



SENATE COMMITTEE ON HIGHER EDUCATION
The Honorable Donna Mercado Kim, Chair
The Honorable Michelle N. Kidani, Vice Chair

**S.C.R. NO.137, REQUESTING THE OFFICE OF THE AUDITOR TO CONDUCT A
PERFORMANCE AUDIT OF THE UNIVERSITY OF HAWAII FOUNDATION**

Hearing: Monday, March 24, 2025, 3:00 p.m.

The Office of the Auditor offers comments on S.C.R. No. 137, which requests the Auditor to conduct a performance audit of the University of Hawai'i Foundation.

Article VII, Section 10 of the Hawaii State Constitution, which established the position of the Auditor, describes the duties of the position: "to conduct post-audits of the transactions, accounts, programs and performance of all *departments, offices and agencies of the State and its political subdivision.*" (Emphasis added.) The Auditor's powers are defined similarly in Chapter 23, Hawai'i Revised Statutes (HRS). *See* Section 23-5, HRS. The Auditor's authority does not extend to conducting audits of private organizations.

According to its website, the University of Hawai'i Foundation is a private, institutionally related corporation designated as a 501(c)(3) organization by the Internal Revenue Service. As a private organization, we do not have the legal ability to conduct the performance audit of the University of Hawai'i Foundation requested by S.C.R. No. 137.



UNIVERSITY of HAWAI'I®
FOUNDATION

**TESTIMONY OF
THE UNIVERSITY OF HAWAI'I FOUNDATION ON
SENATE CONCURRENT RESOLUTION 137**

Hearing Date: March 24, 2025
Committee: Senate Committee on Higher Education
Time: 3:00 pm
Location: Conference Room 229, State Capitol
Testifier: Tim Dolan, Chief Executive Officer

Chair Kim, Vice Chair Kidani and Committee members.

Aloha and thank you for the opportunity to testify on SCR 137. We appreciate the chance to share context about the University of Hawai'i Foundation (UHF or Foundation) as it relates to this resolution.

The UH Foundation is a Hawai'i nonprofit corporation that is recognized by the IRS as a tax-exempt organization under section 501(c)(3). We are a private organization, and thus not a department, office, or agency of the State or its political subdivisions within the meaning of Hawai'i Revised Statutes 23-4. We are separate and distinct from UH.

Our sole purpose is to leverage the generosity of our donor community for the betterment of UH. We are proud to serve as a partner to the University, helping advance its educational mission through the prudent fiscal management of their private support.

We can succeed in that mission only if donors and our partners are confident in our absolute commitment to the responsible stewardship and use of their funds as intended. To ensure that outcome, UHF operates under a robust governance system:

- The UHF Board of Trustees upholds its fiduciary responsibility through strong governance, ensuring that UHF's financial management and services to donors and UH meet the highest standards of excellence. Both the Investment and Audit Committees monitor UHF's financial activities, with the Foundation's treasurer serving as a board member rather than staff, reinforcing independent oversight.
- Per our bylaws, UHF undergoes an annual audit of its books and records by an independent certified public accounting firm at the end of each fiscal year.
- These audited financial statements, along with our nonprofit tax returns, are publicly accessible on our website.
- Additionally, our annual consolidated financials are presented alongside the University of Hawai'i's Annual Financial Report—available at www.hawaii.edu/offices/budget-finance/.
- We also provide regular updates to the UH community. On a quarterly basis, UHF delivers fundraising and operating reports during the UH Board of Regents meetings.

The minutes from these sessions are openly posted on the Board of Regents' website at www.hawaii.edu/offices/bor/archive

On Nov. 1, 2023, the UH Foundation launched *For UH, For Hawai'i* - a \$1 billion multi-year comprehensive fundraising campaign. To date, we have raised \$795 million to support our University of Hawai'i (UH) students and programs. The campaign momentum is strong, and it is indicative of the confidence our donors and partners have in UHF's stewardship.

Now more than ever the private funds we raise are vital for UH as we navigate federal funding cuts and executive orders that threaten some of the world-class programs that drive innovation and opportunity for Hawai'i's residents, and UH students' ability to stay in college.

To sustain the positive fundraising trend, we must stay focused and continue our efforts.

We appreciate and share the Legislature's commitment to accountability and good governance. We are happy to discuss how UHF continues to uphold the highest standards of stewardship and welcome inquiries about our operations while advancing UH's mission.

Thank you again for this opportunity.