



## HAWAII COMMUNITY FOUNDATION

TESTIMONY OF KATHARINE LLOYD  
ON BEHALF OF THE HAWAII COMMUNITY FOUNDATION  
TO THE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE,  
HOUSE OF REPRESENTATIVES

**SUBJECT: TESTIMONY IN SUPPORT OF HB 618 – RELATING TO THE UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACTS**

Dear Representative Herkes and members of the Consumer Protection and Commerce Committee,

On behalf of the Hawai'i Community Foundation, a 501(c)(3) publicly supported charitable organization, I want to express and urge the critical importance to the Hawai'i non-profit community of HB 618 and strongly urge the passage of HB 618 by this Committee and, in turn, by the House of Representatives.

The Hawai'i Community Foundation ~~and its 500 donor advised funds benefit is organized to benefit the people of the State of Hawai'i and~~ has more than 400 endowment funds for various charitable purpose. Like most all charitable organizations in Hawai'i, Hawai'i Community Foundation has been very seriously affected by the downturn in the U.S. economy that began in December 2007. As a result, a majority of the endowment funds we hold are below historic gift value.

For many charitable institutions like the Hawai'i Community Foundation, the existing law prohibits spending below historic gift value which is most problematic during economic downturns when charitable needs are greatest. The new law will:

- Allow nonprofits to spend endowment monies below historic gift value when circumstances warrant it. [The safety net in defining "when circumstances warrant it" is that nonprofits must still spend only what is prudent under the circumstances and must abide by donor intent as set forth in gift documents.]
- Provide guidance for nonprofits in their spending decisions and specifically that costs must be managed prudently in relationship to the assets.
- Provide new procedures for releasing restrictions on small funds that have been held for more 20 years.

Hawai'i Community Foundation urges favorable action by this Committee and the House of Representative.

Katharine P. Lloyd, General Counsel & Vice-President of Operations