA contributions*** - Contributions are received from OHA for initial start up and to cover operating expenses of the Company and its subsidiaries. These contributions are recognized when received from OHA, and are recorded as revenues of the unrestricted net asset class.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(10) ***Restricted and unrestricted revenues and support*** - Contributions, revenues and support are recorded in the period earned as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(11) ***Fair value measurement*** - Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*, establishes a single definition of fair value and a framework for measuring fair value in generally accepted accounting principles that is intended to result in increased consistency and comparability in fair value measurements. SFAS No. 157 also expands disclosures about fair value measurements. SFAS No. 157 applies whenever other authoritative literature requires or permits certain assets or liabilities to be measured at fair value, but does not expand the use of fair value. SFAS No. 157 was originally effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those years with early adoption permitted.

In early 2008, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) FAS-157-2, *Effective Date of FASB Statement No. 157*, which delays by one year, the effective date of SFAS No. 157 for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (or at least annually).

The Company has adopted the portion of SFAS No. 157 that has not been delayed by FSP FAS-157-2 as of January 1, 2008, and plans to adopt the balance of its provisions as of the beginning of 2009. The Company is continuing to evaluate the impact the standard will have on the determination of fair value related to non-financial assets and non-financial liabilities in post-2008 years.

(12) ***Functional allocation of expenses*** - The costs of providing the various programs and other activities are summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services based on direct costs incurred and management's estimates of resources consumed by these functions.

(13) ***General excise tax*** - The State of Hawaii (State) imposes a general excise tax, which includes a county surcharge for O`ahu related transactions subject to the general excise tax. The tax is a gross income tax on receipts from sales and other business activities in the State. The Company includes the tax collected from customers in revenues and the tax remitted to the State in cost of sales.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(14) ***Advertising costs*** - The Company expenses production costs of advertising the first time the advertising takes place.

(15) ***Income taxes*** - The Organization is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code.

NOTE C - GOODWILL AND OTHER INTANGIBLES

The Company capitalized the costs of goodwill and other intangibles acquired through the purchase of Makaweli Poi. Goodwill resulted from the purchase of the Makaweli Poi's assets for an amount in excess of the fair value of the assets acquired, which amounted to $51,000. Intangibles consists of rights, title, and interest in the Makaweli Poi trade name and logo which cost $45,000. Estimated amortization expense for each of the next five years are as follows:

Year Ending December 31,	Amount
2009	$ 19,200
2010	19,200
2011	19,200
2012	19,200
2013	3,200
	$ 80,000

Amortization expense totaled $16,000 for the year ended December 31, 2008.

NOTE D - CONCENTRATION OF CREDIT RISK

The Company maintains its cash account at a financial institution in the State. Cash balances in this account are insured up to $100,000 per account holder by the Federal Deposit Insurance Corporation (FDIC). Effective October 3, 2008, the federal government temporarily increased the FDIC limit from $100,000 to $250,000 per depositor through December 31, 2009. Effective May 20, 2009, the coverage was extended through December 31, 2013, at which time it will revert back to $100,000. In assessing its concentration of credit risk related to cash, the Company places its cash in financial institutions, which may at times exceed FDIC insurance limits.

NOTE E - RETIREMENT PLAN

Effective July 15, 2008, the Company adopted a 401(k) profit sharing plan. Employees become eligible upon six months of employment and may contribute to the plan to the extent allowed by law. Under the plan, the Company matches employees' contributions up to 4% of salary. Contribution expense amounted to $8,506 for the year ended December 31, 2008.

NOTE F - COMMITMENTS

The Company leases office space for its office located in Honolulu, Hawaii, from OHA, under a lease that expires in February 2011. The Company also leases two commercial buildings, a poi factory and an adjoining office in Kauai, under a lease that expires in February 2013. Minimum future rental payments under these leases are as follows:

Year Ending December 31,	Amount
2009	$ 16,120
2010	16,120
2011	11,720
2012	11,320
2013	1,890
	$ 57,170

Rent expense totaled approximately $14,200 for the year ended December 31, 2008.

NOTE G - RELATED PARTY TRANSACTIONS

The sole member of the Company, OHA, provides all of the funding for the operation of the Company and its subsidiaries. Total amounts from OHA as of the year ended December 31, 2008 was $2,850,389. These amounts are reflected in the consolidated statement of activities as contributions from OHA.

The Company provides a majority of the funding it receives from OHA to its subsidiaries, Hi`ipaka and Hi`ipoi, for their operations and fulfillment of their respective missions. Amounts are generally transferred to the subsidiaries for their use or in limited instances, amounts were paid by the Company on behalf of its subsidiaries. Total amounts transferred and paid on behalf of its subsidiaries as of the year ended December 31, 2008, was $2,705,720. These inter-company transactions have been eliminated as of December 31, 2008, and for the year then ended.

On February 4, 2008, OHA directly deeded title of Waimea Ahapua'a (Waimea Valley) to Hi'ipaka. OHA originally acquired fee title to Waimea Valley on the north shore of the island of O'ahu to protect in perpetuity the cultural and natural resources on the property. Hi'ilei created Hi'ipaka to accomplish OHA's mission for Waimea Valley. The transfer of Waimea Valley to Hi'ipaka, which included the buildings and underlying land, is reflected on the statement of financial position with a corresponding donation amount in the statement of activities. The total amounts related to the transaction and reflected in the consolidated financial statements for the year ended December 31, 2008, was $13,980,367.

NOTE H - LIMITED LIABILITY COMPANY

Since the Company is a limited liability company, no member, manager, agent, or employee of the Company shall be personally liable for debts, obligations, or liabilities of the Company whether arising in contract, tort, or otherwise for the acts or omissions of any other member, director, manager, agent, or employee of the Company, unless the individual has signed a specific personal guarantee. The duration of the Company is perpetual.

NOTE I - CONTINGENCIES

Hi'ipaka is a party to a litigation arising from the normal course of business. It is management's opinion, based on consultation with legal counsel, that the final outcome of these matters will not result in a material adverse effect on the Company's financial position, results of operation, or liquidity.

SUPPLEMENTARY INFORMATION

Hi'ilei Aloha LLC and Subsidiaries
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2008

	Hi'ilei	Hi'ipaka	Hi'ipoi	Eliminating Entries	Total
ASSETS					
CURRENT ASSETS					
Cash	$ 34,154	$ 236,735	$ 19,176	$ --	$ 290,065
Accounts receivable	--	64,466	14,420	--	78,886
Due from affiliate	5,234	--	--	(5,234) (1)	--
Inventory	--	44,380	--	--	44,380
Prepaid expenses	634	68,526	2,550	--	71,710
Total current assets	40,022	414,107	36,146	(5,234)	485,041
PROPERTY AND EQUIPMENT					
Buildings and improvements	--	1,258,402	--	--	1,258,402
Furniture, fixtures, and equipment	21,856	147,256	66,780	--	235,892
Vehicles	--	20,900	17,532	--	38,432
	21,856	1,426,558	84,312	--	1,532,726
Less accumulated depreciation	3,962	58,715	10,112	--	72,789
	17,894	1,367,843	74,200	--	1,459,937
Land	--	13,003,821	--	--	13,003,821
	17,894	14,371,664	74,200	--	14,463,758
OTHER ASSETS					
Goodwill and other intangibles, less accumulated amortization of $16,000	--	--	80,000	--	80,000
Security deposit	--	--	973	--	973
	--	--	80,973	--	80,973
	$ 57,916	$ 14,785,771	$ 191,319	$ (5,234)	$ 15,029,772
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	$ 4,726	$ 156,742	$ 9,824	$ --	$ 171,292
Accrued liabilities	3,156	58,777	5,237	--	67,170
Due to affiliate	--	5,234	--	(5,234) (1)	--
Total current liabilities	7,882	220,753	15,061	(5,234)	238,462
NET ASSETS					
Unrestricted	50,034	14,565,018	176,258	--	14,791,310
	$ 57,916	$ 14,785,771	$ 191,319	$ (5,234)	$ 15,029,772

(1) - To eliminate intercompany transactions

Hi'ilei Aloha LLC and Subsidiaries
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended December 31, 2008

	Hi'ilei	Hi'ipaka	Hi'ipoi	Eliminating Entries	Total
SUPPORT AND REVENUE					
Contributions from OHA	$ 2,850,389	$ --	$ --	$ --	$ 2,850,389
Contributions from Hi'ilei	--	2,110,489	289,900	2,400,389 (1)	--
Grants in-kind from Hi'ilei	--	286,727	18,604	305,331 (1)	--
	2,850,389	2,397,216	308,504	2,705,720	2,850,389
Sales					
Gift shop	--	308,119	--	--	308,119
Poi sales	--	--	125,556	--	125,556
Cost of sales and shop expenses	--	(406,534)	(42,699)	--	(449,233)
Net profit (loss)	--	(98,415)	82,857	--	(15,558)
Admissions and tours	--	940,765	--	--	940,765
Special events and other	--	20,803	--	--	20,803
Total net sales	--	863,153	82,857	--	946,010
Audio visual production	--	40,591	--	--	40,591
Rentals and other	--	40,438	--	--	40,438
Donation of land and buildings	--	13,980,367	--	--	13,980,367
Interest income	1,888	2,620	504	--	5,012
	1,888	14,064,016	504	--	14,066,408
Total support and revenue	2,852,277	17,324,385	391,865	2,705,720	17,862,807
EXPENSES					
Hi'ipaka LLC	--	2,759,367	--	--	2,759,367
Hi'ipoi LLC	--	--	215,607	--	215,607
Hi'ilei Aloha LLC	2,855,460	--	--	(2,705,720) (1)	149,740
Total expenses	2,855,460	2,759,367	--	(2,705,720)	3,124,714
CHANGE IN NET ASSETS	(3,183)	14,565,018	176,258	--	14,738,093
NET ASSETS AT BEGINNING OF YEAR	53,217	--	--	--	53,217
NET ASSETS AT END OF YEAR	$ 50,034	$ 14,565,018	$ 176,258	$ --	$ 14,791,310

(1) - To eliminate intercompany transactions.