

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

2005

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2005 calendar year, or tax year beginning , 2005, and ending , 20

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type See Specific Instructions	C Name of organization The Grassroot Institute of Hawaii		D Employer identification number 99 : 0354937
		Number and street (or P O box if mail is not delivered to street address) Room/suite 1314 S. King Street 1163		E Telephone number (808) 591-9193
		City or town, state or country, and ZIP + 4 Honolulu, HI 96814		F Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) ▶

H and I are not applicable to section 527 organizations.
H(a) Is this a group return for affiliates? Yes No
H(b) If "Yes," enter number of affiliates ▶
H(c) Are all affiliates included? Yes No (If "No," attach a list. See instructions.)
H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No

G Website: ▶ www.grassrootinstitute.org

J Organization type (check only one) ▶ 501(c) (3) ◀ (insert no.) 4947(a)(1) or 527

K Check here ▶ if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization chooses to file a return, be sure to file a complete return. **Some states require a complete return.**

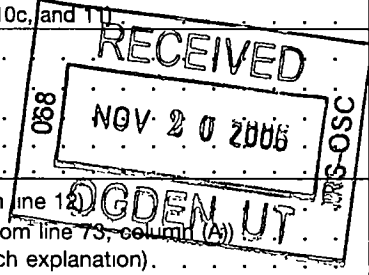
L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 ▶

M Check ▶ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

Revenue	1	Contributions, gifts, grants, and similar amounts received:				
	a	Direct public support	1a	364,778		
	b	Indirect public support	1b	0		
	c	Government contributions (grants)	1c	0		
	d	Total (add lines 1a through 1c) (cash \$ _____ noncash \$ _____)	1d		364,778	
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2		0	
	3	Membership dues and assessments	3		0	
	4	Interest on savings and temporary cash investments	4		1271	
	5	Dividends and interest from securities	5		38.92	
	6a	Gross rents	6a	0		
	6b	Less: rental expenses	6b	0		
	6c	Net rental income or (loss) (subtract line 6b from line 6a)	6c		0	
7	Other investment income (describe ▶ _____)	7		0		
Revenue	8a	Gross amount from sales of assets other than inventory	(A) Securities		(B) Other	
			0	8a	0	
	b	Less: cost or other basis and sales expenses	0	8b	0	
	c	Gain or (loss) (attach schedule)	0	8c	0	
d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8d		0		
Revenue	9	Special events and activities (attach schedule). If any amount is from gaming, check here ▶ <input type="checkbox"/>				
	a	Gross revenue (not including \$ _____ of contributions reported on line 1a)	9a	7,975		
	b	Less: direct expenses other than fundraising expenses	9b	12,358		
	c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c		(4,383)	
	10a	Gross sales of inventory, less returns and allowances	10a	0		
Revenue	b	Less: cost of goods sold	10b	0		
	c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c		0	
	11	Other revenue (from Part VII, line 103)	11		0	
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		361,706		
Expenses	13	Program services (from line 44, column (B))	13		254,500	
	14	Management and general (from line 44, column (C))	14		22,712	
	15	Fundraising (from line 44, column (D))	15		24,275	
	16	Payments to affiliates (attach schedule)	16		0	
	17	Total expenses (add lines 16 and 44, column (A))	17		301,487	
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 12)	18		60,219	
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		45,786	
	20	Other changes in net assets or fund balances (attach explanation)	20		0	
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		106,005	

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Part II Statement of Functional Expenses All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.)

<i>Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.</i>		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule) (cash \$ <u>2750</u> noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22 2,750	2,750		
23	Specific assistance to individuals (attach schedule)	23 0	0		
24	Benefits paid to or for members (attach schedule)	24 0	0		
25	Compensation of officers, directors, etc.	25 0	0	0	0
26	Other salaries and wages	26 0	0	0	0
27	Pension plan contributions	27 0	0	0	0
28	Other employee benefits	28 73	73	0	0
29	Payroll taxes	29 0	0	0	0
30	Professional fundraising fees	30 0	0	0	0
31	Accounting fees	31 0	0	0	0
32	Legal fees	32 0	0	0	0
33	Supplies	33 3,072	2,304	153	615
34	Telephone	34 4,110	3,082	411	617
35	Postage and shipping	35 3,860	1,544	772	1,544
36	Occupancy	36 7,556	2,267	3,778	1,511
37	Equipment rental and maintenance	37 986	394	493	99
38	Printing and publications	38 26,316	16,194	5,061	5,061
39	Travel	39 17,469	15,833	818	818
40	Conferences, conventions, and meetings	40 11,902	10,601	651	650
41	Interest	41 1,311	1,048	263	0
42	Depreciation, depletion, etc. (attach schedule)	42 0	0	0	0
43	Other expenses not covered above (itemize):				
a	Contracted Services	43a 53,873	40,404	5,387	8,082
b	Professional Services	43b 124,084	118,398	4,264	1,422
c	Trimble Liberty Awards	43c 10,250	10,250	0	0
d	Web Site	43d 12,268	10,149	0	0
e	Advertising	43e 11,965	11,965	0	0
f	Other	43f 9,642	7,249	661	1,732
g		43g			
44	Total functional expenses. Add lines 22 through 43. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44 301,487	254,500	22,712	24,275

Joint Costs. Check if you are following SOP 98-2.
 Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ _____; (ii) the amount allocated to Program services \$ _____;
 (iii) the amount allocated to Management and general \$ _____; and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? ► To educate the public about individual freedom All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others)	Program Service Expenses (Required for 501(c)(3) and (4) orgs, and 4947(a)(1) trusts, but optional for others)
a Akaka Bill Education. Public education regarding the movement to create a sovereign Hawaiian nation or governing entity. Objectives are to increase public understanding, measure sentiment and make known to all. Approximately 1500 people attended speaking events and debate. Telephoned approximately 294,000 households for survey. (Grants and allocations \$ 750.) If this amount includes foreign grants, check here ► <input type="checkbox"/>	189,177
b Speakers Program. Center-right and free market speakers invited to speak to students, business community, government officials and general public. A regular series runs monthly in one or more counties. Five national and international speakers traveled to Hawaii. They an numerous local speakers were heard by approximately 3,500 people, plus 1,000 via radio and on public access cable TV. (Grants and allocations \$ 0) If this amount includes foreign grants, check here ► <input type="checkbox"/>	20,647
c Trimble Liberty Awards. Freedom writing award competition program for youth. \$10,000 in awards presented to six high school and college students. (Grants and allocations \$ 0) If this amount includes foreign grants, check here ► <input type="checkbox"/>	15,260
d Education Reform. Public education regarding curriculum change and budget waste in Hawaii public school system. Articles written for Education Beat Web site started in 2005, also picked up by other print and Web publications. Approximately 500 heard invited speakers, attended meetings, etc. One thousand received e-mail blast of articles or visited Web site weekly starting November 2005. (Grants and allocations \$ 0) If this amount includes foreign grants, check here ► <input type="checkbox"/>	11,304
e Other program services (attach schedule) (Grants and allocations \$ 2000) If this amount includes foreign grants, check here ► <input type="checkbox"/>	14,155
f Total of Program Service Expenses (should equal line 44, column (B), Program services). . . . ►	

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only

		(A) Beginning of year		(B) End of year
Assets	45 Cash—non-interest-bearing	45,786	45	33,197
	46 Savings and temporary cash investments	0	46	72,808
	47a Accounts receivable	47a		
	b Less: allowance for doubtful accounts	47b		47c
	48a Pledges receivable	48a		
	b Less: allowance for doubtful accounts	48b		48c
	49 Grants receivable		49	
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)		50	
	51a Other notes and loans receivable (attach schedule)	51a		
	b Less: allowance for doubtful accounts	51b		51c
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges		53	
	54 Investments—securities (attach schedule) <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54	
	55a Investments—land, buildings, and equipment: basis	55a		
b Less: accumulated depreciation (attach schedule)	55b		55c	
56 Investments—other (attach schedule)		56		
57a Land, buildings, and equipment: basis	57a			
b Less: accumulated depreciation (attach schedule)	57b		57c	
58 Other assets (describe ►)		58		
59 Total assets (must equal line 74). Add lines 45 through 58.	45,786	59	106,005	
Liabilities	60 Accounts payable and accrued expenses		60	
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64a Tax-exempt bond liabilities (attach schedule)		64a	
	b Mortgages and other notes payable (attach schedule)		64b	
	65 Other liabilities (describe ►)		65	
66 Total liabilities. Add lines 60 through 65	0	66	0	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	24,481	67	57,484
	68 Temporarily restricted	21,305	68	48,521
	69 Permanently restricted	0	69	0
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds.		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21)	45,786	73	106,005	
74 Total liabilities and net assets/fund balances. Add lines 66 and 73.	45,786	74	106,005	

Part IV-A Reconciliation of Revenue per Audited Financial Statements With Revenue per Return (See the instructions.)

a	Total revenue, gains, and other support per audited financial statements		a	N/A
b	Amounts included on line a but not on Part I, line 12:			
1	Net unrealized gains on investments	b1		
2	Donated services and use of facilities	b2		
3	Recoveries of prior year grants	b3		
4	Other (specify):	b4		
	Add lines b1 through b4		b	
c	Subtract line b from line a		c	
d	Amounts included on Part I, line 12, but not on line a:			
1	Investment expenses not included on Part I, line 6b	d1		
2	Other (specify):	d2		
	Add lines d1 and d2		d	
e	Total revenue (Part I, line 12). Add lines c and d		e	

Part IV-B Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

a	Total expenses and losses per audited financial statements		a	N/A
b	Amounts included on line a but not on Part I, line 17:			
1	Donated services and use of facilities	b1		
2	Prior year adjustments reported on Part I, line 20	b2		
3	Losses reported on Part I, line 20	b3		
4	Other (specify):	b4		
	Add lines b1 through b4		b	
c	Subtract line b from line a		c	
d	Amounts included on Part I, line 17, but not on line a:			
1	Investment expenses not included on Part I, line 6b	d1		
2	Other (specify):	d2		
	Add lines d1 and d2		d	
e	Total expenses (Part I, line 17). Add lines c and d		e	

Part V-A Current Officers, Directors, Trustees, and Key Employees (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-)	(D) Contributions to employee-benefit plans & deferred compensation plans	(E) Expense account and other allowances
Richard O. Rowland 1314 S. King Street, Ste 1163, Honolulu, HI 96814	President, 40	0	0	0
Jack Schneider 1788 Kumakani Loop, Honolulu, HI 96821	Chairman, 2	0	0	0
Dale Evans 680 Ala Moana Blvd., #303, Honolulu, HI 96813	Director, 0.5	0	0	0
Jeff Crawford P. O. Box 815, Kailua, HI 96734	Director, 1	0	0	0
Francine Egdamin 96-1416 Waihona Place, Pearl City, HI 96782	Secretary, 1	0	0	0
John Corboy P. O. Box 546, Kaunakakai, HI 96748	Director, 0.5	0	0	0
Malia Zimmerman 1314 S. King Street, Ste 1163, Honolulu, HI 96814	Director, 1	0	0	0
Walter Harvey 377 Keahole St., D-10, Honolulu, HI 96825	Treasurer, 2	0	0	0
Paul Smith 2650 Pacific Heights Road, Honolulu, HI 96813	Director, 1	0	0	0

Part V-A Current Officers, Directors, Trustees, and Key Employees *(continued)*

	Yes	No
75a Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings 9		
b Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)	75b	✓
c Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to this organization through common supervision or common control? Note. Related organizations include section 509(a)(3) supporting organizations.	75c	✓
If "Yes," attach a statement that identifies the individuals, explains the relationship between this organization and the other organization(s), and describes the compensation arrangements, including amounts paid to each individual by each related organization.		
d Does the organization have a written conflict of interest policy?	75d	✓

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

(A) Name and address	(B) Loans and Advances	(C) Compensation	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
None				

Part VI Other Information *(See the instructions.)*

	Yes	No
76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	76	✓
77 Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes	77	✓
78a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	✓
b If "Yes," has it filed a tax return on Form 990-T for this year?	78b	
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	✓
80a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	✓
b If "Yes," enter the name of the organization ▶ and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81a Enter direct and indirect political expenditures. (See line 81 instructions) 81a 0		
b Did the organization file Form 1120-POL for this year?	81b	✓

Part VI Other Information (continued)

		Yes	No
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)			
	82b 7,800	<input checked="" type="checkbox"/>	<input type="checkbox"/>
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
83b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			
84b			
85a	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?		
85b	b Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
	c Dues, assessments, and similar amounts from members	85c	
	d Section 162(e) lobbying and political expenditures	85d	
	e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	
	f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	
85g	g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		
85h	h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		
86a	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12		
86b	b Gross receipts, included on line 12, for public use of club facilities		
87a	501(c)(12) orgs. Enter: a Gross income from members or shareholders		
87b	b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them)		
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		<input checked="" type="checkbox"/>
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ 0 ; section 4912 ▶ 0 ; section 4955 ▶ 0		
89b	b 501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction		<input checked="" type="checkbox"/>
	c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶ 0		
	d Enter: Amount of tax on line 89c, above, reimbursed by the organization ▶ 0		
90a	List the states with which a copy of this return is filed ▶		
90b	b Number of employees employed in the pay period that includes March 12, 2005 (See instructions.)		0
91a	The books are in care of ▶ Richard O. Rowland Telephone no. ▶ (808) 591-9193 Located at ▶ 1314 S. King Street, Ste 1163, Honolulu, HI 96814 ZIP + 4 ▶ 96814		
91b	b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country ▶ See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
91c	c At any time during the calendar year, did the organization maintain an office outside of the United States? If "Yes," enter the name of the foreign country ▶	<input type="checkbox"/>	<input checked="" type="checkbox"/>
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92		<input type="checkbox"/>

Part VII Analysis of Income-Producing Activities (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a _____					
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					0
g Fees and contracts from government agencies					0
94 Membership dues and assessments					0
95 Interest on savings and temporary cash investments		1,271	14		0
96 Dividends and interest from securities		39	14		0
97 Net rental income or (loss) from real estate:					
a debt-financed property					0
b not debt-financed property					0
98 Net rental income or (loss) from personal property					0
99 Other investment income					0
100 Gain or (loss) from sales of assets other than inventory					0
101 Net income or (loss) from special events					(4,383)
102 Gross profit or (loss) from sales of inventory					0
103 Other revenue. a _____					0
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))		0		0	(3,073)
105 Total (add line 104, columns (B), (D), and (E))					(3,073)

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
101	Loss from annual dinner honoring those who promote liberty

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

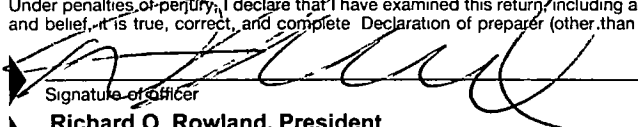
(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No
 - (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No
- Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here

Signature of officer:  Date: 11/14/06

Richard O. Rowland, President
Type or print name and title

Paid Preparer's Use Only

Preparer's signature: _____ Date: _____ Check if self-employed:

Firm's name (or yours if self-employed), address, and ZIP + 4: _____ EIN: _____ Preparer's SSN or PTIN (See Gen. Inst. W): _____
Phone no: () _____

SCHEDULE A
(Form 990 or 990-EZ)

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n),
or 4947(a)(1) Nonexempt Charitable Trust

OMB No 1545-0047

2005

Department of the Treasury
Internal Revenue Service

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization

Employer identification number

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
None				
Total number of other employees paid over \$50,000 ▶				

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions. List each one (whether individuals or firms) If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
None		
Total number of others receiving over \$50,000 for professional services ▶		

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
Bruce Fein (a member of The Lichfield Group) 910 17th St. NW Ste 800, Washington DC, 20006	Legal consultation	16,962
The Lichfield Group 910 17th St. NW Ste 800, Washington DC, 20006	Legal consultation	64,169
Total number of other contractors receiving over \$50,000 for other services ▶ 0		

Part III Statements About Activities (See page 2 of the instructions.)

	Yes	No
1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)		X
Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a Sale, exchange, or leasing of property?	✓	
b Lending of money or other extension of credit?		✓
c Furnishing of goods, services, or facilities?	✓	
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?		✓
e Transfer of any part of its income or assets?		✓
3a Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments.)		✓
b Do you have a section 403(b) annuity plan for your employees?		✓
c During the year, did the organization receive a contribution of qualified real property interest under section 170(h)?		✓
4a Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?		✓
b Do you provide credit counseling, debt management, credit repair, or debt negotiation services?		✓

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)

The organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5 A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 A school. Section 170(b)(1)(A)(ii). (Also complete Part V)
- 7 A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ▶ _____
- 10 An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A)
- 11a An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12 An organization that normally receives: (1) more than 33% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions—subject to certain exceptions, and (2) no more than 33% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13 An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: (1) lines 5 through 12 above; or (2) sections 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). Check the box that describes the type of supporting organization: Type 1 Type 2 Type 3

Provide the following information about the supported organizations. (See page 6 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above

- 14 An organization organized and operated to test for public safety. Section 509(a)(4). (See page 6 of the instructions)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12) *Use cash method of accounting.*

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2003	(c) 2002	(d) 2001	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28).	95,243	70,065	24,410	5,314	195,032
16 Membership fees received	0	0	0	0	0
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	9,974	17,271	6,506	0	33,751
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	0	0	0	0	0
19 Net income from unrelated business activities not included in line 18.	0	0	0	0	0
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf.	0	0	0	0	0
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.	0	0	0	0	0
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets	0	0	0	0	0
23 Total of lines 15 through 22	105,217	87,336	30,916	5,314	228,783
24 Line 23 minus line 17	95,243	70,065	24,410	5,314	195,032
25 Enter 1% of line 23	1,052	873	309	53	

26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24	26a	N/A
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2001 through 2004 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts	26b	
c Total support for section 509(a)(1) test: Enter line 24, column (e)	26c	
d Add. Amounts from column (e) for lines: 18 _____ 19 _____ 22 _____ 26b _____	26d	
e Public support (line 26c minus line 26d total)	26e	
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))	26f	%

27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year:

(2004) 9,357 (2003) 5,114 (2002) 1,079 (2001) 1,167

b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year:

(2004) 39,456 (2003) 23,810 (2002) 6,450 (2001) 0

c Add. Amounts from column (e) for lines: 15 195,032 16 0 17 33,751 20 0 21 0	27c	228,783
d Add: Line 27a total, 16,717 and line 27b total, 69,716	27d	86,433
e Public support (line 27c total minus line 27d total)	27e	140,259
f Total support for section 509(a)(2) test: Enter amount from line 23, column (e)	27f	228,783
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))	27g	61.31 %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))	27h	0.00 %

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2001 through 2004, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

M4

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions.)
 (To be completed **ONLY** by an eligible organization that filed Form 5768)

Check **a** if the organization belongs to an affiliated group. Check **b** if you checked "a" and "limited control" provisions apply.

Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term "expenditures" means amounts paid or incurred)			
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38	Total lobbying expenditures (add lines 36 and 37)	38	
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39)	40	
41	Lobbying nontaxable amount. Enter the amount from the following table— If the amount on line 40 is— The lobbying nontaxable amount is— Not over \$500,000 20% of the amount on line 40 Over \$500,000 but not over \$1,000,000 \$100,000 plus 15% of the excess over \$500,000 Over \$1,000,000 but not over \$1,500,000 \$175,000 plus 10% of the excess over \$1,000,000 Over \$1,500,000 but not over \$17,000,000. \$225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000. \$1,000,000	41	
42	Grassroots nontaxable amount (enter 25% of line 41).	42	
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36.	43	
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38.	44	

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.
 See the instructions for lines 45 through 50 on page 11 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
45	Lobbying nontaxable amount				
46	Lobbying ceiling amount (150% of line 45(e))				
47	Total lobbying expenditures				
48	Grassroots nontaxable amount				
49	Grassroots ceiling amount (150% of line 48(e))				
50	Grassroots lobbying expenditures				

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
a Volunteers	✓		
b Paid staff or management (Include compensation in expenses reported on lines c through h.)	✓		
c Media advertisements	✓		0
d Mailings to members, legislators, or the public	✓		0
e Publications, or published or broadcast statements	✓		0
f Grants to other organizations for lobbying purposes	✓		0
g Direct contact with legislators, their staffs, government officials, or a legislative body.	✓		0
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means	✓		0
i Total lobbying expenditures (Add lines c through h.)			0

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 12 of the instructions.)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting organization to a noncharitable exempt organization of:

(i) Cash

(ii) Other assets

b Other transactions:

(i) Sales or exchanges of assets with a noncharitable exempt organization

(ii) Purchases of assets from a noncharitable exempt organization

(iii) Rental of facilities, equipment, or other assets

(iv) Reimbursement arrangements

(v) Loans or loan guarantees

(vi) Performance of services or membership or fundraising solicitations

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received:

	Yes	No
51a(i)		✓
a(ii)		✓
b(i)		✓
b(ii)		✓
b(iii)		✓
b(iv)		✓
b(v)		✓
b(vi)		✓
c		✓

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
N/A			

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? Yes No

b If "Yes," complete the following schedule:

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

**Grassroot Institute of Hawaii
2005 Form 990, Part I, Line 9**

Special Events	Gross Receipts	Contributions	Gross Revenue	Direct Expenses	Net Income/(Loss)
Annual Awards Dinner	\$7,975	\$0	\$7,975	\$12,358	(\$4,383)

Grassroot Institute of Hawaii

2005 IRS Form 990 Part IIIe - Other Program Services

Description	Expenses
e1 Military Charter School project. Research, public education and first steps toward establishing the first military charter school in the United States. Meetings started in late 2005. Work started on Web site. \$0 in grants made	\$5,782
e2 Seven Principles. Copies of Seven Principles of Sound Public Policy framed and delivered to all state legislators, approximately 100. \$0 in grants made	\$4,254
e3 Small Business Outreach. Coalition-building efforts among small business owners in Hawaii. Approximately 1,000 met at monthly and annual Small Business Hawaii meetings. \$2,000 in grants made	\$3,740
e4 Ocean Cage Program. Study printed and distributed for program completed in 2004. \$0 in grants made	\$379
Subtotal	\$14,155

Grassroot Institute of Hawaii
2005 IRS Form 990 - Schedule A, Part III, Line 2

Line	Description
2a	The organization leased office facilities from a director.
2c	The organization received services provided by businesses owned by directors.

- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** and check this box **Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.
- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1).

Part II Additional (not automatic) 3-Month Extension of Time—Must File Original and One Copy.

Type or print File by the extended due date for filing the return. See instructions.	Name of Exempt Organization The Grassroot Institute of Hawaii, Inc.	Employer identification number 99 0354937
	Number, street, and room or suite no. If a P.O. box, see instructions 1314 South King Street #1163	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. Honolulu, HI 96814	

Check type of return to be filed (File a separate application for each return):

- Form 990
- Form 990-BL
- Form 990-EZ
- Form 990-PF
- Form 990-T (sec. 401(a) or 408(a) trust)
- Form 990-T (trust other than above)
- Form 1041-A
- Form 4720
- Form 5227
- Form 6069
- Form 8870

STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of **The Grassroot Institute of Hawaii, Inc.**
Telephone No. **(808) 591-9193** FAX No. **(808) 356-1690**
- If the organization does **not** have an office or place of business in the United States, check this box
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the **whole group**, check this box . If it is for **part** of the group, check this box and attach a list with the names and EINs of all members the extension is for.

- 4 I request an additional 3-month extension of time until **November 15**, 20 **06**.
- 5 For calendar year **2005**, or other tax year beginning _____, 20____, and ending _____, 20____.
- 6 If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period
- 7 State in detail why you need the extension **Key volunteer who was working on return moved to another state and is unable to continue. Have not been able to get her notes or speak with her. Another individual has started work on the return, but is unable to complete it by August 15, 2006.**
- 8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ _____
- b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ _____
- c **Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. \$ _____

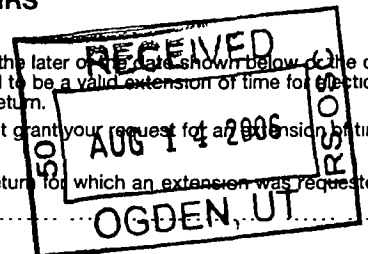
Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete and that I am authorized to prepare this form

Signature  Title **President** Date **8/11/06**

Notice to Applicant—To Be Completed by the IRS

- We have approved this application. Please attach this form to the organization's return.
- We have not approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return.
- We have not approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.
- We cannot consider this application because it was filed after the extended due date of the return for which an extension was requested.
- Other _____



Director _____ By: _____ Date _____

Alternate Mailing Address — Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above

Type or print	Name
	Number and street (include suite, room, or apt. no.) or a P.O. box number ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED
	City or town, province or state, and country (including postal or ZIP code) AG 842006