



## DONOR ADVISED FUND GIFT INSTRUMENT

### Section One – Donor(s)

DONOR 1	DONOR 2
Suffix: _____ Name: _____	Suffix: _____ Name: _____
DOB or Age: _____ Gender: _____	DOB or Age: _____ Gender: _____
Address: _____	Address: _____
City: _____ State: _____ Zip: _____	City: _____ State: _____ Zip: _____
Contact Number(s): (H) _____ (C) _____ (W) _____	Contact Number(s): (H) _____ (C) _____ (W) _____
Email: _____	Email: _____

### Section Two – Fund Name & Anonymity

The name of the fund shall be: \_\_\_\_\_

Every grant made from this fund will be coupled with a letter identifying the name of the fund and the name of the donor(s), unless you request anonymity. Donor(s) and fund names are often listed in our written and electronic publications as well.

- ☐ I/We would like to remain anonymous.
- ☐ I/We would like grants from the above fund to remain anonymous.
- ☐ I/We would like the above fund listed as anonymous in the Foundation's publications.

### Section Three – Spending

The Fund shall be held for general charitable purposes and shall be (choose one):

- ☐ **Non-Endowed:** the fund is not subject to any spending restriction and the entire fund balance is available for grantmaking.
- ☐ **Endowed:** the fund is permanent and the amount available for grantmaking is limited and subject to the Foundation's Payout Policy.
- ☐ I/We have provided a charitable "guide" for our successor advisor(s) in the attached "Statement to Successor Advisors".

*Note that distributions from the fund are subject to the Foundation's "Terms and Conditions Applicable to Donor Advised Fund Gift Instruments"*

### Section Four – Charitable Gift

**I/We will contribute the following assets to establish this fund:**

(May include cash, marketable securities, real estate, retirement accounts, business and/or partnership interests)

Asset Type & Description	Ownership (Donor 1, Donor 2, Joint)	Current Value (Approx.)
<u>Example:</u> 100 shares of XYZ Company stock, held at ABC Bank	Donor 1	\$100,000
		\$
		\$
		\$

### Section Five – Initial Advisor Information

- ☐ The donor(s) listed in Section One are the initial fund advisor(s). [skip to Section Six – Successor Advisor Information]
- ☐ The initial advisor(s) is/are as follows:

INITIAL ADVISOR 1 (This advisor will serve as lead advisor for the fund)	INITIAL ADVISOR 2
Suffix: _____ Name: _____	Suffix: _____ Name: _____
DOB or Age: _____ Gender: _____	DOB or Age: _____ Gender: _____
Address: _____	Address: _____
City: _____ State: _____ Zip: _____	City: _____ State: _____ Zip: _____
Contact Number(s): (H) _____ (C) _____ (W) _____	Contact Number(s): (H) _____ (C) _____ (W) _____
Email: _____	Email: _____
Relationship to donor: _____	Relationship to donor: _____

Use the "Initial Advisor Attachment" to nominate more than two Initial Advisors, which is subject to prior approval by the Foundation.

The initial advisor(s) shall make decisions (choose one): ☐ jointly ☐ jointly and separately ☐ N/A – just one advisor

Right of an initial advisor named above to nominate a successor advisor (choose one):

- ☐ An initial advisor has the right to nominate a successor advisor. ☐ An initial advisor does not have the right to nominate a successor advisor.

### Section Six – Successor Advisor Information

I/We would like to have successor advisors. Y ☐ N ☐ [skip to Section Seven – Future Planning]

If yes, the successor advisor(s) shall be nominated as follows:

SUCCESSOR ADVISOR 1 (This advisor will serve as lead advisor for the fund)	SUCCESSOR ADVISOR 2
Suffix: _____ Name: _____	Suffix: _____ Name: _____
DOB or Age: _____ Gender: _____	DOB or Age: _____ Gender: _____
Address: _____	Address: _____
City: _____ State: _____ Zip: _____	City: _____ State: _____ Zip: _____
Contact Number(s): (H) _____ (C) _____ (W) _____	Contact Number(s): (H) _____ (C) _____ (W) _____
Email: _____	Email: _____
Relationship to donor: _____	Relationship to donor: _____

Use the "Successor Advisor Attachment" to nominate more than two Successor Advisors, which is subject to prior approval by the Foundation.

Successor Advisor(s) shall serve (choose one): ☐ at the same time ☐ successively as follows: \_\_\_\_\_

If two or more successor advisors serve at the same time, decisions shall be made (choose one):

- ☐ jointly ☐ jointly and separately

Right of a successor advisor named above to nominate a successor advisor (choose one):

- ☐ A successor advisor has the right to nominate a successor advisor. ☐ A successor advisor does not have the right to nominate a successor advisor.

## Section Seven – Future Planning

When the last fund advisor dies, resigns, or is otherwise unable to act as advisor, or the fund becomes inactive for a period of more than three (3) years, any amount remaining in the fund shall be administered as follows (choose one):

- ☐ To the Foundation's unrestricted Catalyst Fund, which supports the Foundation's ability to anticipate and address the future needs of Hawai'i and its residents.
- ☐ To one or more areas of the Foundation's CHANGE Framework:
- \_\_\_\_\_ % Community & Economy: Strengthening communities to build self-sufficiency.
  - \_\_\_\_\_ % Health & Welfare: Enabling residents to lead healthier, more productive lives.
  - \_\_\_\_\_ % Arts & Culture: Fostering creativity and diversity to increase critical thinking and collaboration.
  - \_\_\_\_\_ % Natural Environment: Protecting our resources to ensure our economic and environmental sustainability.
  - \_\_\_\_\_ % Government & Civics: Engaging citizens and leaders to address community issues.
  - \_\_\_\_\_ % Education: Helping students unlock their potential to enrich their futures.
- ☐ To the \_\_\_\_\_ Fund, an existing Foundation fund, in furtherance of its purpose(s).
- ☐ To establish a Field of Interest Fund (\$100,000 minimum required)  
Fund Name: \_\_\_\_\_  
Identify particular area of interest: \_\_\_\_\_
- ☐ To establish a Designated Fund to support the nonprofit organization(s) named below (\$100,000 minimum required)  
Fund Name: \_\_\_\_\_
- | Name and Address of Organization | Percentage Payable |
|----------------------------------|--------------------|
| _____                            | _____ %            |
| _____                            | _____ %            |
| _____                            | _____ %            |
| _____                            | _____ %            |
- ☐ To establish a Scholarship Fund (\$100,000 minimum required)  
Fund Name: \_\_\_\_\_  
Identify scholarship criteria: \_\_\_\_\_
- ☐ To be added to and administered as part of a planned gift from my estate (will, trust, life insurance, retirement plan, other) that is intended to establish a fund at the Foundation.

***The minimum balance required to establish a new fund is subject to change without prior notice. If none of the above options is chosen or the required minimum is not met, the amount remaining in the fund shall be contributed to the Foundation's unrestricted Catalyst Fund.***

### **Section Eight – Estate Plan (Optional)**

You or others may name this fund as beneficiary of a planned gift from your estate. Please indicate the type of planned gift you are considering or would like to learn more about:

- |  |   |
|--|---|
| <input type="checkbox"/> Gift through my will or trust | <input type="checkbox"/> IRA/retirement plan assets |
| <input type="checkbox"/> Charitable remainder trust    | <input type="checkbox"/> Life insurance             |
| <input type="checkbox"/> Charitable gift annuity       | <input type="checkbox"/> Charitable lead trust      |
| <input type="checkbox"/> Other _____                   |   |

### **Section Nine – Professional Advisor Information (Optional)**

If you are working with a professional advisor related to the establishment of this fund, please provide the information requested below.

- ☐ Attorney    ☐ CPA    ☐ Financial Planner    ☐ Other

Professional Advisor's Name: \_\_\_\_\_

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Contact Number: \_\_\_\_\_ Email: \_\_\_\_\_

- ☐ I/We authorize the Foundation to share information about the fund with this professional advisor.

## **Section Ten – Acknowledgement & Acceptance**

I/We make this charitable contribution for the purpose of establishing a component fund, to be held and administered exclusively for charitable purposes in accordance with this Instrument and the Foundation's "Governing Documents" (i.e., the Foundation's Terms and Conditions Applicable to Donor Advised Fund Gift Instruments (a copy of which has been provided to me/us), Articles of Incorporation and Bylaws), and any amendments to the Governing Documents. I/We expressly and specifically provide that any contribution to this fund shall not be subject to the Foundation's Declaration of Trust.

I/We expressly agree that this fund and all matters relating to it are subject to the "variance power" provision which authorizes the Foundation to modify any restriction or condition on the distributions of a fund for any specified charitable purpose or organization if, in the sole judgment of the Foundation, such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs served by the Foundation. In the event of any conflict between the Governing Documents and this Instrument, the Governing Documents shall control.

I/We expressly agree that matters involving fund administration, including but not limited to additional contributions to the fund, termination of small funds, fees and expenses of the fund and governing law shall be administered pursuant to the Governing Documents. In the event of any conflict between the Governing Documents and this Instrument, the Governing Documents shall control. If the Foundation determines in its sole discretion that the fair market value of the fund's assets has declined such that it would be uneconomical, imprudent, or unwise to continue the fund, the assets may be combined with another fund(s) with similar purposes.

I/We understand and agree that the fund created by this Instrument, the initial contribution thereto, and any subsequent contributions, are absolute and irrevocable, and that after the execution of this Instrument, I/we shall have no rights, title or interest in the fund assets or any right to alter, amend or terminate this Instrument. I/We understand that the minimum balance required to establish a fund is subject to change without prior notice and that any such balance that is then below the minimum requirements will be applied towards the Foundation's unrestricted Catalyst Fund or similar fund.

The Gift Instrument shall be governed by and construed in accordance with the laws of the State of Hawai'i. **The effective date for purposes of establishing a fund shall be the date on which the last party signs and the required minimum contribution is received by the Foundation.**



## **General Terms & Conditions Applicable to all Funds (in Alphabetical Order)**

**Anonymity:** If you request grants from the fund to remain anonymous, a recipient will not know that the grant is from this fund. If you request the fund to be listed as anonymous in the Hawaii Community Foundation's ("the Foundation") publications, the fund name will not be listed publicly on the Foundation's website and other publications nor will any photos or other media relevant to the fund be released for community recognition purposes.

**Charitable Gift:** The fund may be established with an irrevocable gift of any type of asset acceptable under the Foundation's Gift Acceptance Guidelines (available upon request), though cash and marketable securities are preferred. Gift acceptance of real or personal property is determined on a case-by-case basis.

**Distributions:** To ensure that each fund is used to actively invest in the community and charitable causes, the Foundation prefers distribution from each fund at least every three years. Donors may, at the time they create a fund, recommend that the fund be managed as a permanent endowment to be paid out in accordance with the Foundation's payout policy or paid out as a non-endowed fund over a specified period. Donors may also specify that no distributions be made until the fund reaches a certain dollar amount. All distributions from funds are subject to the Foundation's variance power, as noted below.

**Donor:** The "donor" is the person(s) or organization who creates the fund by completing the Foundation's gift instrument coupled with an initial contribution. Others who subsequently contribute to the same fund or are advisors to the fund are not "donors" for purposes of deciding the initial fund parameters. Only the initial "donor" has that privilege.

**Endowed Fund:** An endowed fund is established to exist in perpetuity. The corpus, or principal, of the initial gift to an endowed fund is left untouched and produces interest income for grantmaking today and beyond a donor's lifetime. Distributions are made in a manner that ensures a permanent endowment and is limited to the amount available for grantmaking in accordance with the Foundation's payout policy.

**Fees:** Funds established at the Foundation are subject to administrative and investment fees. A list of fees is available upon request. The Foundation reserves the right to change its fee structure at any time without prior notice.

**Fund Name:** The "fund name" is a special opportunity for the donor to associate the fund with his or her charitable vision. It could be as simple as the "Jane Aloha Fund" or as creative and meaningful as the donor wishes.

**Inactive Funds** (Applicable to Advised Designated Funds and Corporate & Individual Donor Advised Funds): In order to carry out its policy of consistently distributing charitable dollars to the community, the Foundation will review periodically the grantmaking activity of every fund. If a fund has failed to make distributions commensurate in size with the Foundation's payout policy over a three (3) year period, the Foundation will contact the advisor(s) to discuss this situation. At that time, the advisor(s) will be given the following options to continue the fund: *(1) Provide a plan for funding a specific charitable project or organization that requires an accumulation of resources for more than a three-year period, or (2) Resume making ongoing grant recommendations.* If the advisor(s) cannot be located or is/are unresponsive, the fund will terminate, and the fund's balance applied in a manner consistent with the donor's future plan as expressed in the gift instrument.

**Investment of Assets:** All assets contributed to an endowed fund established at the Foundation will be managed in the Foundation's combined investment fund ("CIF"). All assets contributed to a non-endowed fund will be invested in a very conservative manner, such as through a money-market account, *unless* the Foundation has agreed to invest the non-endowed funds as part of the CIF at the written request of the donor, the duly authorized advisors of the fund, or fund committee members.

**Non-Discrimination & Anti-Hate Policy:** Hawaii Community Foundation strives to provide grants to qualified grantees in accordance with sound grantmaking practices and federal and state laws. The Foundation will not illegally discriminate in its grantmaking and will not knowingly make grants or provide funding to organizations, programs or other activities that illegally discriminate in any way, on the basis of actual or perceived race, color, religion, national origin, sex, gender identity (as defined in paragraph 249(c)(4) of title 18, United States Code), sexual orientation, marital or parental status,

political affiliation, military service, physical or mental ability, or any other protected characteristics. The Foundation may, however, limit eligible grant applicants if it is for a clearly articulated charitable and programmatic purpose or supports a specifically defined vulnerable population. The Foundation also will not knowingly make grants or provide funding to organizations or programs that engage in hateful activities including, but not limited to, activities that incite or engage in violence, intimidation, harassment, or threats targeting an individual or group based on any of the characteristics listed above. These activities are contrary to the Foundation's mission and its charitable status. The Foundation will not accept funds from donors or make grants to organizations or programs that the Foundation believes, in its sole discretion, is intended to or has the appearance of supporting or engaging in discrimination or hateful activities. The Foundation will perform the appropriate due diligence to ensure discriminatory and hateful activities are identified and do not receive Foundation support.

**Non-Endowed Fund:** A non-endowed fund is established to allow the entire gift to the fund to be available for grantmaking. Distributions can be made, without limit, over a term of years or upon triggering events as instructed by the donor in the gift instrument or as determined by the Foundation to be appropriate given the circumstances at the time.

**Payout Policy:** Generally, the Foundation anticipates distributions from each endowed fund at least annually of an appropriate percentage of the fund's market value, as determined by the Foundation's Board of Governors ("Board"). In determining the annual distribution amount to be paid from endowed funds, the Board may consider the expected total return on the fund's investments, the desirability of maintaining the value of those funds and any other factors that it deems relevant. The Foundation reserves the right to spend the entire amount of any fund, if by the terms of the gift agreement the gift is subject to the Foundation's "Payout Policy" and the Foundation determines that such expenditures better satisfy the donor's intentions than a limitation on expenditures.

**Restrictions on Grants from Funds:** Distributions from funds established at the Foundation will be made only if they are consistent with the Foundation's charitable purposes and satisfy community needs identified by the Foundation as deserving of its support. Fund distributions will not be made for memberships, pledges, sponsorships, tickets or for any purpose that would otherwise provide a benefit to donors, donor advisors or related parties. Distributions may not involve loans, compensation, expense reimbursements or similar payments to donors, donor advisors or related parties. Distributions from funds may not be made to any specific individual (other than from approved "scholarship funds" or "field of interest funds" with expenditure responsibility oversight) or to participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

**Specialty Accounts:** Assets may be managed by an independent trustee, custodian, investment advisor or other fiduciary (an "outside investment manager") apart from the Foundation's CIF as a "specialty account", *provided* that minimum fund values are met and all such assets are managed in accordance with the Foundation's investment policy. All outside investment managers shall be provided with a copy of and must agree to adhere to the Foundation's investment policy as a condition of continued service in such capacity, and the Foundation reserves the right to replace any outside investment manager in its sole discretion. For more information about the requirements for using an outside investment manager, please contact a staff member regarding "specialty accounts".

**Tax Status of Funds:** Funds established at the Foundation are component funds of the Foundation, a section 501(c)(3) public charity. All contributions to these funds are treated as gifts to a section 501(c)(3) public charity and are tax deductible to the extent allowed by law.

**Variance Power:** All funds established at the Foundation are subject to the Foundation's "variance power," as set forth in Section 3.1(1)(d) of its Articles of Incorporation. The variance power provides the Board with the authority to modify any donor restriction or condition on distributions of funds for any specified charitable purpose or to any specified charitable organization if, in the Board's sole judgment, such restriction or condition becomes unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community.

## **Terms & Conditions Applicable to Specific Fund Types (in Alphabetical Order)**

### **Advised Designated Fund**

**Advised Designated Fund Characteristics:** Donors can establish a non-endowed advised designated fund (“fund”) at the Foundation to benefit only **one** qualifying public charity. The donors or fund advisors may make recommendations regarding the timing, amount, and charitable use of distributions from the fund to the designated organization. Should the designated organization cease to exist, you have the confidence that the Foundation’s Board of Governors (“Board”) will select an alternative charity to support with a mission that adheres to your original intent.

**Designated Charitable Organization:** An advised designated fund may designate only **one** organization to receive grant distributions from the fund. Foundation staff will verify that the designated organization is a qualified section 501(c)(3) public charity.

**Fund Advisor(s):** Donors establishing an advised designated fund may designate up to two (2) individuals who will serve as advisors to the fund and, as such, may make recommendations to the Foundation regarding the amount, timing and any charitable use restrictions on grant distributions from the fund to the designated charitable organization. Donors may designate themselves as advisors or may designate others in addition to or instead of themselves as advisors. Donors who designate themselves as advisors can make grant recommendations jointly and separately. Once designated, an advisor’s status can only be revoked upon written request by the donor(s) who established the fund.

**Role of Advisors:** The Foundation welcomes the involvement and recommendations of fund advisors with respect to distributions from the fund, but such recommendations are advisory only and are in no way binding upon the Foundation. In evaluating recommendations for distributions from the fund, the Foundation staff investigates all prospective grant recipients to ensure that they are organized and operated for charitable purposes typically as described in Section 170(b)(1)(A) of the Internal Revenue Code; reviews the recommended grantee’s financial and program information; and evaluates the advice against the standards and criteria established by the Foundation to ensure that such advice is consistent with specific charitable needs identified by the Foundation as deserving of support and complies with all applicable federal tax requirements.

In all cases where two or more advisors are serving at the same time, a lead advisor shall be appointed. All communications concerning grant recommendations to the Foundation will be through the lead advisor. In any case where multiple advisors make conflicting recommendations regarding distributions from the fund that cannot be promptly resolved, the Foundation may independently initiate distributions from the fund. In addition, if the advisor(s) fails to make a standing distribution recommendation or fails to make any distribution recommendations for three (3) consecutive years, the Foundation will contact the advisor(s) to discuss this situation (see “Inactive Funds” section for more details).

**Spending:** When there is no longer a fund advisor to recommend grant distributions, or the fund becomes inactive for a period of more than three (3) years, the fund will continue to be administered as a designated fund for the benefit of the qualified charity identified in the Gift Instrument. When that occurs, the donor(s) may choose to leave it to the Foundation’s discretion to decide how much to distribute to the designated organization annually, with no restriction on spending. Alternatively, if the fund meets the Foundation’s minimum fund balance requirement (currently \$100,000, subject to change), the donor(s) may specify that the remaining balance be managed as a permanent endowed fund.

### **Corporate Donor Advised Fund**

**Corporate Donor Advised Fund Characteristics:** Organization’s establishing a corporate donor advised fund (“fund”) at the Foundation may have authorized representatives make recommendations regarding distributions from the fund to one or more qualified charitable organizations or for specific charitable purposes. Distribution recommendations from the fund must be consistent with the “Restrictions on Grants from Funds” section below and the Foundation’s “Donor Advised Fund Guide,” as amended.

**Appointment of Advisors:** All requests to appoint additional advisors to an advised fund must be communicated to the Foundation in writing by an officer or other authorized representative of the company that established the fund.

Donor advised funds established by organizations, rather than by individuals, may have its own process for selecting new advisors. Nonetheless, any changes in advisors to the fund must be made in writing by an officer or duly authorized representative of the organization that established the fund.



In all cases of where two or more advisors are serving at the same time, a chairperson shall be appointed. All communications concerning grant recommendations to the Foundation will be through the chairperson. In any case where multiple advisors make conflicting recommendations regarding distributions from the fund that cannot be promptly resolved, the Foundation may independently initiate distributions from the fund.

**Role of Advisors:** The Foundation welcomes the involvement and recommendations of its donors/advisors with respect to distributions from the fund, but such recommendations are advisory only and are in no way binding upon the Foundation. In evaluating recommendations for distributions from the fund, the Foundation staff investigates all prospective grant recipients to ensure that they are organized and operated for charitable purposes typically as described in Section 170(b)(1)(A) of the Internal Revenue Code; reviews the recommended grantee's financial and program information; and evaluates the advice of donors against the standards and criteria established by the Foundation to ensure that such advice is consistent with specific charitable needs identified by the Foundation as deserving of support and complies with all applicable federal tax requirements.

In addition, if the advisor(s) fails to make a standing distribution recommendation or fails to make any distribution recommendations for three (3) consecutive years, the Foundation will contact the advisor(s) to discuss this situation (see "Inactive Funds" section for more details).

**Future Planning:** The organization has the option of determining a future plan for its fund (in the event the company ceases to exist without identifying a successor, or the fund becomes inactive for any other reason) in two easy steps: First, please choose whether your remaining fund balance shall continue as an *endowed fund* or *non-endowed fund*. We'd encourage you to speak with our staff to assist you in making this decision. Second, please select whether you wish the remaining fund balance to go to: (1) the Foundation's Community Needs Fund; (2) an existing fund previously established by you or others; or (3) to a new fund, which you may establish in support of community needs.

### **Designated Fund**

**Designated Fund Characteristics:** Donors establishing a designated fund ("fund") at the Hawai'i Community Foundation ("Foundation") may benefit one or more qualifying public charities. Should a designated organization cease to exist, you have the confidence that the Foundation's Board of Governors ("Board") will select an alternative charity to support with a mission that adheres to your original intent.

**Non-Endowed Fund Distributions:** If you wish to create a non-endowed Designated Fund you may specify in Exhibit "A" other restrictions regarding the timing of grant distributions from the fund. For example, do you wish to distribute all funds over a term of years or allow the fund to grow to a certain amount before it makes grant distributions? Any restriction on the designated charitable organization's use of grant funds for a particular charitable purpose or project may also be described in Exhibit "A".

### **Donor Advised Fund**

**Donor Advised Fund Characteristics:** Donors establishing a donor advised fund ("fund") at the Hawai'i Community Foundation ("Foundation") may make recommendations regarding distributions from the fund to one or more qualified charitable organizations or for specific charitable purposes. Grant recommendations from the fund must be consistent with the "Restrictions on Grants from Funds" section below and the Foundation's "Donor Advised Fund Guide," as amended.

**Fund Purpose:** Most donors choose to have the fund purpose be broadly stated for general charitable purposes for greatest flexibility. If you would like to provide charitable preferences as a guide for future successor advisors, please work with a staff member to develop a "Statement to Successor Advisors" or similar document which memorializes your wishes.

**Initial Advisors and Successor Advisors:** Donors establishing a fund may designate individuals who will serve as advisors to the fund and, as such, may make recommendations to the Foundation regarding grant distributions from the fund. Donors may designate themselves as advisors or may designate others in addition to or instead of themselves as advisors. Donors who designate themselves as advisors can make grant recommendations jointly and separately. Once designated, an advisor's status can only be revoked upon written request by the donor(s) who established the fund.

**Number of Advisors; Nomination of Successor Advisors:** The Foundation prefers that the number of initial advisors be limited to two (2) individuals and the number of successor advisors be limited to two (2) individuals. The donor(s) may authorize the initial and successor advisors named in the gift instrument to nominate a successor advisor to succeed him

or her. Thereafter, no other nominations are allowed. If you wish to nominate more than two initial and/or successor advisors, please request an exception to this general preference by contacting a staff member.

**Appointment of Advisors:** All requests to appoint additional advisors and successor advisors to the fund must be communicated to the Foundation in writing by the donor(s) establishing the fund or by the authorized successor advisor(s). If upon the death, resignation or incapacity of the fund's donor(s) or initial advisor(s), the Foundation has not received in writing the names of additional advisor(s) or successor advisor(s) to the fund or a recommended future plan for the fund, the fund will terminate, and the fund's balance applied in a manner consistent with the donor's intent as expressed in the gift instrument.

**Role of Advisors:** The Foundation welcomes the involvement and recommendations of fund advisors with respect to distributions from the fund, but such recommendations are advisory only and are in no way binding upon the Foundation. In evaluating recommendations for distributions from the fund, the Foundation staff investigates all prospective grant recipients to ensure that they are organized and operated for charitable purposes typically as described in section 170(b)(1)(A) of the Internal Revenue Code; reviews the recommended grantee's financial and program information; and evaluates the advice against the standards and criteria established by the Foundation to ensure that such advice is consistent with specific charitable needs identified by the Foundation as deserving of support and complies with all applicable federal tax requirements.

In all cases where two or more advisors are serving at the same time, a lead advisor shall be appointed. All communications concerning grant recommendations to the Foundation will be through the lead advisor.

In any case where multiple advisors make conflicting recommendations regarding distributions from the fund that cannot be promptly resolved, the Foundation may independently initiate distributions from the fund.

In addition, if the advisor(s) fails to make a standing distribution recommendation or fails to make any distribution recommendations for three (3) consecutive years, the Foundation will contact the advisor(s) to discuss this situation (see "Inactive Funds" section above for more details).

**Future Planning:** The initial donor(s) has the option of determining a future plan for the fund when the last advisor dies, resigns or is otherwise unable to act as advisor, or the fund becomes inactive for a period of more than three (3) years. Please select in the gift instrument how to distribute any remaining fund balance if the fund terminates.

### **Field of Interest Fund**

**Field of Interest Fund Characteristics:** Donors establishing a field of interest fund ("fund") at the Hawai'i Community Foundation ("Foundation") support a specific geographic community or particular philanthropic interest. The interests identified can be broad (such as education or the environment), or narrow (such as early childhood education or coral reef protection). You can trust that the Foundation will invest in organizations doing good work in the areas identified by you, now and in the future.

**Fund Purpose:** Please work with our staff to develop a fund purpose. We can assist you in tailoring field parameters that match your charitable interest(s).

**Non-Endowed Fund Distributions:** If you wish to create a non-endowed field of interest fund, you may decide the timing of the payouts in this section. Do you want the grants to be open as to amount, leaving it to the discretion of the Foundation to decide how much to give annually? Or do you wish to limit payment over a term of years or allow the fund to grow to a certain amount before allowing grants to be made?

**Advisory Committee:** The Foundation works with advisory committees to support the grantmaking process. Volunteer members of the community contribute their expertise and insight to enhance our service to the many communities we serve. Members are nominated by you and/or the Foundation and subject to approval by the Foundation's Board of Governors. Advisory committees generally consist of 3 members.

Serving on an Advisory Committee for a fund is different than serving on the board of a nonprofit organization because your role is focused on distributing funds into the community through grants. There are many others that support this effort so clarifying the roles of each is important:

- Donor: Establishes the purpose and structure of the fund, contributes assets to the fund, and sometimes provides direction or nominates advisory committee members.

- **Foundation Board of Governors:** Manages investment and financial administration of fund assets, reviews and approves grantmaking strategy, appoints advisory committee members in accordance with fund guidelines, and maintains final authority on distribution of grants from the fund.
- **Advisory Committee Member:** Contributes to developing and revising grantmaking strategies, prepares for committee meetings by reading docket materials, participates in the advisory committee discussions and recommendations concerning grants, consistent with the fund purpose and approved grantmaking strategy, maintains confidentiality of committee reviews and discussions and acts in accordance with HCF's conflict of interest policy which requires members to avoid any personal or business relationships that may influence or may have the appearance of influencing grant recommendations, and serves as an ambassador for the fund and Hawaii Community Foundation.
- **Foundation Staff:** Provides guidance to both advisory committee members and applicants on the fund's purpose, community needs and opportunities, sound grantmaking practices, and Foundation policies and procedures, solicits proposals in accordance with the fund's purpose, verifies that applicants are eligible to receive Foundation grants, prepares and distributes dockets with appropriate minutes, final reports, proposals, and evaluations, records committee minutes and maintains grantmaking records, and receives reports on the use of the funds

### **Scholarship Fund**

**Scholarship Fund Characteristics:** Donors establishing a scholarship fund at the Hawai'i Community Foundation ("Foundation") for the purpose of awarding scholarships to be used exclusively for educational expenses at post-secondary educational institutions (a "Scholarship Fund"). All scholarship funds shall be administered by the Foundation in accordance with its guidelines, as may be amended from time to time, and applicable federal tax laws.

**Educational Expenses:** Include amounts paid for tuition, fees and other related expenses for an eligible student that are required for enrollment or attendance at an eligible educational institution.

**Business Scholarships:** For businesses who start scholarship funds and utilize employment as part of the selection criteria, please be aware that pursuant to IRC section 117: (1) if a minimum period of employment is required to qualify for such scholarships, this period may not exceed three years; and (2) once awarded, a scholarship may not be terminated if the recipient (or his or her parent) is no longer employed by that employer

**Exhibit "A":** Scholarship grants must be made for charitable purposes and must benefit persons who are members of a charitable class – a group that is open and will benefit an indefinite number of individuals. The Foundation has established standard minimum criteria which may be amended from time to time. The Donor may recommend additional selection criteria and preferences which should be reasonably related to the purpose of the scholarship.