

House District(s) \_\_\_\_\_

Senate District(s) \_\_\_\_\_

THE TWENTY-NINTH LEGISLATURE  
APPLICATION FOR GRANTS  
CHAPTER 42F, HAWAII REVISED STATUTES

Log No: \_\_\_\_\_

For Legislature's Use Only

Type of Grant Request:

GRANT REQUEST – OPERATING

GRANT REQUEST – CAPITAL

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

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

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

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

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual:

Hawaii Tax Help and Financial Empowerment Solutions

Aka: Hawaii VITA (Volunteer Income Tax Assistance) Program

Street Address: 1422 Heulu Street Ste A101, Honolulu, HI 96822

Mailing Address: 1422 Heulu Street Ste A101, Honolulu, HI 96822

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name SUSAN TAMANAHA

Title President & CEO

Phone # (808) 381-0881

Fax # \_\_\_\_\_

E-mail stamanaha@hawaiitaxhelp.org

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION INCORPORATED IN HAWAII
- FOR PROFIT CORPORATION INCORPORATED IN HAWAII
- LIMITED LIABILITY COMPANY
- SOLE PROPRIETORSHIP/INDIVIDUAL
- OTHER

APPLICANT IS INCORPORATED AS A NON-PROFIT ORGANIZATION IN HAWAII-HAS APPLIED FOR BUT NOT YET RECEIVED ITS 501(C)(3) TAX EXEMPT STATUS FROM IRS

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

EXPANDING THE HAWAII VITA (VOLUNTEER INCOME TAX ASSISTANCE) PROGRAM FOR LOW-TO-MODERATE INCOME HAWAII TAXPAYERS AND PROVIDING EDUCATION PERTAINING TO  
NEW CONGRESSIONAL TAX BILL  
EITC (EARNED INCOME TAX CREDIT - STATE AND FEDERAL)  
PREVENTION OF TAX-RELATED DEBTS

4. FEDERAL TAX ID #: \_\_\_\_\_

5. STATE TAX ID #: \_\_\_\_\_

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2019: \$ 46,000

8. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

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

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

STATE \$ \_\_\_\_\_

FEDERAL \$ 52,300 (GRANT APPROVED-NOT YET RECEIVED)

COUNTY \$ \_\_\_\_\_

PRIVATE/OTHER \$ \_\_\_\_\_

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE:

\_\_\_\_\_  
AUTHORIZED SIGNATURE

SUSAN TAMANAHA PRESIDENT & CEO  
NAME & TITLE

1/18/2018  
DATE SIGNED

JAN 19 2018 *FD* 2:06pm

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Certificate Of Good Standing  
Fiscal Agent Letter from Aloha United Way  
Budget  
Budget Justification - Personnel  
Budget Justification - Equipment and Motor Vehicles  
Budget Justification - Capital Project Details  
Government Contracts and/or Grants  
Declaration Statement

## APPLICATION FOR GRANT-IN-AID

### I. BACKGROUND AND SUMMARY

#### 1. Applicant's Background

Applicant Hawaii Tax Help And Financial Empowerment Solutions is a Hawaii non-profit corporation which was established in 2016 for the specific purpose of continuing the work of the Hawaii VITA (Volunteer Income Tax Assistance) Program. The Hawaii VITA Program began in October 2005 as what was intended to be a 2-year pilot program under Aloha United Way. As a result of the success of the Program, however, it remained at Aloha United Way for almost 4 years and was then moved to the Hawaii Alliance for Community-Based Economic Development where it remained until 2016 when Applicant was established. The decision to form a new non-profit to house the Hawaii VITA Program was made because it became apparent that the Program needed a dedicated platform in order to continue expanding and to fulfill all of its goals and objectives. The same individual who has been in charge of the VITA Program since it began in 2005 is now the President/CEO of Applicant. Applicant has applied for but does not yet have 501(C)(3) status. Accordingly, Aloha United Way has agreed to act as Applicant's fiscal agent in the interim if a fiscal agent is deemed necessary by the State. A letter from Aloha United Way confirming this has been attached to this Application.

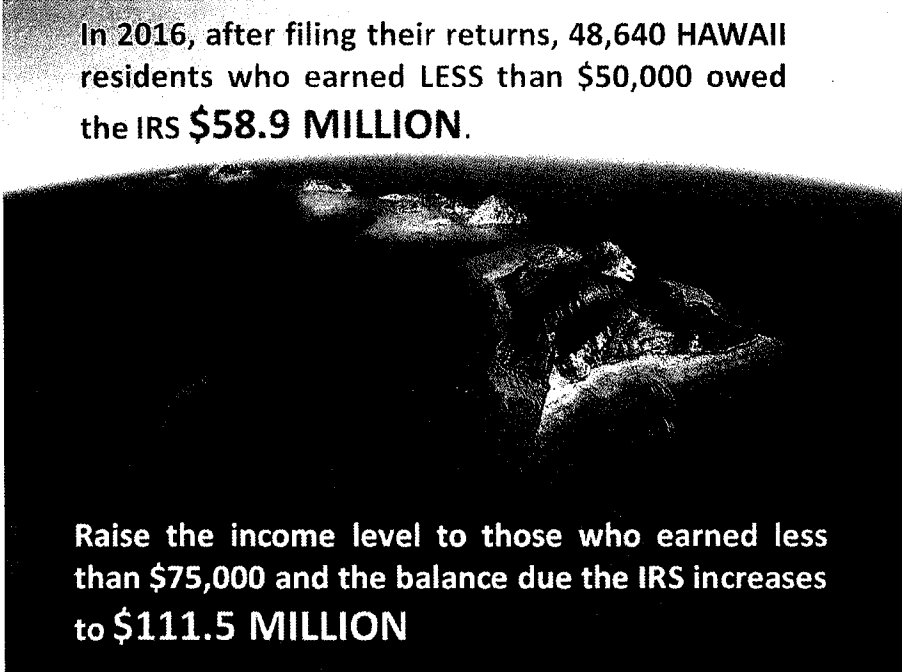
#### What the Program provides:

**(a) Free tax return preparation (federal and state) for low-to-moderate income Hawaii residents to help them save money and claim valuable tax credits such as the Earned Income Tax Credit.** Taxpayers who utilize Applicant's VITA services save an average of \$250 each and receive the full value of their refunds and tax credits (no reduction due to fees). Thus far, **this Program has saved 43,500 Hawaii residents \$8.6 Million** in tax preparation fees and helped them to claim **more than \$31.6 Million** in refundable tax credits such as the EITC.

**(b) Financial education focusing on the prevention of tax-related debts.** Applicant's review of the recently passed Congressional Tax Bill indicates that it will have a negative impact on many clients of the Hawaii VITA Program, especially those with children age 17 and older or who may have been claiming an aging parent or disabled person as a dependent. (see Public Purpose and Need Section - pages 8-10 for a more

detailed discussion) Therefore, this Program's educational efforts in 2018 and 2019 will include workshops and information regarding the New Tax Law.

Even before the problems presented by the new Tax Law arose, the Hawaii VITA Program had been focusing more strongly on educational efforts to reduce tax-related debts. In 2016, 48,640 Hawaii residents who earned less than \$50,000 owed the IRS \$58.9 Million AFTER filing their tax returns. This is NOT cumulative debt - it is the debt owed for just that one year. The year before, the debt owed by Hawaii residents in that income category was \$56.87 Million.



**In 2016, after filing their returns, 48,640 HAWAII residents who earned LESS than \$50,000 owed the IRS \$58.9 MILLION.**

**Raise the income level to those who earned less than \$75,000 and the balance due the IRS increases to \$111.5 MILLION**

Based on its experience with taxpayers who have these "balance due returns", Applicant firmly believes that a substantial portion of this debt can be avoided if taxpayers are made aware of some very basic tax concepts such as:

- debt forgiven by a creditor is taxable
- unemployment benefits are taxable
- scholarships and grants can become taxable if not used properly
- general excise taxes and income taxes are not the same thing

To help educate taxpayers, Applicant has done the following

(1) Established the "**Learn Early. Live Smarter.**" initiative that trains high school students to become volunteer tax return preparers. During the 3 years since this initiative began, 235 high school students from 5 Oahu high schools have become certified tax return preparers and have prepared tax returns under supervision at various tax preparation sites established by Applicant.

(2) Met with financial literacy educators to encourage them to incorporate basic tax concepts into their curricula since no financial education program currently offers this information.

(3) Utilized social media such as Twitter and Facebook and a dedicated website - [www.hawaiitaxhelp.org](http://www.hawaiitaxhelp.org) - to reach those who are not enrolled in a financial education program.

(c) **Data collection** regarding the low-to-moderate income Hawaii residents who need and use the Program's services. Clients of the Hawaii VITA Program are requested to complete an anonymous survey. In addition to demographics (age, marital status, gender, ethnicity) the data collected also includes whether clients have health insurance, bank accounts, are unemployed, how they intend to use their refunds (if any), and whether they are aware of certain basic tax concepts that often lead to balance due returns. This information has proven extremely useful to certain non-profits, credit unions, government agencies and educational institutions that partner with this Program. (See 2017 survey results on Pages 31-35)

(d) **Overall economic benefit to the State**. According to a report published by the U. S. Conference of Mayors (Dollar Wise Best Practices 2nd Ed)

"every increased dollar received by low- and moderate-income families has a multiplier effect of between 1.5 to 2 times the original amount, in terms of its impact on the local economy."

In other words, **every dollar saved or obtained for low-to-moderate income families generates an economic impact on the local economy of \$1.50 to \$2.00** because those families will use the money saved to purchase needed goods and services. Based on this assessment, the Hawaii VITA Program has thus far had a positive economic impact on local communities in an amount exceeding **\$60.3 Million** (\$8.6M savings + \$31.6M refundable tax credits = \$40.2M x 1.5 multiplier = \$60.3M) That positive economic impact will continue to increase as the Program expands its services.

2. **Goals And Objectives Related To This Request**

There are two primary objectives sought to be achieved by this grant request:

(a) **Expansion of VITA free tax preparation services to low-to-moderate income Hawaii residents, particularly those residing in the more rural or remote areas of the State to help them save money AND claim valuable refundable tax credits such as the EITC.** The VITA Program began with only 4 sites on Oahu and 32 volunteers. As of Tax Season 2017, the Program had 47 sites and clinics on every island except Lanai and a volunteer force of 204.

However, there are many areas of the State, particularly the more rural or remote areas of the neighbor islands, where residents still do not have access or have very limited access to this service. As a result, many of them, especially those who do not earn more than the IRS' income threshold, do not file returns but **by failing to file they also fail to claim valuable tax credits like the EITC.** For example:

- A single person (under 65 with 1 child) who worked but did not earn more than \$10,400 in 2017 OR a married couple (under 65 with 1 child) who worked but did not earn more than \$20,800 in 2017 is NOT required to file a federal tax return.
- **HOWEVER, by not filing, these workers would lose Earned Income Tax Credits that could be worth as much as \$3,400.**

The following is the federal Earned Income Tax Maximum Credit Amounts available to those who work and meet EITC requirements and file a tax return:

The maximum amount of EITC credit for Tax Year 2017 is:

- \$6,318 with three or more qualifying children
- \$5,616 with two qualifying children
- \$3,400 with one qualifying child
- \$510 with no qualifying children

In addition, in 2018, the **Hawaii State Earned Income Tax Credit** will become available to Hawaii taxpayers. That State EITC credit is based on the federal EITC. Therefore individuals who fail to claim the federal EITC will fail to benefit from the State credit as well.

Applicant's VITA Program seeks to conduct outreach to and to establish additional free tax preparation sites in those areas where workers are failing to file tax returns and forfeiting valuable tax credits such as the EITC that could substantially improve their financial situation.

However, one of the main obstacles to expansion, particularly on the neighbor islands, is the increase in travel costs resulting from having to send recruiters, trainers, and experienced volunteers/mentors to those islands to establish and staff free tax preparation sites, and the increase in marketing costs associated with making taxpayers aware of the availability of VITA services.

**(b) Expansion of education efforts pertaining to the prevention of tax-related debts.**

As previously mentioned, the new Tax Bill passed by Congress promises to have a negative effect on many taxpayers because it eliminated personal exemptions. Therefore, taxpayers who have children over age 16 or who may have been claiming an aging parent or disabled person as a dependent will no longer be able to do so and this could result in more taxpayers having balance due returns. Accordingly, Applicant intends to expand its educational efforts to include education regarding the provisions of the Tax Bill so that taxpayers will be able to take action that will help them to avoid an unexpected tax debt when they file their returns in 2019 and beyond. (See a more detailed explanation under Public Purpose and Need - Pages 8-10)

Also, as previously mentioned, in 2016 (the last year for which the IRS has complete data) 48,640 Hawaii residents who earned less than \$50,000 owed the IRS \$58.9 Million AFTER filing their tax returns ("Balance Due Returns").

Based on a review of returns filed, the most common reasons for balance due returns among Applicant's VITA clients in 2017:

- taxable unemployment benefits (client unaware benefits are taxable)
- forgiveness of credit card debt (amount forgiven became taxable income)
- health insurance penalties
- insufficient withholding of taxes (failure to change exemptions after divorce or after child can no longer be claimed as a dependent)
- taxable scholarships and grants (funds used for unqualified expenses)

Applicant: Hawaii Tax Help And Financial Empowerment Solutions  
(Hawaii VITA Program)

- failure to understand the difference between general excise taxes and income taxes
- failure to understand their position as an independent contractor (believed they were employees)
- early withdrawal of retirement funds

In order to help more Hawaii taxpayers avoid balance due returns, Applicant seeks to do the following:

(1) **Expand its "Learn Early, Live Smarter" initiative.** For the last three tax seasons, Applicant has recruited and trained high school students to become certified tax return preparers. As of last tax season, 235 high school students at 5 Oahu high schools - Waipahu, Kapolei, Campbell, Pearl City, and Kalani - have trained and achieved certification as volunteer tax return preparers and have prepared tax returns, under supervision, at some of Applicant's VITA sites. Our goal is to expand this initiative to more high schools as well as colleges and to train more students to become volunteer tax return preparers with the objective of accomplishing the following:

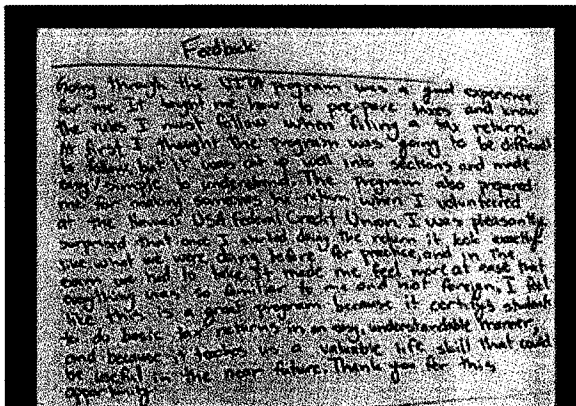
(a) Providing these students with a useful skill and valuable tax knowledge that will help them to make better financial decisions in the future and prevent them from becoming one of the thousands of Hawaii residents who owe money to the IRS each year. Simply by participating in the training for this Program, students learn basic tax laws that can help them to avoid balance due returns. They also learn about valuable credits and deductions that can or will benefit them directly - e.g., education credits, student loan interest deduction, and the Earned Income Tax Credit.

(b) Helping these students to realize the economic situation of many Hawaii workers and, as a result, instill in them a desire to continue participating in volunteer activities to give back to their communities. In this regard, there are numerous studies which have shown that students who participate in community service are more likely to graduate from college than those who do not and are more likely to have improved scores in Reading, Math, Science, and History.

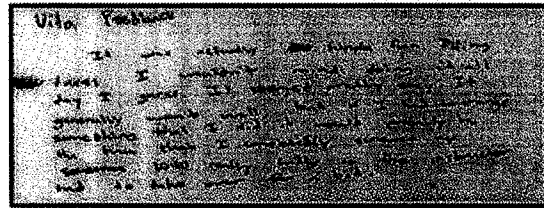
The following feedback was received from some of the Kalani High School students who participated in the 2016 Tax Season:



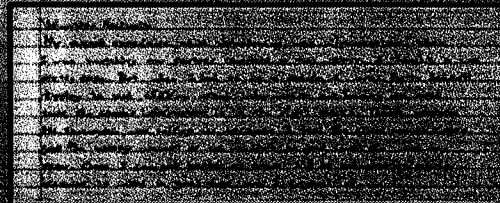
**SOME STUDENT FEEDBACK:**



"Going through the VITA program was a good experience for me. It taught me how to prepare taxes and know the rules I must follow when filing a tax return. . . . I feel like this is a great program because it certifies students to do basic tax returns in an easy, understandable manner and because it teaches us a valuable like skill that could be useful in the near future. Thank you for this opportunity."



"It was actually kinda fun filing taxes. I wouldn't mind doing it all day I guess. It seemed pretty easy. It generally went well, but if I had to change something that I did it would probably be the time that I completely screwed up someone's 1040 really badly so the instructor had to take over for a bit."



"When I was watching my partner complete a tax return, I thought it was pretty easy. But when I had to do a return it was pretty difficult. Thank goodness... was helping us because I feel the client would either get the wrong amount or we wouldn't be done until the next tax year. Once I get better at taxes, I'll be volunteering again because it was a good time and I enjoyed it."

**(2) Working with and holding train-the-trainer workshops for existing financial education instructors to help them incorporate basic tax concepts into their financial literacy programs without any substantial disruption to their program's schedule, and**

**(3) Utilizing social media venues more efficiently and extensively in order to deliver information and services to those who are not enrolled in a financial literacy program - i.e., the general public. Our Program currently shares information through Facebook, Twitter, and on the Program's dedicated website at [www.hawaiitaxhelp.org](http://www.hawaiitaxhelp.org).**

It is our intent, subject to available funds, to expand our use of social media to include venues which will give us a stronger online presence and a greater reach to those who would benefit the most from our services and the information that we provide. Below is a recent study that indicates a need for expansion into venues such as Instagram and Pinterest

Applicant: Hawaii Tax Help And Financial Empowerment Solutions  
(Hawaii VITA Program)

	Facebook	Instagram	Pinterest	LinkedIn	Twitter
Total	68%	28%	26%	25%	21%
Men	67%	23%	15%	28%	21%
Women	69%	32%	38%	23%	21%
Ages 18-29	88%	59%	36%	34%	36%
30-49	79%	31%	32%	31%	22%
50-64	61%	13%	24%	21%	18%
65+	36%	5%	9%	11%	6%
High school or less	56%	19%	18%	9%	14%
Some college	77%	35%	31%	25%	24%
College graduate	77%	32%	33%	49%	28%
Less than \$30,000	65%	29%	23%	16%	18%
\$30,000-\$49,999	68%	27%	27%	11%	16%
\$50,000-\$74,999	70%	30%	29%	30%	26%
\$75,000+	76%	30%	34%	45%	30%
Urban	70%	34%	26%	29%	22%
Suburban	68%	24%	29%	26%	21%
Rural	65%	25%	20%	15%	19%

Source: Pew Research Center

### 3. Public Purpose And Need

(a) **The New Tax Law - need for education.** As previously noted, there is an urgent need for educating the public, and particularly those who are eligible for VITA services, about how the **recent passage of the Congressional Tax Bill could have a major negative impact on their tax situation.** This is especially true for those who have been claiming dependents on their tax returns that include children over age 16 and dependents who are NOT their children (such as an aging parent or a disabled individual). The reasons for this:

- The child tax credit is only applicable to those defined as "children" (son, daughter, stepchild, foster child, brother, sister, half-brother, half sister, stepbrother, stepsister, or a descendant of any of them - e.g. grandchild or niece or nephew) AND can only be claimed while the child is under 17 years old; WHEREAS
- The dependency exemption (eliminated by the new Tax Bill) allowed people to claim their children until they were 18 OR 23 if they were full-time students OR forever if they were totally disabled. In addition, a taxpayer was able to claim as a dependent

their father, mother, or "an ancestor or sibling of either of them" (such as grandparents or aunts and uncles) as well as in-laws and those not related by blood or marriage who lived with the taxpayer all year and who did not earn more than a certain amount of money if the taxpayer provided more than half of their support.

Therefore, unless Congress expands the definition of a "child", those taxpayers who have been claiming children in college or aging parents or a disabled person as a dependent (which applies to many of the VITA Program's clients) will no longer be able to do so. As a result, many taxpayers could find themselves owing taxes next year instead of receiving a refund. The loss of exemptions will NOT be offset by the increase in the standard deduction.

**EXAMPLE FOR A MARRIED COUPLE EARNING \$45,000 WITH ONE CHILD IN COLLEGE AND CARING FOR AN AGING PARENT:**

	<b>Under Old Law:</b>	<b>Under New Tax Bill:</b>
Income:	\$45,000	\$45,000
Standard Deduction:	-13,000	- 24,000
Exemptions	<u>-16,600</u> **	<u>0</u>
Taxable Income:	\$15,400	\$21,000

\*\* Exemption was scheduled to be \$4,150 per person in 2018 before it was eliminated  
 In this example which represents a common situation, the couple would end up with \$5,600 MORE in taxable income, no child tax credit, negligible EITC (\$29) and the amount of their taxable income would push them into a higher tax bracket.

**Married Individuals Filing Joint Returns and Surviving Spouses**

If Taxable Income Is Between:	The Tax Due Is:
0 - \$19,050	10% of taxable income
\$19,051 - \$77,400	\$1,905 + 12% of the amount over \$19,050
\$77,401 - \$165,000	\$8,907 + 22% of the amount over \$77,400
\$165,001 - \$315,000	\$28,179 + 24% of the amount over \$165,000
\$315,001 - \$400,000	\$64,179 + 32% of the amount over \$315,000
\$400,001 - \$600,000	\$91,379 + 35% of the amount over \$400,000
\$600,001 +	\$161,379 + 37% of the amount over \$600,000

Forbes article on new tax law (12/17/2017)

If personal exemptions were still available, this couple's taxes would be \$1,540. Without the personal exemptions, their tax will be \$2,139. If this couple is informed early enough about the potential impact of the new tax law, they could take steps (such as increasing their withholding) to avoid being surprised by a large tax bill in 2019.

**(b) The Need For Education In General**

Even without the potential problems arising from the new Tax Bill, the need for education relating to tax-related debt prevention is clear from the following facts:

- The enormous amount of Balance Due Returns that occur every year. As previously noted, in 2016, balance due returns of Hawaii residents who earned less than \$50,000 totaled \$58.9 Million.
- Approximately 70% of that debt could have been avoided if taxpayers understood very basic tax law.
- An unexpected tax-related debt can wipe out savings, render personal budget plans useless, and generally negate any positive effects of financial literacy programs and asset building efforts.
- Current financial literacy programs do not incorporate basic tax law into their curriculum. Similarly, programs that assist individuals in establishing small businesses provide very little education regarding the tax responsibilities of small business owners.

The foregoing statistics pertain only to IRS-related debt. However, most individuals who have an IRS-related debt also owe taxes to the State. According to a report by the Department of Taxation, tax delinquencies totaled \$384.2 MILLION in Fiscal Year 2015. Since the State must expend a fair amount of funds for the collection of delinquent taxes, **preventing such tax-related debts from occurring in the first place would therefore be beneficial to the State as well.**

**Additionally, the overall economic well-being of the State suffers when its citizens are over-burdened by debt which is why financial education efforts have become enormously popular over the last several years.** However, financial education has focused primarily on managing consumer debt and does not address tax-related debts.

While economists have stated that some consumer debt is good for the economy since it correlates to higher business, auto and home sales, the same cannot be said of tax debt. In fact, tax debt has a dampening effect on the economy. An individual who is able to use a credit card to pay off a tax debt increases their credit card debt but has not consumed any goods and services.

More often than not, however, once a tax-related debt is incurred, low income individuals are unable to use a credit card to settle that debt and ordinary individuals are ill-equipped to deal with the taxing authorities, particularly the IRS. As a result, their tax-related debts continue to increase. By the time that many of these individuals seek help, they owe considerably more than their original debt because of penalties and interest. Therefore, although there are organizations that will assist certain taxpayers to resolve IRS debts, we strongly feel that the more effective approach to this problem is **debt prevention through education, rather than debt resolution**.

Applicant further believes that debt prevention efforts must occur at every level in order to be effective. Accordingly, our "**Learn Early. Live Smarter.**" initiative seeks to educate high school (and young college students) who should be aware of basic tax concepts before they start working full-time. Our efforts to work with financial literacy educators to incorporate tax concepts into their existing curricula are aimed at working adults who are participating in financial literacy programs. Finally, we seek to reach the general public, particularly those who may not have access to financial literacy education, through social media and online informational events.

**There is also a need to protect the public from fraud, scams, identify theft, "upsells", and high interest predatory "quick refund" products** that are offered to taxpayers during the tax season. According to an IRS release in 2017:

IR-2017-23, Feb. 6, 2017

WASHINGTON — The Internal Revenue Service today warned taxpayers to be on the lookout for unscrupulous return preparers, one of the most common "Dirty Dozen" tax scams seen during tax season. The vast majority of tax professionals provide honest, high-quality service. But there are some dishonest preparers who set up shop each filing season to perpetrate refund fraud, identity theft and other scams that hurt taxpayers. That's why unscrupulous preparers who prey on unsuspecting taxpayers with outlandish promises of overly large refunds make the Dirty Dozen list every year.

By using the services of this Program, which is established under and monitored directly by the IRS, taxpayers are protected from such fraudulent and/or expensive practices.

**(c) Free Tax Preparation (Impact on the Individual and the Economy)**

The public's need for VITA services is evidenced by the growth of the VITA Program. The Hawaii VITA Program began in 2006 with only 4 sites on Oahu that provided service to 654 residents. As of 2017, the VITA Program operates Statewide (except for Lana'i) and has helped 43,500 clients, saving them over \$8.6 Million in tax preparation fees. Each year, the demand for VITA services increases. One of the primary reason for the ever-increasing demand is the amount of money that VITA saves the average taxpayer. Below is a 2018 Price List distributed by a Military VITA site to help other VITA sites estimate savings to clients.

**TAX SEASON 2018 PRICE LIST**  
Tax Year 2017

FORMS	PRICE	FORMS	PRICE	FORMS	PRICE
1040	150.00	2555	60.00	8609A	17.00
1040A	125.00	2555 EZ	45.00	8611	17.00
1040ES	40.00	3468	17.00	8615	22.00
1040EZ	100.00	3800	22.00	8689	12.00
1040NR	100.00	3903	35.00	8697	12.00
1040NR-EZ	85.00	4136	17.00	8801	22.00
1040V	5.00	4137	15.00	8812	30.00
1040X	85.00	4255	16.00	8814	17.00
1045	45.00	4562	50.00	8815	17.00
SCH-A	50.00	4563	20.00	8820	22.00
SCH-B	30.00	4684	20.00	8824	30.00
		4797	65.00	8826	20.00
SCH-C	65.00	4835	27.00	8828	25.00
SCH-CEZ	50.00	4852	16.00	8829	25.00
SCH-D	65.00	4868	32.00	8834	20.00
by line	0	4952	17.00	8835	20.00
SCH-E	65.00	4970	30.00	8839	25.00
page 2		4972	30.00	8839	25.00
SCH-EIC	45.00	5074	27.00	8843	17.00
SCH-F	50.00	5329	27.00	8844	20.00
SCH-H	55.00	5404	15.00	8845	20.00
SCH-J	30.00	5405	35.00	8846	20.00
SCH-L	35.00	5695	30.00	8847	20.00
SCH-M	25.00	5884	22.00	8853	20.00
SCH-R	20.00	6198	35.00	8859	27.00
SCH-SF	45.00	6251	27.00	8859	25.00
W-2	0	6252	35.00	8862	22.00
W-2G	0	6478	17.00	8863	22.00
W-2GU	0	6765	17.00	8866	22.00
970	30.00	6781	15.00	8867	22.00
982	40.00	6765	15.00	8880	17.00
1099G	0	6781	12.00	8881	50.00
1099M	0	8082	12.00	8882	50.00
1099R	0	8275	10.00	8885	30.00
1116	45.00	8275-R	15.00	8889	15.00
1310	17.00	8283	15.00	8903	15.00
2106	35.00	8332	17.00	8907	15.00
2106 EZ	25.00	8379	17.00	8908	15.00
2120	17.00	8396	24.00	8903	15.00
2210	20.00	8582 - AMT	17.00	8907	15.00
2210F	25.00	8582 - CR	12.00	8908	15.00
2350	12.00	8586	10.00	8910	15.00
2439	12.00	8594	27.00	8914	15.00
2441	40.00	8606	30.00	8915	15.00
		8930	15.00	8917	15.00
		8936	15.00	8919	15.00
Depreciation Worksheet	25.00			State Returns	100.00
Educator Expenses Worksheet	15.00			IRA Worksheet	20.00
Social Security Worksheet	25.00			Student Loan Worksheet	10.00

**The amounts circled show the price for a common type of return:** Simple federal return (1040) using the standard deduction (no Schedule A) where the taxpayer has a dependent child who qualifies for the EITC and pays for daycare services and a State return.

**Total cost: \$335**

The average income of this Program's working clients during Tax Season 2017 was \$20,257 or \$11.54 (gross) an hour. Therefore, those clients would be required to pay a for-profit preparer **the equivalent of 29 hours of work for the preparation of a simple tax return**. This is unreasonable, especially considering the fact that most of the returns for low-to-moderate income workers are not complicated and can be completed in less than an hour. Therefore, by using the services of our VITA Program, low-to-moderate income taxpayers save a considerable amount of money which they can use to purchase needed goods and services for themselves and their families. The chart below indicates the amount of funds needed for different households to be self-sufficient and makes it clear how a savings of \$335 can substantially benefit these households.

**Table 2. Monthly Self-Sufficiency Family Budgets for Selected Family Types, Honolulu County, 2016**

Category	Family Type				
	One Adult	Two Adult Family	One Adult + One Preschooler	One Adult + One Preschooler + One Schoolage	Two Adult + One Preschooler + One Schoolage
Housing	1,356	1,356	1,787	1,787	1,787
Childcare	0	0	731	1,131	1,131
Food	360	720	554	918	1,260
Transportation	132	212	132	147	227
Health Care	98	314	333	435	458
Miscellaneous	195	260	354	442	486
Taxes	638	660	988	1,126	1,149
<b>Total</b>	<b>2,779</b>	<b>3,524</b>	<b>4,877</b>	<b>5,985</b>	<b>6,497</b>

Self-Sufficiency Income Requirement					
Hourly	\$15.79	\$10.01	\$27.71	\$34.01	\$18.46
Monthly	\$2,779	\$3,524	\$4,877	\$5,985	\$6,497
Annual	\$33,350	\$42,283	\$58,526	\$71,821	\$77,968

Source: Dept of Business, Economic Development and Tourism (Dec. 2017)

In addition to the savings realized, the VITA program also helps people claim valuable tax credits such as the EITC and receive the full benefit of those credits - without reduction of benefits due to tax preparation fees or fees related to "fast refunds".

According to the IRS, **one in five eligible taxpayers (20%) fail to claim the EITC** and the taxpayers most likely to overlook claiming the EITC are those:

- Living in non-traditional homes, such as a grandparent raising a grandchild
- Whose earnings declined or whose marital or parental status changed
- Without children
- With limited English skills
- Veterans
- Living in rural areas
- Who are Native Americans
- With earnings below the filing requirement
- Who have disabilities or are raising children with disabilities
- Who are self-employed

**In Hawaii, the latest IRS statistics reveal that approximately \$53,508,000 in EITC benefits went unclaimed in 2016 (based on number of claims filed and average EITC refund).**

The IRS also notes that **"outreach every year is so important"** since "almost a third of those who qualify for EITC qualify for the first time [every] year due to changes in their marital, parental or financial status." (Source: www.irs.gov - "About EITC")

**Also, as previously emphasized, it is not just the individual taxpayer who benefits from free tax assistance.**

*"Economists suggest that every increased dollar received by low- and moderate-income families has a multiplier effect of between 1.5 to 2 times the original amount, in terms of its impact on the local economy and how much money is spent in and around the communities where these families live." United States Conference of Mayors - "Dollar Wise Best Practices Earned Income Tax Credit" - 2nd edition*

Based on this multiplier effect, Applicant's VITA Program has had a **positive economic impact on the communities** it serves in an amount exceeding **\$60.3**



**Million** (based on the lower 1.5 multiplier and using only funds saved through free tax preparation and refundable federal tax credits which represent new federal funds infused into the State).

This, in turn, produces **economic benefits for the State** through an increase in general excise and income taxes and potential reduction or at least stabilization of welfare benefits.

**4. Target population to be served**

**(a) Free Tax Preparation:** The Hawaii VITA Program, which operates under the Internal Revenue Service's VITA (Volunteer Income Tax Assistance) Program, is intended to provide free tax preparation services to low-to-moderate income individuals. Generally, the income limit is closely tied to the maximum income level applicable to those claiming the Earned Income Tax Credit (EITC). For Tax Year 2017, the EITC income limit is \$53,930 (applicable to a married couple with 3 or more children).

**Earned Income and AGI Limits**

The tax year 2017 Earned income and adjusted gross income (AGI) must each be less than:

If filing...	Qualifying Children Claimed			
	Zero	One	Two	Three or more
Single, Head of Household or Widowed	\$15,010	\$39,617	\$45,007	\$48,340
Married Filing Jointly	\$20,600	\$45,207	\$50,597	\$53,930

Since Hawaii has a higher cost of living and a higher median income level, our VITA sites provide service to Hawaii residents who earn no more than \$56,000. For those earning above that limit but less than \$66,000, the VITA Program also offers a self-preparation tool - MyFreeTaxes - which allows individuals to file BOTH their federal and state tax returns for free. MyFreeTaxes is supported by United Way Worldwide.

**(b) Education Relating To Prevention of Tax-Related Debt.**

For educational efforts pertaining to the new Tax Bill, the Program's target population would be the general public, but with an emphasis on those who have dependents who will no longer be able to be claimed as exemptions. The target population for other educational efforts relating to tax-related debt would be (1) those who are enrolled in financial literacy classes and (2) the general public who Applicant will reach through social media venues such as Facebook, Twitter, Instagram, Pinterest, a private YouTube channel, and our already existing dedicated website at [www.hawaiitaxhelp.org](http://www.hawaiitaxhelp.org)

For the "Learn Early. Live Smarter." initiative, the target population would continue to be high school juniors and seniors and undergraduate college students. 4 of the 5 high schools already participating in this initiative are located in the Central area of Oahu, with Kalani High School being the 5th participating school. This tax season, the Program is also training a few students and some faculty at the Hawaii Academy of Arts and Sciences on Hawaii Island. For the next tax season, we will be targeting high schools in the town area of Oahu - such as McKinley High School (which just recently indicated their interest in participating) and Farrington High School which is located in an area identified as a target population area for VITA. As for undergraduate college students, this Program's partners include Leeward Community College, Chaminade University, and UH Manoa. It is Applicant's goal to add another college, such as UH-Hilo or Hawaii Community College to its list of participating partners.

**5. Geographic coverage**

(a) Free Tax Assistance Program. This Program already operates Statewide with sites and clinics on all islands except, for the time being, Lana'i. However, there are still many areas in the State where free tax service are not easily accessible.

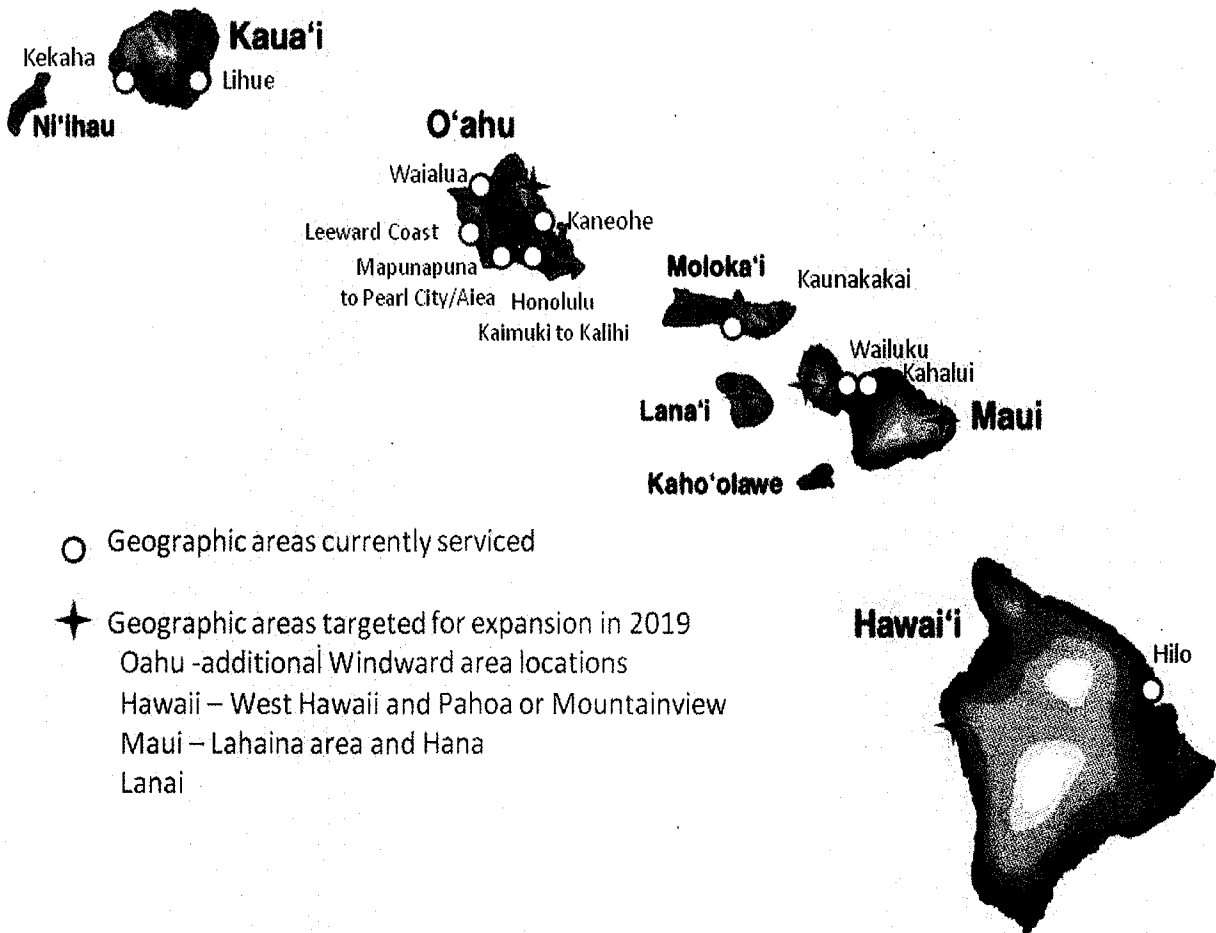
On Oahu, the areas that need additional sites are on the Windward Coast, closer to the North Shore.

On Hawaii Island, we need to expand to the West Side in Kailua-Kona or the Captain Cook area and towards Pahoa and Mountainview as we have many clients who are currently driving in from those areas to our clinics in Hilo.

On Maui, the Lahaina area where many residents are employed at Maui hotels and the very rural Hana area are designated as areas of expansion.

We seek to establish one site on Lanai since we have been informed by several residents that they travel to Maui to have their returns prepared.

The map below indicates areas currently being serviced and those that Applicant has targeted for expansion subject to available funds.



**(b) Education Relating To New Tax Laws and Tax-Related Debt Prevention.**

All educational efforts are intended to be Statewide with emphasis on the rural areas where many people may not be claiming the EITC. With respect to the "Learn

**Early. Live Smarter**" initiative, the Applicant plans to target high schools in the town area of Oahu - such as McKinley and Farrington - and then seek expansion to the Leeward and Windward side of Oahu. On Hawaii Island, one school - the Hawaii Academy of Arts and Sciences - has decided to participate in the Program during the upcoming tax season. It is important that Applicant engage and involve high schools established in areas where Applicant already operates free tax preparation sites so that students will have locations where they can easily volunteer. The ideal situation would be to have schools agree to sponsor VITA sites.

## II. Service Summary and Outcomes

### 1. Scope of work, tasks, responsibilities

#### (a) The Free Tax Assistance Program:

The Hawaii VITA Program prepares both federal and State tax returns free of charge for Hawaii residents who earn less than \$56,000, electronically files the returns with the IRS, and assists clients with balance due returns set up payment plans or make other arrangements as permitted by the IRS.

Tax preparation sites are established at partnering organizations that donate space and, in most cases, volunteers from among their own employees to operate their respective sites. Each site is required to submit documentation to the IRS that officially designates the site as a VITA site and confirms that the site meets certain requirements, such as being compliant with the American With Disabilities Act. The Hawaii VITA Program also has partners who, while not an official site, contribute in various ways to the Program. A full list of partners and their roles and responsibilities are listed at the end of this section.

Each site has a site coordinator. Site Coordinators must take a Volunteer Standards of Conduct exam (ethics), an Intake/Interview and Quality Review exam (procedural exam) and a Certification Exam (knowledge of tax law). They are required to be certified at the Advanced Level. In addition, they are required to take a Site Coordinator's exam. Site Coordinators are responsible for:

- Ensuring that all volunteers are properly certified and comply with the rules of the VITA Program while preparing returns

- Ensuring that site operations comply with the rules of the IRS' VITA Program - i.e., confirming that clients meet the eligibility rules of VITA and that clients' and dependents' identities are confirmed through presentation of photo I.D. and social security cards for everyone listed on a return, ensuring the privacy and confidentiality of client information, and making sure that every return is quality reviewed for accuracy.
- E-filing all tax returns in a timely fashion
- Resolving any problems such as rejections of a return by the IRS
- Filing all necessary paperwork with the IRS
- Providing the President of the Hawaii VITA Program with necessary reports regarding number of clients served, amount of refunds and credits claimed, number and amount of balance due returns, and all other relevant information.

**Volunteer Tax Return Preparers** Tax returns are prepared by volunteers who must first undertake training and pass an IRS certification exam. Live training is offered at Leeward Community College and Chaminade University where the trainers are attorneys and accounting professors who have been involved in VITA for many years. A few training sessions are conducted at local businesses (such as Bank of Hawaii) and other non-profits (such as Honolulu Community Action Program) that have employees who are interested in participating in the VITA Program. These training sessions are conducted by volunteers who have extensive experience with the Hawaii VITA Program. A self-training course is also offered as an option to those who cannot attend the live training classes. All training and training materials are free.

Volunteers must take 3 exams: A Volunteer Standards Of Conduct exam (ethics), an Intake/Interview and Quality Review exam (procedural exam) and a Certification Exam (knowledge of tax law). They have the option of training at the Basic Level or the Advanced Level. Even if a volunteer does not want to prepare tax returns, they are still required to take the first two exams if they will be working at a VITA site. Volunteers who prepare returns are also provided with training regarding the use of the software.

Once volunteers pass the IRS certification exam, they are referred to sites seeking assistance if they are not already committed to working at a particular site. They must present their IRS certification document to the site coordinator in charge of the site before being allowed to prepare any returns. Volunteer tax return preparers meet with

clients, confirm their identities and the identities of their dependents, prepare tax returns, quality review returns prepared by other volunteers, review returns with the clients, confirm that the information on the return is accurate based on the documentation presented by the clients, and help clients resolve balance due returns through IRA permitted payment plans if client requests such assistance.

**Oversite of all operations.** Oversight of all site operations is the responsibility of the individual who is currently the President and CEO of the Applicant and who has been in charge of this Program since it began in 2005. Prior to the commencement of this Program, any organization interested in participating in VITA dealt with the IRS on an individual basis, was required to recruit its own volunteers, advertise its own site, and had limited training options. As a result, many organizations found it difficult to participate and withdrew from VITA. When this Program began in 2005, the President (then the "Program Director") centralized many of the activities, thereby reducing the time commitment required of and costs incurred by organizations that wanted to participate in VITA. She is responsible for:

- Overseeing all VITA sites that are partnering with the Hawaii VITA Program which includes working directly with the Site Coordinators to assure that they submit all paperwork required by the IRS and operate their sites in compliance with the rules established by the IRS.
- Acting as a liaison between the organizations participating in the Program and the IRS representatives.
- Recruiting volunteers for all sites through a marketing campaign that utilizes newspaper ads (budget permitting), internet ads on Facebook and Twitter, distribution of flyers to various organizations, including participating partners, public service announcements on radio and television and press releases.
- Working directly with the trainers of the volunteers for the free tax assistance program to establish training schedules, assure that the trainers have the necessary training materials and supplies, and to monitor the results of the training sessions.
- Working with the trainer of the high school students involved in the "Learn Early. Live Smarter." Initiative, providing him with training materials, supplies, and assistance with training and with the recruiting of potential high schools to participate in this initiative.

Applicant: Hawaii Tax Help And Financial Empowerment Solutions  
(Hawaii VITA Program)

- Arranging for the training of individuals interested in volunteering, assisting them in obtaining certification if required, and placing them at sites that request volunteers.
- Conducting additional training sessions if required.
- Working with the IT specialist, 2-1-1, and partners to advertise all sites through a marketing campaign which includes print ads (budget permitting), social media, and the distribution of flyers through agencies such as Section 8 and the Department of Human Services..
- Working directly with the IT specialist to assess equipment and software needs each year and to develop and update content on the Applicant's website and social media venues.
- Working with the bookkeeper and fiscal agent regarding financial matters pertaining to the Applicant, including compliance with cost principles and any requirements imposed by grants.
- Compiling all tax-related and survey data collected from the individual sites and preparing all necessary reports for the IRS, other funders, and any interested party at the conclusion of the tax season.
- Arranges for a recognition event for all volunteers and supporters of the Program at the end of the tax season (if funding permits) at which the aggregate results of the season and impact of their efforts are presented and acknowledged.

**Advertising, Social Media, Website.** Marketing and the creation of the website for the Program was originally outsourced to a small marketing firm. However, as of 2017, updates of the website and its contents and social media posts are being handled by an IT specialist who worked as the IT Director of a local non-profit for several years and, prior to that, was the IT Project Manager for a for-profit organization. The IT specialist has also been a volunteer of the Hawaii VITA Program since 2007 and therefore has knowledge and understanding of the content being uploaded and posted. Outside sources are used, when budgeting permits, to produce printed material when needed.

**Other Partners.** The Program's partners participate at various levels. All participation is voluntary. Below is a list of partnering organizations and a description of their roles and responsibilities.

Applicant: Hawaii Tax Help And Financial Empowerment Solutions  
(Hawaii VITA Program)

Organization or Agency	Roles and Responsibilities
Aloha United Way	Provides services of 2-1-1 (information and referral system) which helps taxpayers locate free tax assistance sites; assists with publicity and volunteer recruitment through posting on Volunteer Hawai'i website, has agreed to act as <b>fiscal agent</b> for Applicant
ALU LIKE, Inc. - Central - Hilo - Molokai - Nanakuli - Waimanalo - Honolulu	Provides space for tax preparation, volunteers from its staff who serve as site coordinators, and most of its own supplies and equipment.
Chaminade University	Provides space for training volunteers and a trainer who is a professor of accounting and a long-time VITA volunteer and who assists in the recruitment of student volunteers. Also provides space for tax preparation and volunteers from its student population
City and County of Honolulu's Section 8 Family Self-Sufficiency and Home Ownership Division	Assists with publicity of sites through distribution of the Program's flyers to its clients regarding the EITC and free tax assistance.
County of Hawai'i Office Of Housing and Community Development	Provides space for a tax preparation site in Hilo and assists with outreach to the community.
Department of Human Services of the State of Hawai'i	Assists in the dissemination of information to TANF, SNAP, and Medicaid recipients
Hawai'i Credit Union League	Assists in recruitment of new credit union partners and in publicizing the EITC and free tax assistance to its 93 credit union members
Hawaii Federal Credit Union	Provides space for tax preparation, a site coordinator, an appointment scheduler for its own site, use of its own equipment and internet connectivity, and volunteers from staff.
HawaiiUSA Federal Credit Union	Provides space for tax preparation, some of its own equipment and internet connectivity, and assists in outreach to its members.



Applicant: Hawaii Tax Help And Financial Empowerment Solutions  
(Hawaii VITA Program)

Hawai`i State Legislators	Certain legislators sponsor a site at the Hawaii State Capitol, providing space for tax preparation, some supplies, and assistance in publicizing the site and this Program's services
Hickam Federal Credit Union - Pearlridge branch	Provides space for tax preparation, its own equipment and internet connectivity, site coordinators for each participating branch, an appointment scheduler for each site location, volunteers from staff, and most of its own supplies
Hortolulu Community Action Program - Main Office - Leahi - Windward - Central - Waianae - Kaneohe	Provides space for tax preparation and for training, site coordinators, its own equipment, internet connectivity, appointment schedulers for its own sites, volunteers from among its employees, its own IT assistance, most of its own supplies
Kaua`i Volunteer Tax Prep	Provides space for tax preparation, a site coordinator, an appointment scheduler for its own site, volunteers from staff, use of its own equipment and internet connectivity.
Kekaha Federal Credit Union	Provides space for tax preparation, a site coordinator, an appointment scheduler for its own site, use of its own equipment and internet connectivity, some advertising of its own site
King Kaumualii School in Kauai	Provides space for tax preparation
KTA Superstores (Hawai`i Island supermarket chain)	Provided assistance with promotional materials to accomplish outreach to local community regarding this Program's services and some food for volunteers.
Leeward Community College	Provides space for training and tax preparation, a trainer and site coordinator who is a professor of accounting and long-time VITA volunteer, volunteers from among its own students, use of its own equipment and internet connectivity.
Maui Federal Credit Union	Provides space for tax preparation, its own equipment and internet connectivity, a site coordinator, volunteers from staff, an appointment scheduler, and most of its own supplies

University of Hawai'i at Manoa	Provides space, equipment, and internet connectivity and volunteers recruited from the student body.
Valley Isle Community Federal Credit Union - Kahului	Provides space for tax preparation, a site coordinator, use of its own equipment and internet connectivity at all 3 branches
Waialua Federal Credit Union	Provides space for tax preparation, a site coordinator, an appointment scheduler for its own site, use of its own equipment and internet connectivity, and volunteers from staff

**(b) Education relating to prevention of tax-related debt**

**"Learn Early. Live Smarter" - Recruiter and trainers:** This initiative recruits and trains high school students to become certified volunteer tax return preparers. The individual who began this initiative at Waipahu High School is now the person who actively recruits other high schools to participate in the initiative. Thus far, he has been able to recruit five high schools on Oahu to participate. He also trains the educators at interested high schools on how to teach the subject matter to the students and does a direct presentation to students when it comes to reviewing the subject matter in the certification exam. This recruiter/trainer was an educator at Waipahu High School and currently teaches at Leeward Community College. He is a VITA volunteer who achieves certification at the Advanced Level and volunteers at Leeward Community College's VITA site where he supervises the high school students who achieve certification while they prepare tax returns. Applicant provides training materials and whatever support is required by the educators. Trainers are offered a modest stipend, depending on availability of funds.

All students are required to pass the same tests as regular VITA volunteers. Once they obtain certification, they volunteer at selected sites, meet with clients, and prepare returns under the supervision of site coordinators. Site coordinators must complete an evaluation sheet of the students' performance which is returned to the educators. Students are requested to submit comments regarding their experience to the Program Director.

**Education regarding tax-related debt prevention.** The President is currently working with the IT specialist to launch an expanded social media campaign aimed

at informing taxpayers about the potential impact of the new Tax Bill and how to avoid tax-related debt. The IT specialist has expanded social media venues to include Pinterest and Instagram and a YouTube channel and is currently working with the President on the development of posts and 1 and 2-minute videos of tax tips on subjects such as:

- new changes to the tax law that might affect you (extremely relevant since the new Tax Bill and the State EITC law takes effect this year)
- understanding your W-2 form
- understanding your federal tax form
- life changes that affect your taxes (marriage, divorce, children and their ages, death and inheritance)
- starting a business - what you need to know about taxes (general excise taxes vs. income taxes, what is the self-employment tax, what are legitimate business expenses)
- valuable tax credits you might be able to claim (EITC, education credits , etc)

In addition to the foregoing, the Applicant intends to offer workshops where individuals can obtain relevant tax information and ask questions. The trainers of the Hawaii VITA Program - attorneys and accounting professors - would be presenting at these workshops.

**Incorporating tax information into financial literacy curricula.** The President will be working with current partners who already offer or are planning to offer financial literacy education or workforce development programs to develop the best means to incorporate tax information into their existing curricula with minimal disruption to their established schedules.

**2. Projected annual timeline for accomplishing the results or outcomes.**

(a) **The Free Tax Assistance Program:** Although regular tax preparation occurs during the Tax Season which runs from late January through mid-April, the work of the Hawaii VITA Program continues throughout the year.

**July through August/September.** Recruitment of new partners to sponsor free tax assistance sites occurs during the summer after results of the tax season have been compiled and can be shared. Potential partners are contacted directly by the President and

provided with information (written or through live presentations) explaining how VITA services can help their employees and their communities. Organizations interested in sponsoring a VITA site are provided with assistance in completing the necessary IRS paperwork to establish their sites. During this time, confirmation is also obtained from existing partners of their continued participation in the program and the requisite IRS paperwork is collected from them and submitted to the IRS.

**September through October** Development of ads, flyers, and other outreach pieces for both volunteer recruitment and outreach to the target populations regarding the free tax assistance program begins. The content of the Program's website is updated with information regarding volunteer recruitment, training requirements, new EITC limits, and other information as it becomes available from the IRS. Additional IRS paperwork needs to be submitted by partnering sites relating to the operation of their sites - i.e., dates and times of operation, identification of site coordinators.

**Late October through December**. Volunteer recruitment continues. A site coordinator meeting is held to remind all site coordinators about their responsibilities in operating their VITA sites and to advise them of any changes in procedures and tax law. Site coordinators must take their requisite Certification Exam and Site Coordinator Exam and submit their certificates to the IRS and the President. More extensive advertising regarding free tax assistance services and the EITC begins in late December. Flyers containing site information are mailed or emailed to agencies and organizations that assist low-income taxpayers, including Section 8 and sub-agencies of the State of Hawaii Department of Human Services (DHS) for distribution to their clients. These flyers include basic information about the EITC, a partial listing of free tax assistance sites, and contact information for taxpayers to make an appointment. Interested persons are also advised to call 2-1-1 or to visit the Program's website for a list of sites. Continued updating of content on website and social media venues as new tax information from the IRS becomes available.

**January**. Training of volunteers begins. Once volunteers pass the requisite exams, as evidenced by the submission of their certificates, they are referred to sites that have requested assistance. Sites begin accepting appointments. Outreach continues pertaining

to availability of free tax assistance. Some sites begin opening during late January. The official kick-off event for the Hawaii VITA Program is held at the Hawaii State Capitol. This year it will be held on January 27th from 9:00 to 2:30 pm

**February through April.** Sites begin operating according to their own schedules. Experienced volunteers travel to neighbor island sites to oversee site operations, prepare returns, and act as mentors. Required reports are submitted to the IRS. IRS conducts official visits to selected sites and issues reports regarding site operations.

**April through June.** After all returns are accepted by the IRS, reports are generated to start collecting pertinent data. Reports from separate sites are compiled to get final results of entire Program which must be submitted to and verified by the IRS. Surveys (that clients are requested to complete) are also compiled to collect demographic data. Distribution of results is made through print, email, and live presentations to non-profits working with LMI individuals and to credit unions and other interested organizations. Certain sites remain open to prepare returns for late filers and to prepare amended returns as necessary. Mahalo Event for volunteers and supporters of the Program is held.

**(b) Education pertaining to tax-related debts:** Educational efforts pertaining to the new Tax Bill will commence as soon as the IRS issues its official publications or notices pertaining to the new tax laws. Currently, it appears that the IRS has only released the new withholding tables for employers which are already causing some concern because it appears that in cases where individuals were withholding based on number of exemptions they intended to claim, their take-home will decrease. Applicant will be utilizing its website and social media venues to disseminate relevant information and also intends to hold informational workshops in late April or May regarding the new tax laws.

Regarding the other educational efforts of Applicant:

**July through August/September** The Program reaches out to educators during the same time period that new partners for the VITA Program are being recruited, explaining the importance of the "Learn Early. Live Smarter." initiative and offering to give live presentations to their classes during the Fall Semester. Presentations and workshops will

be held for financial education instructors who are interested in incorporating basic tax law into their financial education curricula.

**September through November** Presentations made at schools interested in participating in the "Learn Early. Live Smarter." initiative. Train the trainer sessions for participating educators commence. Creation of new and/or updated content based on information released by the IRS to be distributed via printed materials, emails, and social media venues regarding new EITC limits, changes in the tax law, what taxpayers can do before the end of the year to decrease potential tax liability, IRS warnings re scams, and other relevant information.

**December through January** Continued update of content on website and social media venues as additional tax information is released by IRS. Training arrangements made for high school students to commence after the winter break. Arrangements made with specific sites to accommodate certified high school students who will be preparing returns.

**February through April** Students participating in the "Learn Early. Live Smarter." program prepare tax returns under supervision of site coordinators at designated sites. Student evaluations are prepared and provided to their teachers. Students will be given a survey to collect their feedback concerning their experience in training and preparing returns.

**May and June** Students provided with Certificates of Acknowledgement issued by the IRS. Meetings held with financial education providers to determine how many students graduated from their courses that included tax information. Website and social media traffic evaluated to determine reach and for reporting purposes.

### 3. **Quality assurance and evaluation plans.**

(a) **Free tax preparation:** Quality assurance and monitoring of results is required under the rules of the IRS' VITA Program.

**Free Tax Preparation Sites:** All sites must register with the IRS and sign Sponsor Agreements before they are able to receive an E-File Identification Number (EFIN) and a Site Identification Number (SIDN) and access to the IRS' software which is required to prepare returns. The Sponsor Agreement requires that sites comply with the Volunteer Standards Of Conduct (ethics), Civil Rights laws and privacy and confidentiality requirements:

Form **13533**  
(October 2015)

Department of the Treasury - Internal Revenue Service

## VITA/TCE Partner Sponsor Agreement

We appreciate your willingness and commitment to serve as a sponsor in the Volunteer Income Tax Assistance (VITA) or Tax Counseling for the Elderly (TCE) volunteer tax return preparation programs.

To uphold taxpayers' civil rights, maintain program integrity and provide for reasonable protection of information provided by the taxpayers serviced through the VITA/TCE Programs, it is essential that partners and volunteers adhere to the strictest standards of ethical conduct and the following key principles be followed.

- Partners and volunteers must keep confidential the information provided for tax return preparation.
- Partners and volunteers must protect physical and electronic data gathered for tax return preparation both during and after filing season.
- Partners using or disclosing taxpayer data for purposes other than current, prior, or subsequent year tax return preparation must secure the taxpayer's consent to use or disclose their data.
- Partners and volunteers must delete taxpayer information on all computers (both partner owned and IRS loaned) after filing season tax return preparation activities are completed.
- Partners and site coordinators are expected to keep confidential any personal volunteer information provided.
- Partners will educate and enforce the Volunteer Standards of Conduct and Civil Rights Laws and the impact on volunteers, sites, taxpayers and the VITA/TCE Programs for not adhering to them.

**Site Coordinator:** Each site must have a site coordinator. All site coordinators must take a Volunteer Standards Of Conduct exam (ethics), an Intake/Interview and Quality Review exam (procedural), the certification exam at the Advanced level and a site coordinator training module. Verification that all required tests have been taken is evidenced by forms that can only be printed after the training has been successfully completed. These forms are sent to the President and the IRS. Site coordinators are responsible for ensuring that their sites comply with all IRS rules and regulations, including ensuring that all volunteers are properly certified, that volunteers are only preparing returns that are allowed at their certification level, that volunteers adhere to privacy and confidentiality rules and the standards of conduct (ethics), and that all returns are quality reviewed. The IRS requires all returns to be quality reviewed by a SECOND volunteer tax return preparer. The IRS conducts reviews of selected sites each season to confirm that they are in compliance.

The software provided by the IRS to VITA sites is a professional software program that provides reports on site production. At the end of the tax season, after all returns have been accepted by the IRS, the Site Coordinators extract the reports from the software as requested by the President. The reports contain information regarding amount

of federal and states returns filed, amount of refunds claimed, amount and type of tax credits claimed, and the amount of balance due returns. The reports also contain address and zip code information of the taxpayer which will indicate whether the Program was successful in reaching its target population and target geographical areas. Those reports are then compiled to determine the overall results of the season.

**Volunteers:** All Volunteers, whether or not preparing returns, are required to pass the Volunteer Standards of Conduct Exam (ethics) and the Intake/Interview and Quality Review exam (procedural). Volunteer tax return preparers, including all high school students, are also required to train and pass an online certification test at either the Basic or the Advance level. Every volunteer must print out a Volunteer Agreement showing the level of their certification and submit the same to the coordinator of the site where they will be volunteering. The Site Coordinators list all properly certified volunteers who are volunteering at their sites on an IRS Form 13206 that must be submitted to the President and the IRS. The total volunteer count is determined from these forms. Volunteers are also required to sign in and out when working at a site. These sign-in sheets are used to calculate volunteer hours spent on the Program. As previously mentioned, every return prepared is required to be quality reviewed by another volunteer.

**Trainers** All trainers who train volunteers for the free tax assistance program are required to be certified at the Advance level. They are also required to complete and submit the necessary paperwork evidencing their certification to the President and the IRS. Current trainers are attorneys or accounting professors. Trainers for the "Learn Early. Live smarter." initiative are also required to pass the certification test evidencing their understanding of the subject matter they will be teaching to the students.

For train-the-trainer sessions to be held for financial literacy educators, a questionnaire will be provided which will ascertain the level of their understanding of tax law, how tax law can be incorporated into their particular curricula, and how many students will be receiving this information over a 6-month to 1-year period. This information will be maintained by the President.

**Tax-related information on website and social media platforms.** The system currently being used for the Program's website - [www.hawaiitaxhelp.org](http://www.hawaiitaxhelp.org) - uses Google Analytics which will allow the IT person to extract reports on the number of visitors to the website and identify the pages of the website that are most visited. This will enable



Applicant to determine whether the tax law information pages are being visited, the number of visitors who read those pages, and how much time was spent on the page. Facebook and YouTube (which is Google based) also have tracking systems. Other social media platforms we intend to use such as Twitter, Pinterest and Instagram will only indicate followers and likes to postings.

**MyFreeTaxes usage** MyFreeTaxes and the IRS provide certain data regarding usage of the MyFreeTaxes self-preparation tool which we promote to self-preparers who do not qualify for VITA services. The data that is provided is not as extensive as the data that can be extracted from the IRS' software program but still provides the number of returns, total refunds, the number of users who claimed the EITC, and the amount of EITC claimed. The IRS and MyFreeTaxes reports will also show results based on State, County, or City which will allow us to determine which areas of the State are utilizing this service.

**Demographic and Other Client Data.** Every year we request clients to complete an anonymous survey. At the end of the tax season, the data from those surveys are compiled. The data provides Applicant and its partners with demographic information as well as information regarding client satisfaction with the service, marketing efforts, and similar information that we use to plan our future efforts. Data compiled from the 3,302 surveys collected during Tax Season 2017 is shown below:

**(Results of Client Surveys - 2017)**

		<b>INDICATES:</b>
<b>First Time Filers or Failed to File Last Year</b>	10.7% or 353 respondents	Outreach efforts successful
<b>Used a Paid Preparer Last Year:</b>	13 % or 429 of respondents	Outreach efforts successful
<b>Self-Prepared or Used a Friend or Family Member Last Year:</b>	8 % or 264 of respondents	
<b>Returning Clients:</b>	73.6% or 2,430 of respondents	Indicates Client satisfaction with service
<b>Ethnicity:</b>		
Native Hawaiians	32.0 %	

Applicant: Hawaii Tax Help And Financial Empowerment Solutions  
(Hawaii VITA Program)

• Asian	19.7 %
Filipinos	22.0 %
Caucasians	9.1 %
Pacific Islander	9.5 %
Hispanic	3.1 %
African-American	1.5 %
Native American	0 %
Other	3.1 %

**Gender:**

Females:	62.0 %
Males:	38.0 %

**Marital Status:**

• Unmarried:	77.0%
Married:	23.0%

**No. of Children under 19:**

0	59 %
1	17 %
2+	24 %

**Age Groups:**

18-24:	22.0%
25-40:	31.0%
41-64:	34.0%
65+:	13.0 %

**Housing:**

• Rent:	51.0 %
Live with family:	33.0 %
Own:	11.0 %
Shelter or None:	5.0 %

**Primary Income:**

Job:	70.0 %
Social Security / Retirement	13.0 %
Public assistance:	4.0 %
Unemployment:	2.1 %
Self employed:	2.0 %
Disability	3.0 %
Other	5.9 %

**Disability:**

Taxpayers:	378
Taxpayers with disabled family member:	259

**Expecting a refund:**

Yes	67.1 %
No	4.4 %
Not sure	28.5 %

**Banking practice**

Will use direct deposit	76.0 %
Paper check	24.0 %

Taxpayers' reasons for wanting a refund by paper check:

Paper check preferred	77.2 %
No bank account	16.0 %
Afraid of seizure:	4.4 %
Bank fees:	2.4 %

**Health Insurance:**

Yes:	98.0 %
No:	2.0 %

**Have you ever participated in a financial literacy program:**

Yes:	12.0 %
No:	88.0 %

Applicant: Hawaii Tax Help And Financial Empowerment Solutions  
(Hawaii VITA Program)

Those who answered "Yes" above listed the following financial literacy programs:

101 Financial  
All Star Financial  
Alu Like  
• Church  
Hawaii State FCU  
Hawaiian Community Assets  
Hawaiian Homelands  
HawaiiUSA FCU  
HCAP  
Helping Hands  
High School  
Honolulu City Section 8 FSS  
IHS  
Ka'Palana Preschool  
KCC  
Keiki O Ka `Āina Family Learning Center  
Key Project  
Kumuhonua HCAP Shelter  
LCC  
Liliuokalani  
Military  
Money Smarts  
Next Step  
Oahu Work Links  
• Ohana Ola  
Onelauena Shelter  
Online  
PACT  
Primerica  
Rent to work program  
Salvation Army  
Senior Community Service Employment Program  
Small Business Association  
UH West Oahu  
University of Hawaii  
US Navy  
Waipahu High School  
World Financial Group  
Employer

**Taxpayers' plans for refunds:**

Pay Bills:	1837 >	<b>indicates the need for debt management; opportunity to promote financial literacy</b>
• Food/Clothing:	630	
Rent/Mortgage	789	

Applicant: Hawaii Tax Help And Financial Empowerment Solutions  
(Hawaii VITA Program)

Save Some	490 >	<b>indicates an opportunity to promote savings</b>
Tuition	250	
Help family member	275	
Child care	227	
Buy large item	58	
Don't know	189 >	<b>indicates an opportunity to promote savings</b>

(Total exceeds total number of responses because of multiple intent)

**4. Measure(s) of effectiveness to be reported.**

**(a) Free Tax Assistance Program:** We are able to report the following data:

- Number of sites and clinics
- Number of volunteers who participated
- Number of volunteer hours
- Number of federal returns filed
- Number of state returns filed
- Total refunds obtained for clients
- Total Earned Income Tax Credit (EITC) received (federal and State)
- Total Child Tax Credit received
- Aggregate amount of balance due returns.
- Total amount of balance due to the IRS (the IRS' software may not extract this information for the State; it might be possible to do it manually)
- Amount saved for clients through use of free tax preparation services
- Average AGI of clients
- All data compiled from the surveys - see above for type of information that can be extracted.

All data can be verified. However, due to IRS' privacy regulations, no personal data of taxpayers can be shared with anyone.

**(b) Education for tax-related debt prevention**

**"Learn Early. Live Smarter."** We are able to report the following data:

- Name of participating schools
- Names of educators who agree to train students
- Number of students who go through training
- Number of students who pass the required exam to become volunteer tax return preparers
- Level of certification of each student
- Number of students who actually prepared returns at a free tax assistance site
- Number of hours worked by students
- Student feedback

**Other financial literacy efforts:** We are able to report the following data:

- Name of participating organizations
- Name and curriculum of financial literacy program used by those organizations.
- Number of individuals who are enrolled in the programs
- Number of trainers who attend train-the-trainer sessions
- Results of comprehension tests which we will propose be administered.
- Analytics for Program's website including number of visitors to pages pertaining to tax education
- All available reports from Facebook, Twitter, Instagram, Pinterest and YouTube

**III. Financial**

**1. Budget:** Attached

**2. Anticipated quarterly funding requests for the fiscal year 2019.**

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$10,000	\$14,000	\$14,000	\$8,000	\$46,000

**3. Sources of funding being sought for FY 2019**

IRS VITA Grant - The Hawaii VITA Program has already been approved for a two-year grant (2016-2017 and 2017-2018) in the amount of \$52,300 per year.

**4. State and federal tax credits granted within prior 3 years:**

NONE

**5. Listing of all government contracts and grants received and will be receiving for program funding**

The only grant funds available to Applicant at this time is the IRS VITA grant referred to in Paragraph 3.

**6. Balance of unrestricted current assets as of December 31, 2017.**

\$1,028.59 The Applicant is in a unique and problematic position regarding fundraising because the IRS prohibits VITA grant recipients from soliciting any donations from clients and the volunteers contribute so many volunteer hours that they are not approached for monetary donations. In addition, the Applicant has submitted a 1023 Application for Tax Exempt Status but is still waiting for approval of the same. The lack of a 501(C)(3) status hinders Applicant's fundraising efforts as donations will not be deductible. Applicant expects to receive its 501(C)(3) status sometime this year. In the meantime, the President is working with the members of the Board of Directors to develop a feasible fundraising campaign.

**IV. EXPERIENCE AND CAPABILITY**

**1. Necessary Skills and Experience.**

The President and CEO of Applicant is the same person who has provided the leadership and oversight for the Hawaii VITA Program since it began in 2005. She is an attorney with an undergraduate degree in business and extensive experience in business management and operations, which has enabled her to develop successful marketing and organizational plans that have made it possible for the Hawaii VITA Program to grow from a small program with only 4 sites on Oahu and 32 volunteers during its first tax season in

2006 to a program that now operates Statewide with 47 sites and a volunteer force that has exceeded 200 for the last several years. The results she achieved made it possible for the Program to receive the first VITA grant awarded in 2009 and the Program has been a recipient of that grant every year since then.

The President/CEO also obtains certification every year as a tax return preparer (Advanced Level) and as a Site Coordinator and works in the "field" assisting as needed during the tax season. This has allowed her to understand the problems encountered by the volunteers at VITA sites and to find ways to address and resolve them quickly. The President/CEO is also a trainer and this year has conducted trainings at Bank of Hawaii and at Hawaii USA Federal Credit Union.

By being directly involved with site operations and training, the President/CEO has been able to develop a good relationship with volunteer preparers and site coordinators. This is imperative because not only is this Program volunteer-driven, increased production at existing sites and expansion of services depends a great deal upon whether volunteers return every tax season and gain experience. New sites staffed with inexperienced volunteers historically have low production results compared to sites staffed with an experienced site coordinator and experienced volunteers. Therefore, when we now recruit a new partner who wants to establish its own site, we provide that partner with a mentor who is an experienced volunteer and can help them to get accustomed to operating a VITA site in accordance with IRS regulations and prepare and process returns.

The trainers for the Hawaii VITA Program have been training VITA volunteers since the Program began. The trainer at Chaminade University is an attorney and an accounting professor at Chaminade. The trainer at Leeward Community College is an accounting professor at the College and also operates a tax site during the tax season. The trainer for the "Learn Early. Live Smarter." initiative began the initiative while an educator at Waipahu High School through his involvement with the Academy Of Finance. He now teaches at Leeward Community College where he volunteers at the LCC tax site during the season and supervises the high school volunteers who decide to work there.

Most of site coordinators of the Hawaii VITA Program have been with the Program for over 5 years and are thoroughly familiar with the procedures and rules applicable to VITA sites. Some of these experienced site coordinators assist in the establishment and operations of new sites, including those on the neighbor islands, acting



as supervisors and mentors to new site coordinators. This year, approximately 70% of the volunteer force are returning volunteers.

**The IT specialist** in charge of Applicant's website and social media campaign was the IT director for a non-profit for several years and, prior to that, was an IT Project Manager for a for-profit organization. He has complete familiarity with the platform being utilized by Applicant for its website and with social media venues which he oversaw and managed for his non-profit employer.

**Related contracts or projects for the last 3 years:**

1. The Hawaii VITA Program has been in existence since 2005 and was the recipient of the first VITA grant offered by the IRS in 2009 and has been awarded a VITA grant every year since then.

2. The "Learn Early. Live Smarter" initiative began in Tax Season 2014 with one participating high school - Waipahu High. As of last tax season, 5 high schools were participating - Waipahu, Kapolei, Campbell, Pearl City, and Kalani. Thus far, 235 high school students have achieved certification as Volunteer Tax Return Preparers. The individual who has been working with the President/CEO on expanding this initiative originally taught at Waipahu High School and now teaches at Leeward Community College, and is himself a certified VITA volunteer. This tax season, two faculty members and a small group of students from the Hawaii Academy of Arts and Sciences on Hawaii Island have decided to participate in VITA.

3. In 2016, the President/CEO (then the Program Director of the Hawaii VITA Program) worked with the Department of Human Services and the Department of Labor to provide tax assistance to individuals, primarily Pacific Islanders, who received premium tax credits from healthcare.gov and were therefore required to file tax returns even if they had no income. Failure to file a tax return prevents these individuals from continuing to receive government assistance to pay for their health insurance coverage. During 2016, 4 special tax sessions were held on Oahu and on Hawaii Island to assist these individuals. In 2017, similar tax clinics were held at St Elizabeth Church on Oahu. The President/CEO and 4 experienced VITA volunteers also became certified Kokua in 2016 under a modest contract

with DHS in order to assist people without healthcare coverage to enroll for coverage through healthcare.gov

4. The Applicant also made a presentation in 2015 regarding self-employment taxes to a group of Pacific Islanders who were interested in becoming language translators at hospitals and at the courts. The presentation was part of an overall presentation sponsored by the Department of Health and was held at Queen's Hospital.

## **2. Facilities**

All facilities used in connection with the Hawaii VITA Program are provided by the Program's partners and, since the Program operates under the IRS' VITA Program, all facilities are required to meet the requirements of the Americans With Disability Act to permit access to the disabled. The training of VITA volunteers takes place at two campuses - Leeward Community College and Chaminade - and at the offices of certain participating partners. On Hawaii Island, training and site facilities are being provided by Hawaii County. On Kauai, a site has been established at King Kaumualii Elementary School. The training of high school students for the "Learn Early. Live Smarter." initiative takes place on school grounds.

However, in 2018, because of the sweeping changes to the tax law resulting from the passage of the recent Tax Bill by Congress and because of the new State Earned Income Tax Credit, the Applicant intends to conduct several large workshops for the public. Unlike the other facilities that Applicant utilizes for tax preparation and smaller workshops, the facility required to hold these larger workshops will probably incur rental costs for the Applicant.

## **V. PERSONNEL: Project Organization and Staffing**

### **1. Proposed Staffing, Staff Qualifications, Supervision and Training.**

**President and CEO:** The President and CEO is currently the only full-time paid staff who works on this Program. As previously mentioned, she has been in charge of the Hawaii VITA Program since it began in October of 2005, just prior to its first tax season in 2006. She is a licensed attorney who practiced for over 20 years specializing in wills, trusts, and probate as well as business and real estate transactions. She has a Bachelor's

degree in Business Administration from the University of Hawaii Manoa. In addition, she obtains certification at the Advanced Level every year for the Hawaii VITA Program and certification as a Site Coordinator and conducts training for site coordinators and for volunteers which may be needed in addition to the training that takes place at Leeward Community College and Chaminade University. Her list of her duties is set forth on Pages 20-21 of this Application under "**Scope of work, tasks, responsibilities**".

**Site Coordinators** Each site is required to have a Site Coordinator who has passed all of the exams required of volunteers and a Site Coordinator Exam. Most of the Site Coordinators are also employees of the Program's site sponsors and have been with the Hawaii VITA Program for several years and are therefore completely familiar with the rules and regulations of VITA. When new sites are established, an experienced site coordinator works with the new site coordinator to ensure that all proper procedures are followed. For the upcoming tax season, we have only one new Site Coordinator at Maui County Federal Credit Union. An experienced Site Coordinator has been assigned to mentor her and guide her through the process. In previous years when funds were available, site coordinators received small stipends of \$200-\$500 (depending on experience) for the entire training and tax season that encompasses 12-14 weeks. No such stipends have been paid since 2016.

**Volunteers** Volunteers are recruited from the staff of partnering organizations, from the community, and from educational institutions. For the last several years, Applicant's volunteer force has exceeded 200 and approximately 70 percent of the current volunteer force are returning volunteers. Every volunteer is required to pass the Volunteer Standards of Conduct (ethics) exam, an Intake/Interview and Quality Review Exam (procedural) and, if they will be preparing returns, a certification exam which requires an 80% passing grade. There are two levels of certification - Basic and Advanced. Most volunteers are certified at the Advanced level. If any volunteer at a site is certified only at the Basic level, the site coordinator is responsible to ensure that the volunteer prepares only those returns permitted by his/her certification level. Every tax return prepared by a volunteer is required by the IRS to be reviewed by a second preparer and with the client before the client signs the written authorization allowing the site to electronically file the tax return.

### **Trainers**

**Trainers of VITA volunteers** are required to be certified at the Advanced level and have extensive knowledge of the applicable tax law. The trainer at Chaminade University is both an attorney and an accounting professor. The trainer at Leeward Community College is an accounting professor. Both trainers have been involved with the VITA program even before the Hawaii VITA Program came in to existence.

**The trainer for the "Learn Early. Live Smarter." initiative** was a teacher at Waipahu High School where he helped to establish the initiative approximately 4 years ago as part of the activities of the Academy Of Finance. He is currently an instructor at Leeward Community College where many of the certified high school students from Waipahu, Campbell, Pearl City and Kapolei volunteer and work under his supervision. He obtains certification at the Advanced Level each year which is required of all trainers.

**Information Technology Specialist** The IT specialist who maintains and updates the Applicant's website and computers and has established Applicant's social media platforms has worked as the IT Director for a non-profit for several years and, prior to that, as an IT Project Manager for a large for-profit company. He has been donating his time.

However, in 2018, Applicant intends to launch a much more extensive outreach and education plan utilizing social media venues in light of the major changes in tax law that has occurred as a result of the Congressional Tax Bill which will directly affect the Hawaii VITA Program's clientele and the implementation of the State's Earned Income Tax credit. This will require regular editing and updating of content posted on the various social media venues utilized by Applicant and the production, editing, and embedding of short 1-2 minute tax tip videos on Applicant's YouTube channel. Accordingly, Applicant intends to compensate the IT specialist for this additional work by hiring him as an independent contractor. The IT specialist has also been a VITA volunteer since 2007 and is therefore able to comprehend and, if necessary, correct the information that will be distributed. However, the President/CEO will approve all tweets, posts, videos before they are uploaded to social media platforms.

**Bookkeeper** Applicant's bookkeeper who maintains all of Applicant's books and financial records is a retired bookkeeper who worked for a large non-profit and now works part-time as an independent contractor. She charges for her services on an hourly

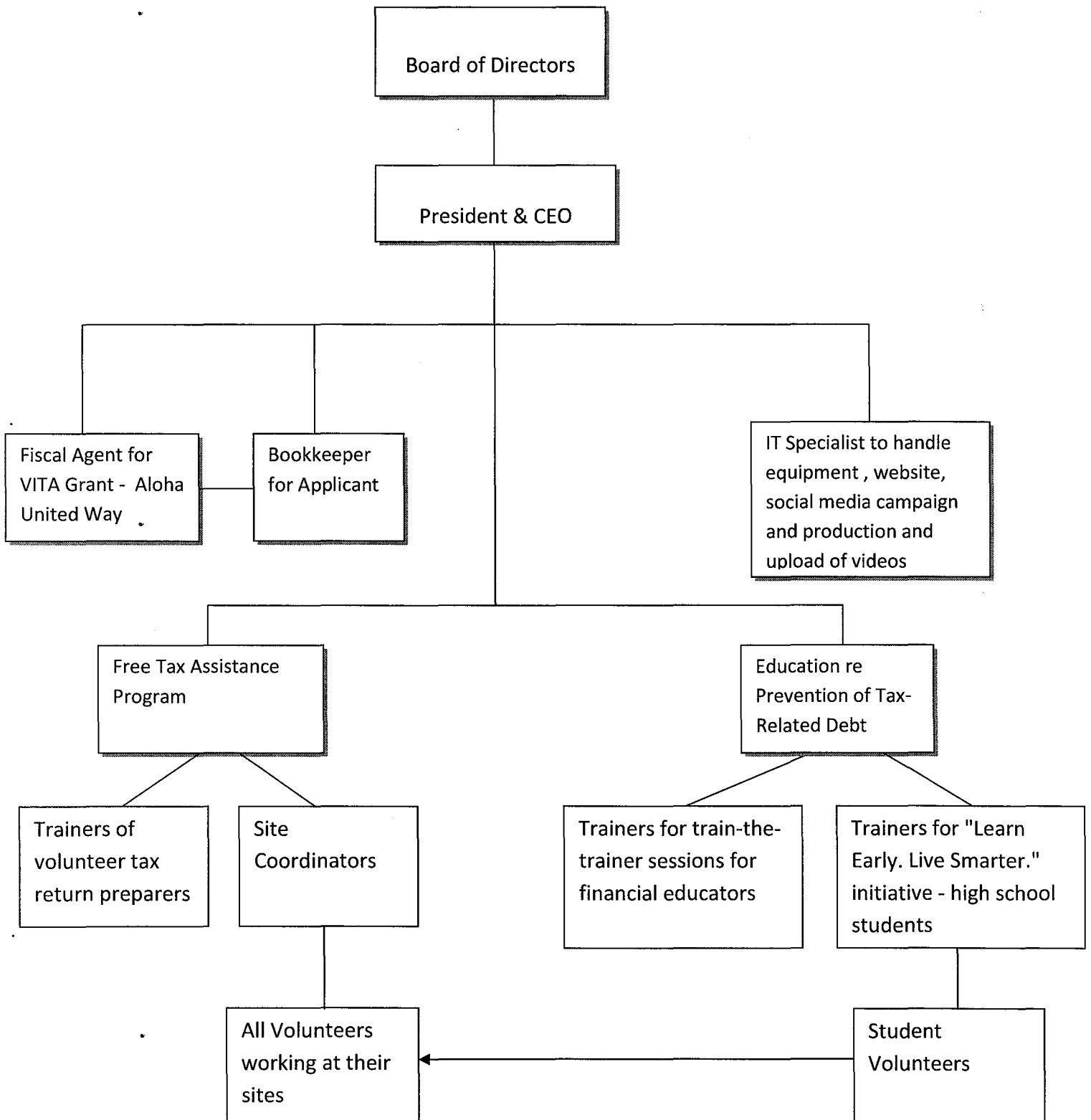
basis. She has been handling Applicant's financial records since Applicant was formed in 2016.

**Board of Directors** The Board of Directors is currently comprised of a VITA Site Coordinator and Volunteer from the island of Kauai who works at the County Housing Department, a VITA Site Coordinator and Volunteer who is a retired captain of the Honolulu Fire Department and has been with the Program since 2007, an experienced grantwriter who is familiar with the VITA Program because of her previous employment with Aloha United Way, and the President who serves as Board Chair. No Board member is compensated.

**Fiscal Agent.** Aloha United Way is serving as the fiscal agent/pass through entity for Applicant's VITA grant and has agreed to serve as the Applicant's fiscal agent for other grants, as necessary, until Applicant receives its 501(C)(3) tax exempt status from the IRS which is expected sometime this year. As a pass through agent for the VITA grant, Aloha United Way is responsible for the management and distribution of grant funds pursuant to a budget approved by the IRS and a contract between Aloha United Way and the Applicant. Aloha United Way is not taking a fee to serve as fiscal agent for Applicant. A letter from Aloha United Way is attached to this Application indicating that Aloha United Way is willing to act as a fiscal agent for Applicant if the Applicant receives a grant from the State and the State feels that a fiscal agent is necessary.

A chart that illustrates the staffing pattern is shown below in Section B. -  
Organization Chart

2. Organization Chart



**3. Compensation (Annual salaries of three highest paid officers)**

Susan Tamanaha, President & CEO & Program Director: \$54,285 . This is the salary that was agreed to be paid to the President but which Applicant has not yet been able to pay because of lack of funds. There are no other paid employees at this time. No officers or Board Members of Applicant receive compensation.

**VI. OTHER**

**1. Litigation**

There is no pending litigation to which Applicant is a party.

**2. Licensure or Accreditation of Applicant**

Applicant is the Lead Organization of the Hawaii VITA and Financial Empowerment Coalition registered with the Internal Revenue Service.

**3. Private Educational Institutions**

This grant will not be used to benefit or support a sectarian or non-sectarian private educational institution.

**4. Future Sustainability Plan**

The Hawaii VITA Program has received a VITA Grant since the VITA Grant began in 2008 (for Tax Season 2009). The latest grant award was a two-year grant covering the period 2016-2017 and 2017-2018. Since this Program is the largest and most comprehensive VITA program in the State, it is likely to continue being a recipient of the VITA Grant as long as funding is made available by Congress. The IRS, however, provides only \$15 Million in VITA grant funds for the ENTIRE nation and the more populous States receive a larger share of the funds. Therefore, the amount of the VITA Grant is not expected to substantially increase even if the Hawaii VITA Program continues to expand. Also, the IRS' rules do not permit VITA grant recipients to charge for their tax preparation services and although the VITA Grant Office encourages VITA sites to engage in financial education projects, it does not allow any of its funds to be used for that purpose. Therefore,

Applicant will have to raise funds in order to meet its expansion and education goals which it feels is extremely important to the economic well-being of Hawaii's taxpayers.

The Applicant expects to receive its 501(C)(3) tax exempt status sometime later this year which will make it easier for Applicant to seek donations from the general public and to apply for organizational or foundation grants for 2019. Applicant has researched available grants and believes that there are several for which it would qualify. Further, since the counties directly benefit from the operation of this Program within their geographical regions, Applicant also intends to request that the counties of Maui, Kauai, and Hawaii Island provide some funding to facilitate the expansion of the Hawaii VITA Program in their counties beginning in 2019. Finally, if Applicant proceeds with its plans to hold large workshops relating to the New Tax Law and its impact on employers and individuals, it may consider charging an attendance fee. This attendance fee, however, would be modest and only intended to offset Applicant's cost for the event.

5. **Certificate of Good Standing**

Certificate of Good Standing dated January 14, 2018 is attached.

6. **Declaration Statement Affirming Compliance with Hawaii Revised Statutes, Section 42F-103 - Attached**

7. **Public Purpose**

Applicant declares that the grant will be used for a public purpose pursuant to Section 42F-102 of Hawaii Revised Statutes. Below is the statement contained in the Applicant's Articles Of Incorporation.

**ARTICLE VIII - Statement of Tax-Exempt Purpose**

The nonprofit corporation is organized and operated exclusively for charitable and educational purposes within the meaning of 501(C)(3) of the Internal Revenue Code.

**ARTICLE IX -Statement of Specific Purpose**

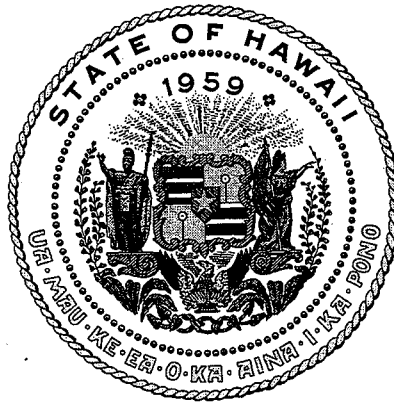
The specific purposes for which the nonprofit corporation is organized are:



Applicant: Hawaii Tax Help And Financial Empowerment Solutions  
(Hawaii VITA Program)

(1) To provide charitable free tax assistance to low-to-moderate income Hawaii residents in conjunction with the Volunteer Income Tax Assistance (VITA) program of the Internal Revenue Service which will enable residents to save money while complying with their federal and state obligations to file tax returns which serves the public interest.

(2) To provide educational workshops and material to the general public relating to financial literacy, with a focus on preventing tax-related debt.



## Department of Commerce and Consumer Affairs

### CERTIFICATE OF GOOD STANDING

I, the undersigned Director of Commerce and Consumer Affairs of the State of Hawaii, do hereby certify that

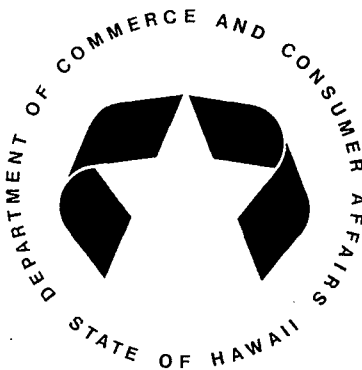
**HAWAII TAX HELP AND FINANCIAL EMPOWERMENT SOLUTIONS**

was incorporated under the laws of Hawaii on 04/26/2016 ;  
that it is an existing nonprofit corporation; and that,  
as far as the records of this Department reveal, has complied  
with all of the provisions of the Hawaii Nonprofit Corporations  
Act, regulating domestic nonprofit corporations.

IN WITNESS WHEREOF, I have hereunto set  
my hand and affixed the seal of the  
Department of Commerce and Consumer  
Affairs, at Honolulu, Hawaii.

Dated: January 14, 2018

Director of Commerce and Consumer Affairs





Aloha United Way

January 9, 2018

Senate Committee on Ways and Means and House Committee on Finance  
415 S. Beretania Street  
Honolulu, HI 96813

RE: Grant-In-Aid Application of Hawaii Tax Help & Financial Empowerment Solutions

To the Senate Committee on Ways and Means and House Committee on Finance,

This is to confirm that Aloha United Way, a 501 (C)(3) non-profit, will act as the fiscal agent for the applicant, Hawaii Tax Help and Financial Empowerment Solutions, for this grant-in-aid.

Aloha United Way has been committed to and has been a supporting partner of the Applicant's Hawaii VITA and Financial Empowerment Solutions Program since the Program began in 2006 when it was known as the Family and Individual Sufficiency Program. Aloha United Way does not intend to charge a fee for acting as fiscal agent for this grant.

Very truly yours,

  
Cindy Adams   
President & Chief Executive Officer



## BUDGET REQUEST BY SOURCE OF FUNDS

Period: July 1, 2018 to June 30, 2019

Applicant: \_\_\_\_\_ Hawaii Tax Help and Financial Empowerment Solutions (Hawaii VITA)

BUDGET CATEGORIES	Total State Funds Requested (a)	Total Federal Funds Requested (b)	Total County Funds Requested (c)	Total Private/Other Funds Requested (d)
<b>A. PERSONNEL COST</b>				
1. Salaries	16,286	38,000		
2. Payroll Taxes & Assessments	1,246	2,900		
3. Fringe Benefits		4,700		
<b>TOTAL PERSONNEL COST</b>	<b>17,532</b>	<b>45,600</b>		
<b>B. OTHER CURRENT EXPENSES</b>				
1. Airfare, Inter-Island only	3,000	3,300		
2. Insurance	258	150		
3. Lease/Rental of Equipment				
4. Lease/Rental of Space	2,500			
5. Staff Training	1,500			
6. Supplies	340	150		
7. Telecommunication	350	200		
8. Utilities				
9. Subsistence/Per Diem	920	400		
10. Program Activities	5,700	1,000		
11. Administrative	4,500	900		
12. Contractual Services	8,000	500		
13. Printing	1,100			
14. Postage	300	100		
15.				
16.				
17.				
18.				
19.				
20.				
<b>TOTAL OTHER CURRENT EXPENSES</b>	<b>28,468</b>	<b>6,700</b>		
<b>C. EQUIPMENT PURCHASES</b>				
<b>D. MOTOR VEHICLE PURCHASES</b>				
<b>E. CAPITAL</b>				
<b>TOTAL (A+B+C+D+E)</b>	<b>46,000</b>	<b>52,300</b>		
<b>SOURCES OF FUNDING</b>		Budget Prepared By:		
(a) Total State Funds Requested	46,000	Susan Tamanaha (808) 381-0881		
(b) Total Federal Funds Requested	52,300	Phone		
(c) Total County Funds Requested		1/18/2018		
(d) Total Private/Other Funds Requested		Date		
<b>TOTAL BUDGET</b>	<b>98,300</b>	Susan Tamanaha President & CEO Name and Title (Please type or print)		



## BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Period: July 1, 2018 to June 30, 2019

Applicant: Hawaii Tax Help and Financial Empowement Solutions

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				
JUSTIFICATION/COMMENTS:				
NONE				

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				
JUSTIFICATION/COMMENTS:				
NONE				

## BUDGET JUSTIFICATION - CAPITAL PROJECT DETAILS

Period: July 1, 2018 to June 30, 2019

Applicant:

Hawaii Tax Help and Financial Empowerment Solutions

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2016-2017	FY: 2017-2018	FY:2018-2019	FY:2018-2019	FY:2019-2020	FY:2020-2021
PLANS						
LAND ACQUISITION						
DESIGN						
CONSTRUCTION						
EQUIPMENT						
<b>TOTAL:</b>						
<b>JUSTIFICATION/COMMENTS:</b> <p style="text-align: center;">Not Applicable</p>						

**GOVERNMENT CONTRACTS, GRANTS, AND / OR GRANTS IN AID**

Applicant: Hawaii Tax Help and Financial Empowerment Solutions

Contracts Total: 52,300

	<b>CONTRACT DESCRIPTION</b>	<b>EFFECTIVE DATES</b>	<b>AGENCY</b>	<b>GOVERNMENT ENTITY</b> (U.S. / State / Haw / Hon / Kau / Mau)	<b>CONTRACT VALUE</b>
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2	IRS VITA (Volunteer Income Tax Assistance) grant - awarded but money not yet received	8/1/2017 to 7/31/2018	Internal Revenue Service	U.S.	52,300
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**DECLARATION STATEMENT OF  
APPLICANTS FOR GRANTS PURSUANT TO  
CHAPTER 42F, HAWAII REVISIED STATUTES**

The undersigned authorized representative of the applicant certifies the following:

- 1) The applicant meets and will comply with all of the following standards for the award of grants pursuant to Section 42F-103, Hawaii Revised Statutes:
  - a) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant is awarded;
  - b) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
  - c) Agrees not to use state funds for entertainment or lobbying activities; and
  - d) Allows the state agency to which funds for the grant were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant.
- 2) If the applicant is an organization, the applicant meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
  - a) Is incorporated under the laws of the State; and
  - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant is awarded shall be conducted or provided.
- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
  - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
  - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawaii Revised Statutes, for grants used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant used for the acquisition of the land.

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

Hawaii Tax Help and Financial Empowerment Solutions

(Typed Name of Individual or Organization)

(Signature)

(Date)

Susan Tamanaha

President and CEO

(Typed Name)

(Title)