



# **How It Really Works: A Plain-Language Guide to NHOs and the 8(a) Program**

*No Experience Required: How Native Hawaiian Communities Build Economic Independence*

**Written specifically for underserved Native Hawaiian communities  
in the State of Hawaii**

**Version 1.0**

## **Legal Note**

*This guide is for educational purposes and does not constitute legal advice. The process of forming a nonprofit and applying for 8(a) certification involves legal and regulatory requirements. We strongly encourage you to work with a qualified attorney, particularly one familiar with Native Hawaiian and federal small business law.*

**The views expressed in this guide are solely my own and do not represent the views of any other individual in Malama Ka'u Foundation or the Ka'u community.**

## Why I Wrote This Guide

I grew up in Ka'ū.

Not visiting. Not passing through. Growing up — the kind where you know every back road, every uncle's truck parked outside the store on a Saturday morning, every stretch of coastline that doesn't show up on any tourist map.

Ka'ū raised me. And like a lot of people who grew up there, I eventually had to leave to find work. Not because I wanted to. Because the options just weren't there. After the sugar cane industry collapsed in the late 1990s, the jobs went with it. What stayed was the land, the people, and the weight of watching a community that had survived centuries of hardship get left behind — again.

I've carried that with me. It shaped everything I've done since.

I'm not a politician. I'm not a lawyer or accountant. I'm not a developer looking for an angle. **I'm a local who grew up in Ka'ū, graduated Ka'u High School (Class of 1988) and spent years in the US Navy and Department of Defense (DoD) learning how money, federal government contracting, and opportunity actually work** — and then asked a simple question:

***If folks on the mainland figured out how to leverage NHO's \$100 million sole source (DoD) contracting benefits ... why haven't we?"***

The answer isn't that us locals can't. It's that nobody explained how. And I know that firsthand — because I lived it.

I retired as a Navy Captain (O-6) after serving 28 years on active duty. Earned the highest government contracting certifications offered by Defense Acquisition University (DAU) — the same institution that trains all Department of Defense's (DoD) top acquisition professionals. Led the largest Navy research and development laboratory (Naval Information Warfare Center PACIFIC) on the West Coast, responsible for hundreds of multi-million-dollar DoD and Federal Agency' contracts. And spent a career inside the federal government procurement system, learning its language, its rules, and its rhythms from the inside.

But when I retired — and tried to learn about the NHO program and what it could do for my hometown of Ka'u — **I ran into a brick wall.**

No guides written for regular people. No NHO mentors who had done it and were willing to share. No roadmaps. No community organizations walking Native Hawaiians — from underserved communities — through the process. I searched. I asked. I dug through federal regulations and SBA documents and legal filings.

**For someone with my background — someone formally trained in exactly this kind of government program — it was a frustrating, isolating experience.**

The NHOs participating in the Small Business Administration's (SBA) 8(a) business development program felt like a hidden secret — one that a small number of folks had figured out and quietly kept

to themselves? Not on purpose...I hope. But the effect was the same: a tool that Congress specifically created to benefit – **you and your families** – was, in practice, accessible only to the few who already knew where to look.

### **That is not pono.**

Pono means doing what is right — not just for yourself, but for the whole. Hoarding knowledge and access to a program that was built for our people is not pono. Letting underserved Native Hawaiian communities like Ka'ū and Wai'anae struggle in the dark while others quietly benefit is not pono.

So I decided that if there was going to be a guide — a real one, written for real people, in language us locals could understand — I was going to write it.

This “living” guide exists for one reason: to give the people of Ka'ū, Wai'anae, and all underserved Native Hawaiian communities the same knowledge that well-funded outside organizations have been using for decades. Written in plain language. No fancy college degree required.

**This is not charity. We are not asking anyone to wait in line for a handout. This is a tool — a real tool — that our people can pick up, learn, and use to build businesses, create jobs, and take care of the families and communities they love.**

The platform we built at Mālama Ka'ū Foundation isn't for us. **It's for you.** For the next generation growing up in Ka'ū right now. For families in Wai'anae. For every Native Hawaiian who has ever felt like the system was built for everybody else.

It was. But that doesn't mean you can't learn how it works — and use it.

I wrote this guide (by myself with the help of Claude AI and ChatGPT) for the community that raised me.

I hope it raises you too.

**Me ke aloha pumehana,**



**CAPT Mel Yokoyama, US Navy (retired)**

*NHO Founder and Chairman*

*Mālama Ka'ū Foundation*

*Ka'u, Hawai'i 96777*

## How to Use This Guide

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This guide was written for us locals who have never heard the words "NHO," "SBA," or "8(a) program" before. That's okay. My intent is to provide a basic foundation.

You do not need a business degree. You do not need money. You do not need connections. What you need is a community you care about and a willingness to learn.

### **This guide is organized into six (6) chapters:**

- Chapter 1 — What's the big idea? (Why this matters for your community)**
- Chapter 2 — What is an NHO? (The organization that makes this possible)**
- Chapter 3 — Who is a Native Hawaiian? (Why this Program Exists and Who it Supports)**
- Chapter 4 — What is the 8(a) Program? (How the NHO generates funds)**
- Chapter 5 — How do I start? (Step-by-step, plain language)**
- Chapter 6 — Talk Story: Questions, concerns, and what comes next**

I recommend you read it straight through the first time. Then go back to the parts that apply to you. Share it with your family, your community group, your church.

**There are no secrets here.**

## The Big Picture

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*Why NHOs exists — and who it's for*

### **My Native Hawaiian Community – Ka'u - Is Not Poor. We Are Underfunded.**

Let's be honest about something.

The Ka'u community didn't fall behind because our people weren't smart enough or didn't work hard enough. Ka'u families built the sugar industry with their hands for over a century. We raised generations of workers, veterans, and leaders.

Like Ka'u...Our island communities have never lacked talent or effort.

What we've lacked is access. Access to capital. Access to (lucrative) federal government contracts. Access to the program that was specifically designed to provide this access in order to support our families and the Native Hawaiian communities that we love.

***However, others — including outside investors and mainland-based organizations — have been leveraging our Native Hawaiian contracting benefits for decades to build wealth.***

### **The Old Way: Waiting for Someone Else to Help**

Most people in underserved communities, like Ka'u, are told the same story: apply for grants, wait for government programs, hope a nonprofit shows up with funding.

That model has two big problems:

- It creates dependency — you're always waiting on someone else's decision, timeline, and priorities.
- It doesn't build anything lasting — when the grant runs out or the nonprofit leaves, the community is right back where it started.

That's not a knock-on people who work in nonprofits. It's an observation about a system that was designed to manage poverty, **not end it.**

### **A Different Way: Ownership**

What if your community owned the business? What if the contracts your local businesses won went toward paying for your keiki's after-school programs, your kūpuna's care, your community's needs?

That's not a fantasy. That's exactly what the federal government set up the NHO program to do — and Native Hawaiian communities are specifically eligible for it.

## The Simple Version of What This Guide Is About:

1. Your community forms a nonprofit organization (called an NHO).
2. That NHO creates (or acquires) 8(a) small business subsidiaries.
3. Those 8(a) small businesses compete for federal government contracts.
4. The profits generated by the 8(a) small businesses comes back to the NHO — and goes to the community.
5. No donations required. No outside saviors. Just your people, working for your people.

**This is what Mālama Ka'ū Foundation built.**

And this guide is going to show you how to build it too.

## What Is an NHO?

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*The organization that holds the power*

### NHO Stands for “Native Hawaiian Organization”

An NHO is a specific type of nonprofit organization that Congress recognized in 1988. The law says that certain rights and program access are available to organizations that:

- Serve Native Hawaiian people
- Are controlled by Native Hawaiians
- Use their money and activities to principally benefit Native Hawaiians

That's it. You don't need a million dollars or a fancy office. You need a real organization, **built by and for Native Hawaiians**, with a clear mission to benefit our people.

### Why Does It Matter That It's an Organization — Not an Individual?

This is one of the most important things to understand.

If a single person starts an 8(a) small business (we'll explain that in the next chapter), they get ONE shot — one business, for nine years in the 8(a) program, and then they're done. The benefits stop with them. Most important...**an individually-owned 8(a) company benefits only that single individual.** Not a community. No requirement to benefit anyone else, except him or herself. Period.

An **NHO is different.** An NHO is a “Community Service Organization” that can:

- Sponsor multiple 8(a) small businesses at the same time
- Keep sponsoring new 8(a) businesses over time — NHO never “uses up” its 8(a) eligibility
- Direct all profits back to the community
- Build something that outlasts any one individual

#### Think of it this way:

**An individual-owned business is like a single fisherman with a single fishing pole.  
An NHO is like a community-owned fishing boat with a whole crew.  
The boat can go out every day. The profit comes back to feed the whole ‘ohana.  
And when one crew member steps back, the boat doesn't disappear.**

### What Does an NHO Look Like?

An NHO is structured like a regular nonprofit — the same kind of organization that runs food banks, churches, and cultural centers. But it's built with one specific purpose: to generate revenue through business activity and return that money to the Native Hawaiian community it serves.

## Recommendation: Maintaining NHO's Trust and Transparency With Our People

Although not required, we deliberately structured the Mālama Ka'ū Foundation as a tax-exempt **501(3) nonprofit** NHO.

**Why?** To ensure transparency and to hold us accountable to all Native Hawaiians.

The only reason all NHO-owned 8(a) companies receive \$100M sole source contracting benefits is to support our Native Hawaiian communities. Period. Full stop.

In order to maintain our NHO's **tax-exempt 501(c)3 nonprofit**, status the Malama Ka'ū Foundation is required – by law - to publicly post our NHO's annual tax returns, including our **NHO board of directors' salaries**.

Nevertheless, all NHOs are:

- A nonprofit, incorporated under Hawaii state law
- Controlled by Native Hawaiians (NHO board of directors governs all decisions)
- Dedicated to serve a Native Hawaiian community and its Native Hawaiian people— their culture, jobs, and future
- The majority owner (at least 51% ownership) of all 8(a) business subsidiaries

## The Key Rules for NHO Status

To be recognized as an NHO for purposes of the 8(a) program, your organization must meet certain requirements set by the federal government. Here's the plain-language version:

	Requirement	Why It Matters
<b>Must be a nonprofit registered in the State of Hawaii</b>	File as a “Community Service Organization” under Hawaii state and federal law	Ensures money goes to the Native Hawaiian community, and not to outside investors, etc.
<b>Controlled by Native Hawaiians</b>	Majority of NHO board of directors <u>must</u> be Native Hawaiian	Keeps the organization in community hands
<b>Mission benefits Native Hawaiians</b>	Your activities and revenue must principally benefit Native Hawaiian people	Required by law — this is the whole point
<b>Economically disadvantaged</b>	Nonprofit must demonstrate its support to the Native Hawaiian people	Establishes eligibility for the 8(a) program

Once your NHO is registered with the State of Hawaii and recognized by the SBA, you don't have to re-prove these things every time you add a new 8(a) business. You prove it once, and the NHO carries that status forward for all future subsidiaries.

## Who Is Native Hawaiian?

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*History, identity, and the legal definitions that determine NHO eligibility*

Before we talk 8(a) contracts, funding and federal programs, we need to talk about the people this program is designed to support. You. Us. **Native Hawaiians.**

And, most importantly, **why?**

This chapter tells that story. Not just because it matters for your spirit, but because it matters for the law.

*The NHO program exists because of a specific, documented history of injustice to the indigenous people of Hawaii.*

To use these tools, you need to understand who they were built for.

### We Were Here First: The Polynesian Voyagers

Roughly 1,500 years ago — long before Europe was mapping the Pacific, long before any Western nation existed in its current form — Polynesian voyagers set out across the vast Pacific ocean in double-hulled canoes. They navigated by stars, wind, ocean swells, and the flight paths of birds. They carried plants, animals, and the knowledge of a civilization that had already mastered one of the most challenging environments on Earth.

Their landfall in Hawai'i is believed to have first touched at Ka Lae — South Point — on the southern tip of the Big Island, in what is now the **Ka'ū district**. Ka Lae is considered one of the oldest continuously inhabited settlements in the Hawaiian Islands. **The very ground that Mālama Ka'ū Foundation calls home is where our people first set foot on these islands.**

Over the centuries that followed, Native Hawaiians built a sophisticated society. They developed the ahupua'a system — a land management structure that ran from mountain to sea, ensuring that every community had access to the resources it needed. They built fishponds, irrigated taro fields, and maintained ecological knowledge that sustained a population estimated at 300,000 to 400,000 people by the time of first Western contact. They had governance, culture, language, religion, and law. They had a civilization.

*Ka Lae, located in the Ka'ū district on the Big Island is not just a place on a map. It is the beginning — the first footprint of a people who had the courage to cross an unknown ocean and the wisdom to build a civilization once they arrived.*

### 1778: The Arrival That Changed Everything

In January 1778, British Captain James Cook became the first recorded Westerner to arrive in the Hawaiian Islands. His arrival marked a dividing line in Hawaiian history that our people have never fully recovered from.

Western ships brought with them something far more destructive than weapons: disease. Native Hawaiians had no immunity to measles, smallpox, influenza, and other illnesses common in Europe.

The results were catastrophic. Estimates vary, but historians believe the Native Hawaiian population collapsed by as much as 80 to 90 percent within a century of Western contact — from as many as 400,000 people to fewer than 40,000 by the mid-1800s. Entire communities were wiped out. Families were destroyed. The knowledge held by those who died — in farming, healing, navigation, language, and governance — was lost with them.

American Protestant missionaries arrived beginning in 1820. Many came with genuine belief that they were helping. But the effect of their presence was the **systematic suppression of Hawaiian culture, spiritual practice, and identity**. The Hawaiian language — ‘Ōlelo Hawai‘i — was banned from schools. Children (like my grandparents, etc) were punished for speaking it. Traditional religious practices were outlawed. The kapu system that had governed Hawaiian society for centuries was dismantled — not only as religion, but as law and social structure.

The Hawaiian Kingdom, established by Kamehameha I in 1810, managed to maintain sovereignty through the early and middle 1800s. It was recognized by major world powers, maintained diplomatic relations, and had its own constitution, legislature, and legal system. But Western economic interests — particularly the sugar industry — were growing, and they demanded land, labor, and control.

## 1893: The Illegal Overthrow of the Hawaiian Kingdom

On January 17, 1893, a small group of American businessmen and sugar planters — backed by U.S. Marines from the USS Boston, which had anchored in Honolulu Harbor — overthrew the legitimate government of the Hawaiian Kingdom and deposed Queen Lili‘uokalani. The Queen surrendered under protest, specifically to avoid bloodshed, and issued a statement making clear that she was yielding not to the insurgents but to the superior force of the United States, trusting that the U.S. government would ultimately do the right thing and restore her authority.

They did not. In 1898, the United States annexed Hawai‘i — without a vote of the Hawaiian people, and over the explicit objection of a petition signed by more than 21,000 Native Hawaiians, representing roughly 90 percent of the Native Hawaiian population at the time. Hawai‘i was not asked. Hawai‘i was taken.

In 1993, the U.S. Congress formally acknowledged this history. Public Law 103-150 — the Apology Resolution — expressed the apology of the United States to Native Hawaiians for the illegal overthrow of the Hawaiian Kingdom. It is one of the most extraordinary admissions in American legislative history: a **formal acknowledgment that the U.S. government participated in the unlawful seizure of a sovereign nation**.

### Public Law 103-150: The U.S. Apology Resolution (1993)

Congress formally acknowledged that the U.S. government “participated in the act of war against the Native Hawaiian people” and that the overthrow “resulted in the suppression of the inherent sovereignty of the Native Hawaiian people.” This is not a matter of debate. It is federal law. It is the moral and historical foundation upon which every program in this guide rests.

Source: [P.L. 103-150, 103rd Congress \(1993\) — congress.gov](#)

## The Deliberate Erasure of Who We Are

Following annexation and the establishment of the Territory of Hawai‘i, the United States and its territorial government undertook a systematic effort to **erase Native Hawaiian identity** — not through violence alone, but through law, education, and economics.

Our native language, ‘Ōlelo Hawai‘i, was banned in schools in 1896 and remained suppressed for most of the 20th century. Generations of Native Hawaiian children grew up unable to speak the

language of their grandparents. Hawaiian names, place names, and cultural practices were replaced with English equivalents. Children who spoke Hawaiian at school were punished. The message delivered, day after day, was that being Hawaiian was something to be ashamed of — or at least hidden.

**The sugar plantation system actively worked to erase Hawaiian identity in the census records.** Mixed-heritage workers were recorded under whatever category suited the plantation’s labor accounting — often listed as Chinese, Portuguese, or simply “other” — so that Native Hawaiian people effectively disappeared from the official record.

This is why Ka’ū’s Native Hawaiian population is almost certainly larger than any census number shows. The erasure was not accidental. It was administrative policy.

The Hawaiian Renaissance of the 1970s began to reverse some of this damage. ‘Ōlelo Hawai’i was restored as an official state language in 1978. Hawaiian language immersion schools — Pūnana Leo — were established in the 1980s. Traditional navigation, hula, and cultural practices were revived.

The work of reclaiming what was taken continues today. It is not finished. But it is alive.

## Who Qualifies: The Legal Definitions

The term “Native Hawaiian” has **different legal meanings depending on which program or law you are looking at.** The two definitions most relevant to this guide are the SBA’s definition (which governs 8(a) program eligibility) and the Department of Hawaiian Home Lands definition (which governs homestead eligibility under the Hawaiian Homes Commission Act). Understanding both is important.

### Definition #1: SBA / 8(a) Program

**Authority:** 13 C.F.R. § 124.3 [ecfr.gov § 124.3](https://www.ecfr.gov/13-cfr-124.3)

**Official Legal Text:**

*“Native Hawaiian (**Capital “N”**) means any individual whose ancestors were natives, prior to 1778, of the area which now comprises the State of Hawaii.”*

**What This Means in Plain Language:**

If any of your ancestors were Hawaiian — meaning they were living in the Hawaiian Islands before Captain Cook arrived in 1778 — then you qualify as Native Hawaiian under the SBA’s definition. There is no blood quantum requirement. There is no minimum percentage. One ancestor. That’s it. This is an inclusive definition that recognizes the reality of Hawaiian history: generations of intermarriage do not erase who you are.

***This definition governs eligibility for the NHO structure, and the 8(a) Business Development Program described throughout this guide.***

### Definition #2: DHHL / Hawaiian Homes Commission Act

**Authority:** Hawaiian Homes Commission Act of 1920, § 201(a)(7) [dhhl.hawaii.gov](https://www.dhhl.hawaii.gov)

**Official Legal Text:**

*“native Hawaiian (**Lower-case “n”**) means any descendant of not less than one-half part of the blood of the races inhabiting the Hawaiian Islands previous to 1778.”*

**What This Means in Plain Language:**

The DHHL definition requires that at least 50% of your ancestry — half your blood, as it was written in 1920 — trace to Native Hawaiians living before 1778. It is a more limiting definition

and has been criticized by many Native Hawaiian advocates as a colonial imposition that cuts off thousands of people from their heritage and their land rights.

*This definition governs eligibility for Hawaiian Homelands leases under DHHL. **It does NOT apply to the NHO or 8(a) program** — for those purposes, the broader SBA definition controls.*

## Why Both Definitions Matter

The two definitions exist side by side in Hawaiian law and life. You may qualify under the SBA definition — and therefore be eligible to participate in the NHO structure and 8(a) program — but not meet the 50% blood quantum requirement for a Hawaiian homestead lease. You may qualify for both. Or, if your family’s heritage was mis-recorded during the plantation era, you may struggle to document either.

The burden of proving your own identity — in a system that spent a century trying to erase that identity — is one of the cruelest legacies of colonialism. This guide cannot resolve that injustice. But it can name it clearly, so that no one reads these pages thinking the problem is their fault.

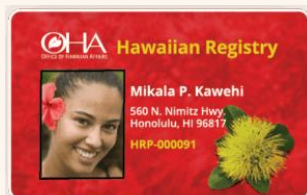
### Bottom Line: What “Native Hawaiian” Definition to Use

**What matters, for purposes of building an NHO and using the tools in this guide, is the SBA definition: any ancestor who was native to Hawai‘i before 1778. If that is your family’s story — in whole or in part — the NHO program was built for you.**

### Recommendation: Maintaining NHO’s Trust and Transparency With Our People

Although not required, we recommend each Native Hawaiian member on the NHO’ board register with the Office of Hawaiian Affairs’ (OHA) Hawaiian Registry Program

OHA’s Hawaiian Registry Program (HRP) handles Native Hawaiian ancestry verification. Once an individual’s Hawaiian ancestry is verified, OHA will issue a Hawaiian Registry card. HRP strives to verify Hawaiian ancestry through biological parentage regardless of blood quantum.



<https://www.oha.org/resources/hawaiian-registry/>

**Why? To ensure transparency and to hold us accountable to all Native Hawaiians.**

**The only reason all NHO-owned 8(a) companies receive \$100M sole source contracting benefits is to support the Native Hawaiian period. Period. Full stop.**



## What Is the 8(a) Program?

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*The federal tool that generates revenue*

### The Federal Government Buys a Lot of Things

Every year, the federal government spends hundreds of billions of dollars buying goods and services from private businesses. We're talking about everything from IT support and cybersecurity to construction and maintenance, to healthcare services, janitorial services and environmental work.

Most people don't realize this, but the government is the single largest customer in the United States. And it has a rule: a percentage of those contracts must go to small businesses owned by disadvantaged communities.

*"The federal government is the biggest customer in America. The 8(a) program is your invitation to the table."*

### The 8(a) Program in Plain Language

The 8(a) Business Development Program is run by the U.S. Small Business Administration (SBA). It was created to help small businesses owned by socially and economically disadvantaged people get access to federal contracts.

**Native Hawaiian Organizations — because of who we are and the history our people have lived — qualify.**

#### What the 8(a) Program Does For You:

- ✓ Lets your business compete for government contracts set aside just for 8(a) firms
- ✓ Allows contracts to be awarded directly to your business — without competing
- ✓ Provides access to business development training and SBA support
- ✓ Opens doors to long-term contract relationships with federal agencies

### What Makes NHO-Owned Businesses Different?

When an NHO has majority ownership (at least 51%) of an 8(a) small business, the rules are more powerful than for individually-owned 8(a) small businesses. Here's the comparison:

	Individually-Owned 8(s) Business	NHO-Owned 8(a) Business
How many businesses?	One per person.	Multiple — no limit across different industries
Sole-Source Contract ceiling (no-bid)	Up to \$4.5 million	Up to \$4.5 million (civilian) / \$100 million (military)
What happens to profit?	Goes to the individual owner	Goes back to the NHO and the Native Hawaiian community
Does it expire?	Yes — 9 years, then done	NHO keeps going, sponsors new 8(a) businesses

No-bid contracts are exactly what they sound like: the government awards a contract directly to your business **without requiring you to compete** against other companies.

For NHO-owned businesses, that can mean Federal Agency (civilian) contracts up to \$4.5 million — or **\$100 million with the Department of Defense.**

That's not a typo.

## What Kinds of Work Can an 8(a) Business Do?

The 8(a) program covers an enormous range of industries. Here are examples of the kinds of work federal agencies regularly contract out:

- Information technology and cybersecurity
- Construction, maintenance, and facility services
- Healthcare staffing and services
- Environmental monitoring and remediation
- Logistics, transportation, and supply chain
- Administrative and professional services
- Agriculture and land management
- Training and education programs

Your community doesn't have to pick just one. The NHO structure allows you to build separate businesses in different industries — each one its own 8(a) participant, each one generating revenue — **with profits that comes back to your people and the community that you're supporting.**

## How Do You Start?

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*Step by step — in plain language*

This is not something you do overnight. Building an NHO and an 8(a) business takes time, paperwork, and patience. But it's not complicated. Here is the honest, step-by-step process.

### Gather Your Community

1

Before any paperwork, you need people. An NHO is a community organization — it needs real roots.

Who should be involved: Native Hawaiians who live in or have strong ties to the community you're serving.

What you need: At minimum, a founding board of 3–5 people, **majority being Native Hawaiian**, who are committed, trustworthy, and representative of the community.

Questions to answer together: What community are we serving? What does our community need most? Are we willing to be publicly accountable for how this money is spent?

### Define Your Mission

2

Your NHO must have a clear, written mission — and it must be about benefiting Native Hawaiians.

Keep it real and specific. Not just 'helping Native Hawaiians' but: “building economic opportunity for Native Hawaiians in Ka‘ū, or supporting cultural preservation and workforce development for Native Hawaiian youth in Wai‘anae.”

This mission will appear in your legal documents and is reviewed by the SBA. It needs to mean something.

### Incorporate as a Nonprofit in Hawaii

3

File articles of incorporation with the Hawaii Department of Commerce and Consumer Affairs.

**Cost:** Typically under \$100 in state fees.  
**You'll need:** Your organization's name, mission statement, registered agent, and initial board of directors.

Get legal help for this step — many law schools and nonprofit legal aid organizations offer free or low-cost assistance.

#### **Apply for Federal 501(c)(3) Status (Optional, but Recommended)**

File Form 1023 (or the shorter Form 1023-EZ for smaller organizations) with the IRS.

**4**

This makes your organization a federally recognized nonprofit — donations become tax-deductible and you become eligible for many programs.

**Processing time:** Typically 3–6 months. Start this early.

**Important:** Your bylaws and operating documents must clearly state that the NHO's activities and revenue will principally benefit Native Hawaiians.

#### **Establish Your NHO's Governance**

Write bylaws that clearly define how your board makes decisions, how members are selected, and how money is managed.

**5**

The SBA will review your governance documents. They need to show that Native Hawaiians control the organization — not outside interests.

**Set up basic financial systems:** a bank account, a bookkeeper or accountant, and a system for tracking income and expenses.

#### **Form Your First 8(a) Business Subsidiary**

Create a separate legal entity (usually an LLC or corporation) that your NHO will own.

**6**

This is the business that will actually bid on and perform federal contracts.

The NHO must own at least 51% of this subsidiary — typically 100%.

**Decide what industry this first business will serve.** Pick something your team has real skills and experience in.

## Apply for 8(a) Certification Through the SBA

Submit your application through the SBA's MySBA Certifications portal ([certify.sba.gov](https://certify.sba.gov)).

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You'll need: NHO incorporation documents, 501(c)(3) determination letter, business financials, organizational chart showing the NHO-to-subsiidiary relationship, evidence that your NHO benefits Native Hawaiians.

The SBA will review your application and may request additional information. Respond promptly and completely.

Processing time: **Typically 180 days, sometimes longer**. Be patient and stay organized.

## Start Bidding on Contracts

Once certified, register in SAM.gov (System for Award Management) — this is the federal government's contractor database. It's free.

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Research opportunities on [beta.SAM.gov](https://beta.SAM.gov) and [USASpending.gov](https://USASpending.gov) to find contracts in your industry.

Connect with your local SBA district office — they can help match you with contracting officers.

Your first contract may be small. That's fine. Build your track record, grow your capacity, and expand from there.

## Timeline: What to Expect

Months 1–3: Community organizing, mission definition, legal incorporation

Months 3–9: IRS 501(c)(3) application processing (optional)

Months 6–12: SBA 8(a) application submission and review

Month 12+: First contract opportunities begin

**This is a marathon, not a sprint.** Every month you invest in this is a month toward something your community will own and benefit from for generations.

## Talk Story – What's the Real Scoop?

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*Honest answers to real questions*

### "I'm not a business person. Can I really do this?"

Yes. But you don't have to do it alone, and you don't have to know everything on day one.

The NHO structure specifically allows you to hire professional managers, accountants, and contract specialists. The Native Hawaiian Organization (NHO) controls the board and the mission. The NHO's **day-to-day operations** can be run by people with the technical skills — they don't have to be Native Hawaiian.

What you bring — community trust, cultural knowledge, roots — is what no outsider or non-Native can buy. That's the foundation.

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### "Sounds like it could get corrupt. How do we keep people honest?"

This is the right question to ask. And the answer is structure.

- The SBA conducts annual reviews of your 8(a) business to ensure compliance.
- Your board of directors has a legal fiduciary duty — that means they are personally responsible for making decisions in the organization's best interest.

Build strong governance from the beginning. Multiple signatures required for large expenditures. Independent financial reviews. Community reporting. These aren't just good ideas — they're protection for everyone involved.

Optional (but highly recommended): Structure your NHO as a tax-exempt 501(c)3 nonprofit. Why? NHO must file public financial disclosures every year (IRS Form 990). Anyone can look up how your NHO's money is spent, including the NHO's board of directors' salaries.

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### "What if we fail?"

Failing to win a contract isn't failure — it's learning. Every bid teaches you something. Every agency relationship you build opens the next door.

What matters is that you don't give up and you don't cut corners. The 8(a) program has real rules. Follow them. Build your reputation for delivering quality work on time. That reputation is your most valuable asset.

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## "Is this just for Ka'ū?"

No. Any Native Hawaiian community can build an NHO. Wai'anae. Nānākuli. Hana. Moloka'i. Anywhere there is a genuine Native Hawaiian community with people willing to organize around a shared mission.

*Mālama Ka'ū Foundation's pledge includes mentoring the next generation of Native Hawaiian-led organizations. If you are serious about building this in your island community, reach out to us. We will help.*

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## "What does Mālama Ka'ū Foundation get out of helping other communities do this?"

A stronger Native Hawaiian people.

Every NHO that succeeds is another community that doesn't have to depend on outside charity. Every dollar that stays in a Native Hawaiian community is a dollar that builds toward the future our kūpuna always deserved.

***This is not competition.*** *There are enough federal contracts for many, many Native Hawaiian-owned businesses. The goal is that eventually, our island communities are known as economic contributors, employers, and leaders — not recipients of charity.*

# What Comes Next

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You've made it through this guide. That already puts you ahead of most people — because most people never even know these tools exist.

Now comes the part that matters: doing something with what you've learned.

Here are three things you can do right now:

1. **Share this guide.** Pass it to someone in your community who has always wanted to do something but didn't know where to start.
2. **Start a conversation.** Call a family meeting. Meet with your community group. Ask: who are we, what do we need, and are we ready to build something together?
3. **Contact us.** Mālama Ka'ū Foundation is here to help communities that are serious about this. We will not do it for you — but we will walk alongside you.

*"Ka'ū has resisted outside exploitation for centuries. What is new is the sophistication and scale of the external forces it now faces. That is precisely why Mālama Ka'ū Foundation exists."*

— Mel Yokoyama, NHO Chairman

The tools are real. The opportunity is real. The community is real.

**All that's missing is you.**

**Imua!**

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## Point of Contact

**Mālama Ka'ū Foundation**

<https://malamakau.org/>

[info@malamaku.org](mailto:info@malamaku.org)

### Legal Note

*This guide is for educational purposes and does not constitute legal advice. The process of forming a nonprofit and applying for 8(a) certification involves legal and regulatory requirements. We strongly encourage you to work with a qualified attorney, particularly one familiar with Native Hawaiian and federal small business law.*

APPENDIX

# Acronyms, Definitions & Authoritative References

This appendix lists every key term, acronym, and program referenced in this guide. Each entry includes a plain-language definition and a link to the authoritative federal regulation or official source. All CFR citations reference Title 13, Code of Federal Regulations, as administered by the U.S. Small Business Administration (SBA).

Acronym / Term	Plain-Language Definition	Authority & Reference
<p><b>NHO</b> <i>Native Hawaiian Organization</i></p>	<p>A nonprofit community service organization that serves Native Hawaiians, is controlled by Native Hawaiians, and whose activities and revenue principally benefit Native Hawaiians. NHOs receive special status under federal law that allows them to own multiple 8(a) small businesses concurrently — unlike individual-owned firms, which are limited to one. NHOs channel contract revenue back to the community rather than to private shareholders. This structure was established by Congress in 1988 (P.L. 100-656).</p>	<p><b>Definition &amp; Eligibility:</b> <a href="#">13 C.F.R. § 124.3</a> <b>NHO 8(a) Rules:</b> <a href="#">13 C.F.R. § 124.110</a></p>
<p><b>8(a) Subsidiary</b> <i>NHO-Owned Business Entity</i></p>	<p>A separate legal business (typically an LLC or corporation) that is majority-owned by the NHO. The subsidiary is the entity that applies for 8(a) certification, bids on federal contracts, and performs the work. The NHO must own at least 51% and control the subsidiary’s board. Profits flow from the subsidiary up to the NHO, and then back to the community. Each subsidiary operates independently for size-standard purposes under 13 C.F.R. § 124.110(b).</p>	<p><b>Ownership &amp; Control Requirements:</b> <a href="#">13 C.F.R. § 124.110(b)–(d)</a> <b>Program Stage Requirements:</b> <a href="#">13 C.F.R. § 124.112</a></p>
<p><b>Native Hawaiian</b> <b>SBA / 8(a) Program Definition</b></p>	<p><i>“Native Hawaiian means any individual whose ancestors were natives, prior to 1778, of the area which now comprises the State of Hawaii.”</i> No minimum blood quantum required. Any ancestor who lived in Hawai’i before 1778 qualifies you under this definition. This is the standard that governs NHO eligibility and the 8(a) program.</p>	<p><b>Official Definition:</b> <a href="#">13 C.F.R. § 124.3</a> <b>NHO Eligibility:</b> <a href="#">13 C.F.R. § 124.110(a)</a></p>
<p><b>Native Hawaiian</b> <i>DHHL / Hawaiian Homes Commission Act Definition</i></p>	<p><i>“Native Hawaiian means any descendant of not less than one-half part of the blood of the races inhabiting the Hawaiian Islands previous to 1778.”</i> Requires 50% or more Native Hawaiian ancestry (blood quantum). Governs eligibility for Hawaiian Home Lands leases under DHHL. Established by the Hawaiian Homes Commission Act of 1920 (42 Stat. 108). This stricter standard does NOT apply to NHO or 8(a) eligibility.</p>	<p><b>Governing Statute:</b> Hawaiian Homes Commission Act, § 201(a)(7) (1920) <b>DHHL Program Info:</b> <a href="http://dhhl.hawaii.gov">dhhl.hawaii.gov</a></p>
<p><b>C.F.R.</b> <i>Code of Federal Regulations</i></p>	<p>The official written record of all permanent rules and regulations published by U.S. federal agencies. When this guide says “13 C.F.R. § 124.110,” that means: Title 13 (Business Credit and Assistance), Part 124, Section 110. The CFR is the law — it is what the SBA and courts refer to when deciding whether an organization qualifies for the 8(a) program.</p>	<p><b>Full eCFR (searchable):</b> <a href="http://ecfr.gov">ecfr.gov</a> — <a href="#">Title 13, Part 124</a></p>

Acronym / Term	Plain-Language Definition	Authority & Reference
<b>Sole-Source Contract</b>	<p>A federal contract awarded directly to one specific business without requiring a competitive bid process. For NHO-owned 8(a) firms, sole-source contracts are available up to \$25 million from civilian federal agencies and up to \$100 million from the Department of Defense — far above the \$4.5 million ceiling that applies to individually-owned 8(a) firms.</p>	<p><b>Dollar Thresholds:</b>  <a href="#">13 C.F.R. § 124.506</a>  <b>FAR Sole-Source Rules:</b>  <a href="#">FAR 19.808-1</a></p>
<b>501(c)(3)</b> <i>Tax-Exempt Nonprofit Status</i>	<p>The IRS tax classification for nonprofit organizations. A 501(c)(3) organization pays no federal income tax on revenue related to its charitable mission, and donations to it may be tax-deductible for donors. To form an NHO, you must obtain this status. You apply by filing IRS Form 1023 (or the shorter Form 1023-EZ). The IRS reviews whether your organization’s mission and governance qualify as charitable under federal law.</p>	<p><b>IRS Form 1023:</b>  <a href="https://irs.gov/forms-pubs/about-form-1023">irs.gov/forms-pubs/about-form-1023</a></p>
<b>FAR</b> <i>Federal Acquisition Regulation</i>	<p>The rulebook that all federal government agencies must follow when buying goods and services. It sets the procedures for how contracts are awarded, what qualifies as a sole-source award, and what rights small businesses have in the contracting process. FAR Part 19 specifically covers small business programs including the 8(a) program.</p>	<p><b>FAR Part 19 (8a Subpart):</b>  <a href="#">FAR Subpart 19.8</a></p>
<b>SAM.gov</b> <i>System for Award Management</i>	<p>The federal government’s official database of registered contractors. Before your 8(a)-certified business can receive a federal contract, it must be registered in SAM.gov. Registration is free and must be renewed annually. You will use SAM.gov to keep your business’s information current and to search for contract opportunities.</p>	<p><b>Register (free):</b>  <a href="https://sam.gov">sam.gov</a></p>
<b>NAICS Code</b> <i>North American Industry Classification System</i>	<p>A six-digit number that identifies what industry a business operates in. Every federal contract is assigned a NAICS code. NHO-owned 8(a) firms can operate across different NAICS codes — meaning your NHO can own one construction company, one IT company, and one healthcare company simultaneously — as long as no two subsidiaries share the same primary six-digit code.</p>	<p><b>NHO NAICS Restrictions:</b>  <a href="#">13 C.F.R. § 124.110(f)</a>  <b>Size Standards:</b>  <a href="#">13 C.F.R. Part 121</a></p>
<b>Pono</b> <i>‘Ōlelo Hawai‘i (Hawaiian Value)</i>	<p>Righteousness, balance, and moral correctness. To act pono is to act in a way that is right and just — for yourself, your ‘ohana, your community, and the land. In the context of this guide, pono means that knowledge about tools created for Native Hawaiian people should be freely shared with Native Hawaiian people — not hoarded by those who want to limit competition.</p>	<p><i>Hawaiian cultural foundation of this guide. No federal citation — this one belongs to the people.</i></p>

Acronym / Term	Plain-Language Definition	Authority & Reference
<p><b>DoD</b> <i>U.S. Department of Defense</i></p>	<p>The largest single contracting agency in the federal government. NHO-owned 8(a) firms are eligible for sole-source contracts from DoD up to \$100 million without competitive bidding — a threshold established by Congress in 2005 (P.L. 109-148, §8020). DoD contracts cover a wide range of needs including logistics, cybersecurity, construction, and professional services, many of which align with workforce skills present in Native Hawaiian communities.</p>	<p><b>NHO DoD Sole-Source Authority:</b>  <a href="#">FAR 19.808-1</a>  <a href="#">13 C.F.R. § 124.506</a></p>

**All CFR citations are accessible through the Electronic Code of Federal Regulations (eCFR) at [ecfr.gov](http://ecfr.gov).** The eCFR is updated continuously and reflects current regulatory text. All links were verified as of the publication date of this guide. Regulations are subject to amendment — always confirm current language at the official source.