

# **Hawai'i Community Foundation**

(A Nonprofit Organization)

**Financial Statements**

**December 31, 2010 and 2009**

**Hawai'i Community Foundation**  
**(A Nonprofit Organization)**  
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## Report of Independent Auditor

To the Board of Governors of  
Hawai'i Community Foundation

I have audited the accompanying statements of assets, liabilities and net assets (modified cash basis) of Hawai'i Community Foundation as of December 31, 2010 and 2009, and the related statements of revenues and expenses and changes in net assets (modified cash basis) for the years then ended. These financial statements are the responsibility of Hawai'i Community Foundation's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

As described in Note 1, these financial statements were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Hawai'i Community Foundation as of December 31, 2010 and 2009, and its revenues, expenses and changes in net assets for the years then ended, on the basis of accounting described in Note 1.

My audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 26 and 27 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audits of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, I have also issued my report dated July 12, 2011 on my consideration of the Foundation's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended December 31, 2010. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

*James P. Hesselman, CPA, LLC*

Honolulu, Hawai'i  
July 12, 2011

**Hawai'i Community Foundation**  
**(A Nonprofit Organization)**  
**Statement of Assets, Liabilities and Net Assets (Modified Cash Basis)**  
**December 31, 2010**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Assets</b>				
Investments, at fair value				
Combined investment funds	\$ 248,142,230	\$ 1,510,131	\$ 5,038,868	\$ 254,691,229
Money market mutual funds	46,447,466	1,860,874	-	48,308,340
Common stocks	34,058,843	-	-	34,058,843
U.S. Treasury bonds	17,857,147	-	-	17,857,147
Corporate bonds	24,742,810	-	-	24,742,810
Real estate limited partnerships	9,400,226	-	-	9,400,226
Mutual funds	23,009,632	1,315,411	653,287	24,978,330
Total investments	<u>403,658,354</u>	<u>4,686,416</u>	<u>5,692,155</u>	<u>414,036,925</u>
Amount held by investment manager				
pending investment	4,000,000	-	-	4,000,000
Cash and cash equivalents	2,000,890	-	-	2,000,890
Property, net	530,267	-	-	530,267
Security deposit and other	206,352	-	-	206,352
Total assets	<u>\$ 410,395,863</u>	<u>\$ 4,686,416</u>	<u>\$ 5,692,155</u>	<u>\$ 420,774,434</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Contract funds held for				
Tobacco Fund	\$ 52,767,388	\$ -	\$ -	\$ 52,767,388
Gift annuity liabilities	1,874,444	-	-	1,874,444
Funds held as agency endowments	1,343,363	-	-	1,343,363
Other	7,114	-	-	7,114
Total liabilities	<u>55,992,309</u>	<u>-</u>	<u>-</u>	<u>55,992,309</u>
<b>Net assets</b>				
Unrestricted	354,403,554	-	-	354,403,554
Temporarily restricted	-	4,686,416	-	4,686,416
Permanently restricted	-	-	5,692,155	5,692,155
Total net assets	<u>354,403,554</u>	<u>4,686,416</u>	<u>5,692,155</u>	<u>364,782,125</u>
Total liabilities and net assets	<u>\$ 410,395,863</u>	<u>\$ 4,686,416</u>	<u>\$ 5,692,155</u>	<u>\$ 420,774,434</u>

The accompanying notes are an integral part of the financial statements.

**Hawai'i Community Foundation**  
**(A Nonprofit Organization)**  
**Statement of Assets, Liabilities and Net Assets (Modified Cash Basis)**  
**December 31, 2009**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Assets</b>				
Investments, at fair value				
Combined investment funds	\$ 232,451,796	\$ 270,590	\$ 4,536,715	\$ 237,259,101
Money market mutual funds	61,305,390	1,385,509	-	62,690,899
Common stocks	36,666,416	0	-	36,666,416
U.S. Treasury bonds	17,715,135	-	-	17,715,135
Corporate bonds	4,446,793	0	-	4,446,793
Real estate limited partnerships	9,846,400	-	-	9,846,400
Mutual funds	2,253,849	1,450,908	653,287	4,358,044
Real property held for sale	274,455	-	-	274,455
Total investments	<u>364,960,234</u>	<u>3,107,007</u>	<u>5,190,002</u>	<u>373,257,243</u>
Cash and cash equivalents	1,675,122	-	-	1,675,122
Property, net	506,462	-	-	506,462
Security deposit and other	274,782	-	-	274,782
Total assets	<u>\$ 367,416,600</u>	<u>\$ 3,107,007</u>	<u>\$ 5,190,002</u>	<u>\$ 375,713,609</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Contract funds held for Tobacco				
Fund and other organizations	\$ 50,888,892	\$ -	\$ -	\$ 50,888,892
Gift annuity liabilities	2,096,584	-	-	2,096,584
Funds held as agency endowments	1,211,309	-	-	1,211,309
Other	18,124	-	-	18,124
Total liabilities	<u>54,214,909</u>	<u>-</u>	<u>-</u>	<u>54,214,909</u>
<b>Net assets</b>				
Unrestricted	313,201,691	-	-	313,201,691
Temporarily restricted	-	3,107,007	-	3,107,007
Permanently restricted	-	-	5,190,002	5,190,002
Total net assets	<u>313,201,691</u>	<u>3,107,007</u>	<u>5,190,002</u>	<u>321,498,700</u>
Total liabilities and net assets	<u>\$ 367,416,600</u>	<u>\$ 3,107,007</u>	<u>\$ 5,190,002</u>	<u>\$ 375,713,609</u>

The accompanying notes are an integral part of the financial statements.

**Hawai'i Community Foundation**  
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**Statement of Revenues and Expenses and**  
**Changes in Net Assets (Modified Cash Basis)**  
**Year Ended December 31, 2010**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues</b>				
Contributions available for grant making and programs	\$ 33,170,474	\$ 71,551	\$ -	\$ 33,242,025
Contracts and grants	1,755,103	-	-	1,755,103
Contracts and grants – Tobacco Fund	1,911,748	-	-	1,911,748
Investment return expendable for grant making and operations	14,611,063	342,197	-	14,953,260
Income from perpetual trusts	2,620,220	400,000	-	3,020,220
Service and administrative fees	1,480,547	-	-	1,480,547
Net assets released from restrictions				
Satisfaction of program restrictions	742,906	(742,906)	-	-
Other	95,496	-	-	95,496
Total revenues	<u>56,387,557</u>	<u>70,842</u>	<u>-</u>	<u>56,458,399</u>
<b>Expenses</b>				
Grants and scholarships	19,512,653	-	-	19,512,653
Grants – Tobacco Fund	1,870,312	-	-	1,870,312
Program services	3,586,105	-	-	3,586,105
Finance and administration	2,180,013	-	-	2,180,013
Charitable services and donor relations	1,303,838	-	-	1,303,838
Total expenses	<u>28,452,921</u>	<u>-</u>	<u>-</u>	<u>28,452,921</u>
Increase in net assets from operating activities	27,934,636	70,842	-	28,005,478
<b>Nonoperating activities</b>				
Contributions designated for investment of principal	3,223,470	11,153	502,153	3,736,776
Investment return designated for reinvestment	11,305,638	378,308	-	11,683,946
Transfer to reflect donor restrictions	(1,184,356)	1,184,356	-	-
Change in value of split-interest agreements	(77,525)	(65,250)	-	(142,775)
Total nonoperating activities	<u>13,267,227</u>	<u>1,508,567</u>	<u>502,153</u>	<u>15,277,947</u>
Total change in net assets	41,201,863	1,579,409	502,153	43,283,425
<b>Net assets</b>				
January 1, 2010	313,201,691	3,107,007	5,190,002	321,498,700
December 31, 2010	<u>\$ 354,403,554</u>	<u>\$ 4,686,416</u>	<u>\$ 5,692,155</u>	<u>\$ 364,782,125</u>

The accompanying notes are an integral part of the financial statements.

**Hawai'i Community Foundation**  
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**Statement of Revenues and Expenses and**  
**Changes in Net Assets (Modified Cash Basis)**  
**Year Ended December 31, 2009**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues</b>				
Contributions available for grant making and programs	\$ 26,928,099	\$ 276,000	\$ -	\$ 27,204,099
Contracts and grants	3,766,178	-	-	3,766,178
Contracts and grants – Tobacco Fund	3,033,358	-	-	3,033,358
Investment return expendable for grant making and operations	11,009,270	138,099	-	11,147,369
Income from perpetual trusts	2,983,812	-	-	2,983,812
Service and administrative fees	1,472,904	-	-	1,472,904
Net assets released from restrictions				
Satisfaction of program restrictions	837,215	(837,215)	-	-
Other	78,884	-	-	78,884
Total revenues	<u>50,109,720</u>	<u>(423,116)</u>	<u>-</u>	<u>49,686,604</u>
<b>Expenses</b>				
Grants and scholarships	22,130,649	-	-	22,130,649
Grants – Tobacco Fund	2,828,426	-	-	2,828,426
Program services	3,627,474	-	-	3,627,474
Finance and administration	2,226,193	-	-	2,226,193
Charitable services and donor relations	1,181,646	-	-	1,181,646
Total expenses	<u>31,994,388</u>	<u>-</u>	<u>-</u>	<u>31,994,388</u>
Increase in net assets from operating activities	18,115,332	(423,116)	-	17,692,216
<b>Nonoperating activities</b>				
Contributions designated for investment of principal	4,346,532	-	3,392,578	7,739,110
Investment return designated for reinvestment	31,014,513	134,849	-	31,149,362
Transfer to reflect donor restrictions	(427,913)	133,189	294,724	-
Change in value of split-interest agreements	(137,675)	(51,471)	-	(189,146)
Total nonoperating activities	<u>34,795,457</u>	<u>216,567</u>	<u>3,687,302</u>	<u>38,699,326</u>
Total change in net assets	52,910,789	(206,549)	3,687,302	56,391,542
<b>Net assets</b>				
January 1, 2009	260,290,902	3,313,556	1,502,700	265,107,158
December 31, 2009	<u>\$ 313,201,691</u>	<u>\$ 3,107,007</u>	<u>\$ 5,190,002</u>	<u>\$ 321,498,700</u>

The accompanying notes are an integral part of the financial statements.

**Hawai'i Community Foundation**  
(A Nonprofit Organization)  
**Notes to Financial Statements**  
**December 31, 2010 and 2009**

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**1. Organization and Summary of Significant Accounting Policies**

Hawai'i Community Foundation (the "Foundation") is a statewide public community foundation. Its mission is to help people make a difference by inspiring the spirit of giving, and by investing in people and solutions to benefit every island community. The significant accounting policies followed are described below.

**Basis of Accounting**

The Foundation's policy is to prepare its financial statements on the basis of cash receipts and disbursements, except that investments are carried at fair value, major property items are capitalized, equipment leased under capital leases are capitalized, noncash gifts and bequests are recorded at fair value at the date received, and changes in the fair value of investments and depreciation expense are included in the statement of revenues and expenses and changes in net assets (modified cash basis). Accordingly, the accompanying financial statements are not intended to present financial position and changes in net assets in conformity with accounting principles generally accepted in the United States of America (i.e., "GAAP").

Some of the more significant differences between GAAP accounting and the Foundation's modified cash basis of accounting include: contribution income under GAAP is recorded when an irrevocable pledge is received rather than when the cash is received; grants expense under GAAP is recorded when a binding commitment to disburse funds is communicated to the grant recipient, rather than when the cash is disbursed; a financial interest in an irrevocable trust under GAAP is recorded when an entity is named as the remainder interest beneficiary, rather than when the gift is received; and assets held in trust by others are recognized under GAAP in the Statement of Assets, Liabilities and Net Assets based on the fair value of such assets. Such assets are not recognized under the modified cash basis of accounting.

**Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Risks and Uncertainties**

The Foundation invests in or holds a variety of investment vehicles, including common stock, corporate and governmental obligations, mutual funds, and real estate. These investments are exposed to interest rate, market, credit and other risks depending on the nature of the specific investment. Accordingly, it is at least reasonably possible that these factors will result in changes in the value of the Foundation's investments, which could materially affect amounts reported in the financial statements.

**Measure of Operations**

In the statement of revenues and expenses and changes in net assets, the Foundation includes in its definition of operations all revenues and expenses except for contributions designated for investment of principal and any associated releases of restrictions thereon, investment income designated for reinvestment, and changes in value of split-interest agreements.

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**Cash and Cash Equivalents**

The Foundation considers all highly liquid debt investments with original maturities of three months or less when purchased to be cash equivalents, except for cash management funds maintained in the investment portfolio. The Foundation maintains its cash and cash equivalent balances with two high credit quality banks in Honolulu. Separate accounts are maintained for certain of the Foundation's federal grant programs. Accounts with these banks are secured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. The Foundation's balances are generally in excess of federally insured limits. Management believes the Foundation is not exposed to any significant credit risk with respect to its cash balances.

**Investments**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for a discussion of fair value measurements.

Certain funds are placed in investment trust accounts called combined investment funds. The investment trust accounts are operated using the "market value unit method." Under this method, each component fund within the combined investment funds is assigned a number of units based upon the relationship of the market value of the funds' investments to all the combined investment funds' investments at the time of entry into the investment accounts. Combined investment funds earnings are allocated and distributed to participating funds based on their respective units in the accounts.

The primary investment objective of the combined investment funds is to provide for long term growth of capital and earnings without undue exposure to risk. The combined investment funds are also invested to preserve the real value (after inflation) of its assets while providing maximum earnings for grantmaking. Investment guidelines provide for a total rate of return net of fees, and define asset allocation targets and ranges. Investment performance is measured on both an absolute and relative basis compared to a targeted composite index.

Net realized and unrealized gains and losses on investments are reflected in the statement of revenues and expenses and changes in net assets.

**Payout Policy**

The Foundation adheres to a payout policy in order to preserve the growth of its endowment assets and to ensure that the Foundation has a steady and growing stream of earnings to meet community needs.

The payout that the Foundation distributes from the combined investment funds to each participating component fund for grants and expenses is calculated by multiplying a fixed percentage by a base. The fixed percentage is reviewed periodically in light of evolving trends with respect to investment returns and the rate of inflation. At December 31, 2010 and 2009, the Foundation's payout percentage factor was 5%. However, if the market value of a component fund drops below the contributions to the principal, then only the income from the fund will be distributed.

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The base is a 48-month rolling average unit market value of the combined investment funds, multiplied by the current number of units in the combined investment funds. Computation of the payout is made at the end of each month, and is inclusive of the last completed month.

To the extent the payout exceeds interest and dividend income for the period, it is made from accumulated realized and/or unrealized gains.

**Property**

Property is stated at cost if purchased or fair value if donated at the date received. Property purchased with a cost in excess of \$500 and a useful life exceeding one year is capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of such property (5 to 7 years), or lease term, if shorter. Gains or losses from the disposition of property are included in current operations.

**Fund Management**

To ensure observation of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are managed as individual charitable funds, according to their nature and purpose. The Foundation's funds are as follows:

***Operating Fund***

The operating fund includes service fees, grants, contributions, and other revenues used to support the operating expenses of the Foundation.

***Board Discretionary Funds***

The board discretionary funds include contributions from donors who do not place any restrictions on their gifts, with the intention that the payout be used for general charitable purposes. Principal contributions are generally invested in perpetuity under the Foundation's Declaration of Trust. The Board of Governors determines how the payout is to be distributed.

***Designated, Donor Advised, and Field of Interest Funds***

The designated, donor advised, and field of interest funds include contributions from donors who indicate a field of charitable endeavor to which the payout is to be directed, who name specific charities to be income recipients, or who describe a group of individuals on whose behalf funds are to be expended. Principal contributions are generally invested in perpetuity under the Foundation's Declaration of Trust. Because of the Board of Governor's power to modify any restriction or condition in the distribution of funds, the amounts in these funds have been classified as unrestricted in the accompanying financial statements.

***Pooled Income Fund***

The pooled income fund was created to increase the endowment assets of the Foundation and to promote support to community charities. Donors contribute to the Foundation and receive income for life. Generally, at a donor's death, the residue of the gift is transferred to establish a board discretionary or designated fund, and earnings thereafter are distributed in accordance with the donor's instructions given at the time of the gift. The pooled income fund is considered temporarily restricted until, at the time of a donor's death, the funds are transferred to establish a board discretionary, designated, donor advised, or field of interest (component) fund of the Foundation.

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***Gift Annuities***

The Foundation has entered into several charitable gift annuities whereby the Foundation has received a transfer of assets from a donor and is obligated to pay the donor quarterly payments for the remainder of their lifetime. Upon death of the donor, the agreements generally stipulate that a portion of the residual balance be paid out to specified beneficiary organizations and the balance shall be retained by the Foundation. Contribution revenue from gift annuities is recognized at the date assets are received, net of gift annuity liabilities recorded. Gift annuity liabilities pertain to the Foundation's liability to the primary donor, based on the present value of payments to be made to the donor over their estimated remaining lifetime, and to the specified beneficiary organization based on their percentage interest in any residual net asset. The present value of payments to be made to the primary donors is calculated annually based on published mortality tables and discount rates ranging from 4.2% to 8.2%.

**Classification of Net Assets**

Financial statements of not-for-profit organizations measure aggregate net assets based on the absence or existence of donor-imposed restrictions. To meet this objective net assets are classified as unrestricted, temporarily restricted or permanently restricted.

Brief definitions of the three net asset classes are presented below:

***Unrestricted***

Net assets that are free of donor-imposed restrictions; all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets.

GAAP provides that if the governing body of an organization has the ability to modify a donor restriction or condition (i.e. variance power), the contribution should be classified as an unrestricted net asset. The Foundation's variance power is promulgated in its By-Laws, Declarations of Trust and gift instruments. Accordingly, all net assets and related activity over which the Foundation maintains variance power are classified as unrestricted net assets in the Foundation's financial statements. Although these assets are classified as unrestricted, the Foundation's policies and procedures for administering its charitable funds are to always follow the donor's intent as closely as possible.

***Temporarily Restricted***

Net assets that include contributions and pledges whose use by the Foundation is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled or otherwise removed by the actions of the Foundation. This classification includes income and appreciation which can be expended but for which restrictions have not yet been met. Foundation net assets that are temporarily restricted are primarily comprised of the pooled income fund, special project funds, and charitable gift annuities.

***Permanently Restricted***

Net assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by the actions of the Foundation. Foundation net assets that are permanently restricted consist of permanent endowment funds that are not subject to the Foundation's variance power.

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**Fair Value of Financial Instruments**

Investments are recorded at fair values as described above and in Note 3. The carrying amount of cash approximates fair value due to its short term nature. Funds held for other organizations and funds held as agency endowments are recorded at the fair values of the corresponding assets. Gift annuity liabilities are carried at the present value of the total future payments to annuitants and beneficiaries, based on discount rates in effect at the date of the gift, which approximates market.

**Functional Allocation of Expenses**

The costs of providing the Foundation's programs and other services have been summarized on a functional basis in the statement of revenues and expenses and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Program services represent those costs associated with evaluating, recommending and monitoring applications, grants and programs. Finance and administration represents those costs associated with operational management, oversight of the Foundation's policies and procedures, and management of the Foundation's investment portfolio. Charitable services and donor relations, represent fundraising costs associated with communicating and assisting the general public along with potential and existing donors regarding the most effective ways to meet their charitable giving goals.

**Advertising Costs**

Advertising costs are charged to expense as incurred and are nominal.

**Income Taxes**

The Foundation has received a determination from the Internal Revenue Service that its stated purpose is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the Foundation is exempt from federal income and excise taxes, except on unrelated business income.

The Foundation's tax years prior to 2007 are no longer subject to examination by the Internal Revenue Service. Management is not aware of any significant uncertain tax positions taken on previously filed tax returns.

**Reclassifications**

Certain balances in the 2009 financial statements have been reclassified to conform to the 2010 presentation. Such reclassifications had no effect on the change in net assets as previously reported.

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**2. Contributions**

Contributions for the years ended December 31, 2010 and 2009 consisted of the following:

	<b>2010</b>	<b>2009</b>
Contributions to principal	\$ 3,736,776	\$ 7,739,110
Contributions to income	33,242,025	27,204,099
	<u>\$ 36,978,801</u>	<u>\$ 34,943,209</u>

In 2010, four donors made contributions of \$1 million or more, aggregating approximately \$29 million. In 2009, four donors made contributions of \$1 million or more, aggregating approximately \$25 million.

Contributions to principal are gifts intended to be invested in perpetuity. Distributions from these gifts are disbursed as grants to support charitable endeavors as provided in the payout policy.

Contributions to income consist of gifts intended to be paid out in their entirety as charitable grants and are available for use immediately.

**3. Fair Value Measurements**

Generally accepted accounting principles provide a framework for establishing fair value measurements. That framework provides a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

This fair value hierarchy consists of three broad levels:

- Level 1 inputs consist of unadjusted quoted prices in active markets such as stock exchanges for identical assets and have the highest priority;
- Level 2 inputs consist of significant other observable inputs such as quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument;
- Level 3 inputs consist of significant unobservable inputs and include situations where is little, if any, market activity for the investment. The inputs require significant judgment or estimates, such as those associated with discounted cash flow methodologies and appraisals.

When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. There have been no changes in the methodologies

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used at December 31, 2010 and 2009.

Fair values of assets measured on a recurring basis are as follows as of December 31, 2010:

December 31, 2010	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs Other Than Active Markets (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Common stock</b>				
Basic Materials	\$ 4,583,084	\$ 4,583,084	\$ -	\$ -
Capital Goods	6,638,116	6,638,116	-	-
Communication Services	1,377,404	1,377,404	-	-
Consumer Goods	13,493,826	13,493,826	-	-
Energy	8,680,453	8,680,453	-	-
Financials	10,496,364	10,496,364	-	-
Health Care	6,476,625	6,476,625	-	-
Technology	29,369,740	29,369,740	-	-
Utilities	1,851,872	1,851,872	-	-
Other	792,706	792,706	-	-
Total common stock	<u>83,760,190</u>			
<b>Mutual and Other Funds</b>				
Large cap	32,812,249	32,812,249	-	-
Mid cap	13,633,179	13,633,179	-	-
Small cap	11,050,750	11,050,750	-	-
Commodities	4,702,427	4,702,427	-	-
Emerging markets	10,592,771	10,592,771	-	-
International	40,697,401	40,697,401	-	-
Real Estate	521,628	521,628	-	-
Fixed income	28,806,676	28,806,676	-	-
Total mutual/other funds	<u>142,817,081</u>			
Money market mutual funds	80,056,034	80,056,034	-	-
U.S. Treasury bonds	20,309,320	-	20,309,320	-
U.S. Gov't agency securities	14,979,476	-	14,979,476	-
Corporate bonds	58,246,595	-	58,246,595	-
Municipal bonds	3,454,373	-	3,454,373	-
Mortgage-backed securities	1,013,630	-	1,013,630	-
Real estate limited partnerships	9,400,226	-	-	9,400,226
Total	<u>\$ 414,036,925</u>	<u>\$ 306,633,305</u>	<u>\$ 98,003,394</u>	<u>\$ 9,400,226</u>

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Fair values of assets measured on a recurring basis are as follows as of December 31, 2009:

December 31, 2009	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs Other Than Active Markets (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Common stock</b>				
Basic Materials	\$ 9,965,423	\$ 9,965,423	\$ -	\$ -
Capital Goods	17,229,697	17,229,697	-	-
Communication Services	4,321,396	4,321,396	-	-
Consumer Goods	27,330,292	27,330,292	-	-
Energy	20,116,846	20,116,846	-	-
Financials	20,097,551	20,097,551	-	-
Health Care	14,786,858	14,786,858	-	-
Technology	26,281,218	26,281,218	-	-
Utilities	4,317,216	4,317,216	-	-
Other	1,780,574	1,780,574	-	-
Total common stock	<u>146,227,071</u>			
<b>Mutual and Other Funds</b>				
Large cap	19,652,701	19,652,701	-	-
Mid cap	984,542	984,542	-	-
Small cap	2,969,289	2,969,289	-	-
Commodities	2,992,590	2,992,590	-	-
Emerging markets	6,440,837	6,440,837	-	-
International	16,481,694	16,481,694	-	-
Real Estate	1,335,205	1,335,205	-	-
Fixed income	8,135,428	8,135,428	-	-
Total mutual/other funds	<u>58,992,286</u>			
Money market mutual funds	73,463,166	73,463,166	-	-
U.S. Treasury bonds	13,519,641	-	13,519,641	-
U.S. Gov't agency securities	28,920,313	-	28,920,313	-
Corporate bonds	38,827,049	-	38,827,049	-
Municipal bonds	836,296	-	836,296	-
Mortgage-backed securities	2,350,566	-	2,350,566	-
Real estate limited partnerships	9,846,400	-	-	9,846,400
Real property held for sale	274,455	-	-	274,455
Total	<u>\$ 373,257,243</u>	<u>\$ 278,682,523</u>	<u>\$ 84,453,865</u>	<u>\$ 10,120,855</u>

Investments in corporate bonds are investment grade and diversified among multiple industry sectors, primarily with U.S. based issuers.

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Following is a description of the valuation methodologies used for assets at fair value.

*Common stock:* Valued at the closing price reported on active stock exchanges.

*Money market and other mutual funds:* Valued at the closing price reported on active stock exchanges.

*Corporate bonds:* Corporate bonds are valued primarily by pricing models that incorporate available trade, bid and other market information.

*U.S. government securities:* These securities are valued by pricing models that incorporate available trade, bid and other market information.

*Mortgage-backed securities:* This asset group consists of collateralized mortgage obligations and mortgage pass-thru pools. The securities are valued by pricing models that incorporate available trade, bid and other market information.

*Real estate and real estate partnerships:* Valued on the basis of appraisals which generally utilize a discounted cash flow approach. In the absence of a recent appraisal, real property tax assessments are utilized as additional input to the determination of fair value.

*Additional Disclosures for Level 3 investments:*

	<b>Common Equity Securities</b>	<b>Real Estate Limited Partnerships</b>	<b>Real Property Held for Sale</b>
<b>December 31, 2009</b>			
Beginning balance	\$ 2,750,000	\$ 9,901,000	\$ 277,262
Gains or losses (realized and unrealized) included in changes in net assets	(33,547)	(54,600)	(2,807)
Contributions, purchases, sales, and settlements (net)	(2,716,453)	-	-
Ending balance	<u>\$ -</u>	<u>\$ 9,846,400</u>	<u>\$ 274,455</u>
<b>December 31, 2010</b>			
Beginning balance	\$ -	\$ 9,846,400	\$ 274,455
Gains or losses (realized and unrealized) included in changes in net assets	-	(446,174)	-
Contributions, purchases, sales, and settlements (net)	-	-	(274,455)
Ending balance	<u>\$ -</u>	<u>\$ 9,400,226</u>	<u>\$ -</u>

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**4. Investments**

The Foundation's investments at December 31, 2010 and 2009 were as follows:

	<b>2010</b>	<b>2009</b>
<b>Combined investment funds</b>		
Common stock	\$ 49,701,346	\$ 109,560,655
U.S. Treasury and other government agencies	17,431,648	24,724,819
Corporate bonds	35,543,549	34,468,500
Municipal bonds	1,414,609	748,052
Mutual and other funds	117,838,753	54,634,242
Money market mutual funds	31,747,693	10,772,267
Mortgage-backed securities	1,013,631	2,350,566
Total combined investment funds	254,691,229	237,259,101
Money market mutual funds	48,308,340	62,690,899
Common stocks	34,058,843	36,666,416
U.S. Treasury bonds	17,857,147	17,715,135
Corporate bonds	24,742,810	4,446,793
Real estate limited partnerships	9,400,226	9,846,400
Mutual funds	24,978,330	4,358,044
Real property held for sale	-	274,455
	\$ 414,036,925	\$ 373,257,243

Investment return consisted of the following for 2010:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Composition of Investment Return</b>			
Interest and dividends	\$ 6,953,851	\$ 342,197	\$ 7,296,048
Realized and unrealized gains	19,887,411	378,308	20,265,719
Limited partnership distributions	973,000	-	973,000
Less investment fees	(1,897,561)	-	(1,897,561)
	\$ 25,916,701	\$ 720,505	\$ 26,637,206
<b>As Presented in the Statement of Revenues, Expenses and Changes in Net Assets</b>			
Investment return expendable for grant making and operations	\$ 14,611,063	\$ 342,197	\$ 14,953,260
Investment return designated for reinvestment	11,305,638	378,308	11,683,946
	\$ 25,916,701	\$ 720,505	\$ 26,637,206

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Investment return consisted of the following for 2009:

	Unrestricted	Temporarily Restricted	Total
<b>Composition of Investment Return</b>			
Interest and dividends	\$ 6,263,554	\$ 138,099	\$ 6,401,653
Realized and unrealized gains	36,492,240	134,849	36,627,089
Limited partnership distributions	861,175	-	861,175
Less investment fees	(1,593,186)	-	(1,593,186)
	<u>\$ 42,023,783</u>	<u>\$ 272,948</u>	<u>\$ 42,296,731</u>
<b>As Presented in the Statement of Revenues, Expenses and Changes in Net Assets</b>			
Investment return expendable for grant making and operations	\$ 11,009,270	\$ 138,099	\$ 11,147,369
Investment return designated for reinvestment	31,014,513	134,849	31,149,362
	<u>\$ 42,023,783</u>	<u>\$ 272,948</u>	<u>\$ 42,296,731</u>

Investment fees consist primarily of trustee, investment management and custodial fees paid to the Foundation's trustees, Bank of Hawaii, First Hawaiian Bank, and Central Pacific Bank.

At December 31, 2010, the Foundation had transferred \$4 million to an investment manager for investment effective January 1, 2011.

**5. Property**

Property at December 31, 2010 and 2009 consisted of the following:

	2010	2009
Equipment	\$ 802,946	\$ 829,532
Furniture and fixtures	95,013	94,121
Software	508,689	410,609
Property used for program purposes	129,100	129,100
Leasehold improvements	23,703	23,703
	<u>1,559,451</u>	<u>1,487,065</u>
Less: Accumulated depreciation and amortization	1,121,644	1,073,063
	<u>437,807</u>	<u>414,002</u>
Artwork	92,460	92,460
	<u>\$ 530,267</u>	<u>\$ 506,462</u>

Depreciation and amortization expense was \$84,772 and \$124,029 in 2010 and 2009, respectively.

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**6. Leases**

**As Lessee** – The Foundation has several noncancelable operating leases for office space, expiring at various dates through December 2015. The future minimum rental payments for these leases are as follows:

<b>Years ending</b>	
2011	\$ 122,400
2012	183,700
2013	153,900
2014	153,900
2015	153,900
Total minimum lease payments	<u>\$ 767,800</u>

Rental expense for the years ended December 31, 2010 and 2009 was \$370,372 and \$356,750, respectively.

**As Lessor** – The Foundation receives rental income from leases on certain real property held for sale. Such leases are on a month-to-month basis or have terms expiring within one year. Rental income for the years ended December 31, 2010 and 2009 was not significant.

**7. Pension Plan**

The Foundation has a defined contribution pension plan covering all employees. Contributions are based upon a percentage of the employees' compensation and are funded currently. Contributions to the defined contribution pension plan were approximately \$294,585 and \$264,638 for the years ended December 31, 2010 and 2009, respectively.

**8. Assets Held in Trust by Others**

The Foundation is a beneficiary of income from assets held in trust by other organizations. The three most significant of these trusts are the Robert E. Black Memorial Trust (the "Black Trust"), the Prisanlee Trust, and the Parker Ranch Foundation Trust (the "Parker Ranch Trust").

The Foundation is an income beneficiary of 70% of the income of the Black Trust, a supporting organization of the type described in Section 509(a)(3) of the Internal Revenue Code. At December 31, 2010, the fair value of the Black Trust's assets, which consists of marketable securities, was approximately \$47,334,000; the Foundation's 70% interest was approximately \$33,134,000. At December 31, 2009, the fair value of the Black Trust's assets was approximately \$44,920,000; the Foundation's 70% interest was approximately \$31,444,000.

The Foundation is also an income beneficiary of 100% of the income of the Prisanlee Trust, a supporting organization, 27% of which is distributed to specific organizations. At December 31, 2010 and 2009, the fair value of the Prisanlee Trust's assets, which consists of marketable securities, was approximately \$13,722,000 and \$12,879,000 respectively.

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The Foundation is an income beneficiary of 20% of the income of the Parker Ranch Foundation Trust. At December 31, 2010, the audited book value of the Parker Ranch Foundation Trust's net assets, which consists of real property, investments, inventories and other assets, net of liabilities, was approximately \$289,369,000; the Foundation's 20% interest was approximately \$57,874,000. At December 31, 2009, the audited book value of the Parker Ranch Foundation Trust's net assets was approximately \$283,791,000 and the Foundation's 20% interest was approximately \$56,758,000.

The Foundation's interests in these assets are not included in the accompanying modified cash basis financial statements.

Income from perpetual trusts for 2010 and 2009 consisted of the following:

<b>Constituent</b>	<b>Fund</b>	<b>2010</b>	<b>2009</b>
Robert E. Black Memorial Trust	Robert E. Black	\$ 1,750,000	\$ 1,820,000
Parker Ranch Foundation Trust	Richard Smart	400,000	-
Prisanlee Trust	Prisanlee	564,753	700,751
	Hawaii Children's		
Wodehouse Trust	Trust	243,313	367,982
Mary Wentworth Deering Trust	Leahi	46,306	72,332
F.S. and Mary Lyman Trust	Hopper	13,135	18,469
Frank & Katherine Woodford Memorial Trust	Hopper	1,313	2,803
	Discretionary		
Kilgo Charitable Trust	General Fund	1,400	1,475
		<u>\$ 3,020,220</u>	<u>\$ 2,983,812</u>

**9. Tobacco Prevention and Control Trust Fund**

In fiscal 2000, the Foundation entered into a contract with the State of Hawai'i, Department of Health, to be the primary administrator for the Tobacco Prevention and Control Trust Fund (the "Tobacco Fund"). This task involves oversight of investment management and performance of the funds held and the selecting and supporting of programmatic initiatives aimed at delivering direct services associated with tobacco prevention and control. Amounts held by the Foundation are refundable to the State of Hawai'i should the State choose to terminate this contract. Such amounts are recorded as contract funds held for Tobacco Fund in the Statement of Assets, Liabilities and Net Assets (Modified Cash Basis).

Pursuant to the contract with the State, it is the Foundation's responsibility to make grant disbursements based on general guidelines established by the State and other parties. Accordingly, grant disbursements are generally accounted for as exchange transactions and reflected as disbursements in the Statement of Revenues and Expenses. To the extent that grant disbursements are made pursuant to direction by the State or its agents, such disbursements are accounted for as agency transactions.

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At December 31, 2010 and 2009, the Foundation held amounts of \$52,767,388 and \$50,888,893, respectively, related to the Tobacco Fund. As allowed under the agreement with the State of Hawai'i, these amounts are invested in money market mutual funds, corporate and government bonds, and domestic and international equities.

**10. Charitable Gift Annuities**

Assets and liabilities associated with charitable gift annuities at December 31, 2010 and 2009 were:

	<b>2010</b>	<b>2009</b>
Assets	\$ 1,302,492	\$ 1,590,144
Liabilities	<u>1,874,444</u>	<u>2,096,584</u>
Net assets	<u>\$ (571,952)</u>	<u>\$ (506,440)</u>
Composition of net assets		
Unrestricted	\$ (771,852)	\$ (728,100)
Temporarily restricted	<u>199,900</u>	<u>221,660</u>
	<u>\$ (571,952)</u>	<u>\$ (506,440)</u>

Assets are carried at fair market value and consist of various marketable securities. Unrestricted net assets (deficit) represent contracts whose liabilities exceed the related assets. There was no contribution revenue from charitable gift annuities in 2010 and 2009.

As required by State law, the Foundation must maintain assets equal to the sum of its reserves on its outstanding annuity agreements, plus a surplus of ten percent of the reserves or \$100,000 whichever is higher. Such assets are segregated from the Foundation's other unrestricted assets.

**11. Funds Held As Agency Endowments**

Agency endowments represent endowment funds established by unaffiliated nonprofit organizations for their own benefit with the Foundation. At December 31, 2010 and 2009, agency endowment funds had a combined value of \$1,343,363 and \$1,211,309, respectively.

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The following table summarizes the activity in these funds for the years ended December 31, 2010 and 2009:

<b>Funds held as agency endowments, January 1, 2009</b>	\$ 1,111,734
Amounts raised	843,444
Investment income	54,464
Net appreciation of investments	96,713
Grants	(787,120)
Other	(107,926)
<b>Funds held as agency endowments, December 31, 2009</b>	<u>1,211,309</u>
Amounts raised	835,939
Investment income	53,176
Net appreciation of investments	39,739
Grants	(792,266)
Other	(4,534)
<b>Funds held as agency endowments, December 31, 2010</b>	<u>\$ 1,343,363</u>

**12. Service and Administrative Fees**

The Foundation's operating fund receives fees from its board discretionary, designated, donor advised, and field of interest funds and from other foundations for performing certain philanthropic service and administrative functions.

Service and administrative fees for the years ended December 31, 2010 and 2009 presented in the accompanying statement of revenues and expenses and changes in net assets exclude fees from its board discretionary, designated, donor advised and field of interest funds, as follows:

	<b>2010</b>	<b>2009</b>
Total service and administrative fees	\$ 6,256,593	\$ 5,424,383
Less: Fees received from board discretionary, designated, donor advised, and field of interest funds	<u>4,776,046</u>	<u>3,951,479</u>
Service and administrative fees	<u>\$ 1,480,547</u>	<u>\$ 1,472,904</u>

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**13. Net Assets**

The Foundation manages many of its unrestricted funds as endowed funds in accordance with donor preferences. Accordingly, the Foundation further classifies its net assets as follows:

<b>As of December 31, 2010</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>Endowment Funds</b>				
Board-designated endowments				
Board discretionary funds	\$ 18,624,918	\$ -	\$ -	\$ 18,624,918
Designated	76,616,677	-	-	76,616,677
Donor advised and advisory board	192,282,380	-	-	192,282,380
Donor-restricted endowments				
Social programs	-	488,962	5,692,155	6,181,117
Subtotal endowment funds	<u>287,523,975</u>	<u>488,962</u>	<u>5,692,155</u>	<u>293,705,092</u>
<b>Non-Endowment funds</b>				
Operating fund	6,828,450	-	-	6,828,450
Designated, donor advised, and advisory board	60,051,129	-	-	60,051,129
Restricted for social programs	-	2,530,709	-	2,530,709
Pooled income funds	-	1,424,382	-	1,424,382
Gift annuities	-	199,900	-	199,900
Special projects	-	42,463	-	42,463
Subtotal non-endowment funds	<u>66,879,579</u>	<u>4,197,454</u>	<u>-</u>	<u>71,077,033</u>
Total net assets	<u>\$ 354,403,554</u>	<u>\$ 4,686,416</u>	<u>\$ 5,692,155</u>	<u>\$ 364,782,125</u>
<b>As of December 31, 2009</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>Endowment Funds</b>				
Board-designated endowments				
Board discretionary funds	\$ 17,622,148	\$ -	\$ -	\$ 17,622,148
Designated	74,874,934	-	-	74,874,934
Donor advised and advisory board	178,261,510	-	-	178,261,510
Donor-restricted endowments				
Social programs	-	62,247	5,190,002	5,252,249
Subtotal endowment funds	<u>270,758,592</u>	<u>62,247</u>	<u>5,190,002</u>	<u>276,010,841</u>
<b>Non-Endowment funds</b>				
Operating fund	5,831,232	-	-	5,831,232
Designated, donor advised, and advisory board	36,611,867	-	-	36,611,867
Restricted for social programs	-	1,287,435	-	1,287,435
Pooled income funds	-	1,405,148	-	1,405,148
Gift annuities	-	221,660	-	221,660
Special projects	-	130,517	-	130,517
Subtotal non-endowment funds	<u>42,443,099</u>	<u>3,044,760</u>	<u>-</u>	<u>45,487,859</u>
Total net assets	<u>\$ 313,201,691</u>	<u>\$ 3,107,007</u>	<u>\$ 5,190,002</u>	<u>\$ 321,498,700</u>

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Changes in endowment net assets for the fiscal years ending December 31, 2010 and 2009 were as follows:

Endowment Net Assets	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>January 1, 2009</b>	\$ 239,686,814	\$ -	\$ 1,502,700	\$ 241,189,514
Interest and dividends, net of investment expense	4,804,185	-	-	4,804,185
Real estate limited partnership income	861,175	-	-	861,175
Net realized/unrealized gains (losses)	31,816,784	62,247	-	31,879,031
Contributions	8,893,698	-	3,392,578	12,286,276
Grants and program expenses	(14,663,294)	-	-	(14,663,294)
Transfer of net assets	(294,724)	-	294,724	-
Other changes	(346,046)	-	-	(346,046)
<b>December 31, 2009</b>	<u>270,758,592</u>	<u>62,247</u>	<u>5,190,002</u>	<u>276,010,841</u>
Interest and dividends, net of investment expense	5,261,687	20,334	-	5,282,021
Real estate limited partnership income	973,000	-	-	973,000
Net realized/unrealized gains (losses)	15,170,972	406,081	-	15,577,053
Contributions	7,561,732	300	502,153	8,064,185
Grants and program expenses	(12,419,058)	-	-	(12,419,058)
Other changes	217,050	-	-	217,050
<b>December 31, 2010</b>	<u>\$ 287,523,975</u>	<u>\$ 488,962</u>	<u>\$ 5,692,155</u>	<u>\$ 293,705,092</u>

***Interpretation of UPMIFA***

The Board of Governors of the Foundation, in consultation with legal counsel, has determined that the Foundation is not subject to the State of Hawaii's Uniform Prudent Management of Institutional Funds Act (UPMIFA) for those funds over which the Foundation maintains variance power (as described in Note 1). For those funds over which the Foundation does not maintain variance power, the Board has interpreted that UPMIFA does apply and therefore donor-restricted permanent endowments are preserved based on the fair value of the original gift. The remaining portion of the donor-restricted endowment that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure.

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**14. Operating Fund**

The following table summarizes the activity in the operating fund for the years ended December 31, 2010 and 2009:

	<b>2010</b>	<b>2009</b>
<b>Revenues</b>		
Service and administrative fees	\$ 6,256,593	\$ 5,424,383
Interest and dividends	86,323	86,308
Contributions	133,068	183,150
Other	6,129	(50,028)
Total revenues	6,482,113	5,643,813
<b>Expenses</b>		
Finance and administration	2,180,013	2,226,193
Program services	2,080,707	1,979,218
Charitable services and donor relations	1,303,838	1,181,646
Total expenses	5,564,558	5,387,057
Increase (decrease) in net assets before transfers from other funds	917,555	256,756
<b>Transfers from (to) other funds</b>	79,663	(100,390)
Total change in net assets	997,218	156,366
<b>Net assets</b>		
Beginning of year	5,831,232	5,674,866
End of year	\$ 6,828,450	\$ 5,831,232

**15. Related Parties**

The Foundation's board of governors is composed of prominent business and civic leaders in the State of Hawai'i. Certain of these business leaders have past and present affiliations with the three financial institutions that provide trustee services for the Foundation (see Note 4). Additionally, certain board members or officers may have affiliations with other nonprofit organizations that may be the recipient of Foundation grants. The Foundation's conflict of interest policies require that persons in potential conflict situations abstain from participating in decision-making processes.

**16. Subsequent Events**

Management has reviewed and considered whether events occurring after year end should be reflected or disclosed in these financial statements. The date through which this review was conducted was July 12, 2011, the date the financial statements were available to be issued.

# **Supplementary Information**



**Hawai'i Community Foundation**  
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**Schedule of Changes in Pooled Income**  
**Fund Investments**  
**Years Ended December 31, 2010 and 2009**

**Supplementary Information**

	Cost			
	January 1, 2010	Purchases / Additions	Sales / Maturities	December 31, 2010
<b>Fixed income funds</b>				
Pacific Capital HG Core Fixed Income Fd	\$ 1,135,638	\$ -	\$ (1,135,638)	\$ -
Aberdeen Core Income Fund (Note 1)	-	1,123,104	-	1,123,104
Bishop Street High Grade Income Fund	117,295	417	(45,876)	71,836
Total fixed income funds	1,252,933	1,123,521	(1,181,514)	1,194,940
<b>Money market funds</b>				
Pacific Capital Cash Assets Trust	11,005	119,718	(38,704)	92,019
Bishop Street Govt MM Fund	7,633	57,820	(6,486)	58,967
Total money market funds	18,638	177,538	(45,190)	150,986
	<u>\$ 1,271,571</u>	<u>\$ 1,301,059</u>	<u>\$ (1,226,704)</u>	<u>\$ 1,345,926</u>

	Cost			
	January 1, 2009	Purchases / Additions	Sales / Maturities	December 31, 2009
<b>Fixed income funds</b>				
Pacific Capital HG Core Fixed Income Fd	\$ 1,128,163	\$ 10,197	\$ (2,722)	\$ 1,135,638
Bishop Street High Grade Income Fund	117,295	-	-	117,295
Total fixed income funds	1,245,458	10,197	(2,722)	1,252,933
<b>Money market funds</b>				
Pacific Capital Cash Assets Trust	11,899	50,694	(51,588)	11,005
Bishop Street Govt MM Fund	3,600	9,804	(5,771)	7,633
Total money market funds	15,499	60,498	(57,359)	18,638
	<u>\$ 1,260,957</u>	<u>\$ 70,695</u>	<u>\$ (60,081)</u>	<u>\$ 1,271,571</u>

Note 1: Pacific Capital HG Core Fixed Income Fund merged into the Aberdeen Core Income Fund in 2010.