



HAWAI'I COMMUNITY FOUNDATION

Conversion of a Private Foundation into Philanthropic Fund Frequently Asked Questions

Listed below are some of the frequently asked questions about converting a private foundation to a component fund at Hawai'i Community Foundation. The answers are general in nature and may not take into account the specific circumstances of your foundation. We would be happy to discuss the conversion with you and your foundation advisor.

QUESTION: What costs are involved in converting my private foundation to component fund with Hawai'i Community Foundation?

ANSWER: There are no set up costs associated with establishing a component fund at the Hawai'i Community Foundation. Generally, a private foundation will incur fees paid to its advisor to file the termination election and to handle any other outstanding issues for the private foundation. There may also be costs associated with the transfer of assets if the assets are other than cash or marketable securities.

QUESTION: Can the fund have the same name as my private foundation?

ANSWER: Yes, a fund can carry the name of the private foundation that established it. For example, the John Smith Foundation could establish the John Smith Foundation Fund. Grants made from the fund may be made in the name of the fund or anonymously.

QUESTION: Can our founder and/or board of directors still have input regarding what grants are made from the fund?

ANSWER: Yes, if your private foundation decides to create a donor advised fund, your foundation may designate who the Fund Advisors will be. The Fund Advisor may recommend both the amount and the recipient for grants made from the fund. Your private foundation may decide to continue its legal existence to advise Hawai'i Community Foundation on disbursements from the fund or the boards may designate individuals who will act as fund advisors. If you decide to create a scholarship fund, your participation in the selection of scholarship recipients is very limited.

QUESTION: Can prior contributors to my private foundation continue to make contributions to our fund?

ANSWER: Yes, contributions can be made to your fund on an ongoing basis and will provide your contributors with greater tax benefits than they could have gotten from contributions to your private foundation.