

Hawai‘i Community Foundation

Consolidated Financial Statements and Supplementary Information
December 31, 2024 and 2023
Together with Independent Auditor’s Report

Hawai‘i Community Foundation

Consolidated Financial Statements and Supplementary Information
December 31, 2024 and 2023

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A Hawaii Limited Liability Partnership

Independent Auditor's Report

To the Board of Governors of
Hawai'i Community Foundation

Opinion

We have audited the consolidated financial statements of Hawai'i Community Foundation and its subsidiary (the Foundation), which comprise the consolidated statement of assets, liabilities and net assets (modified cash basis) as of December 31, 2024, the related consolidated statements of revenues and expenses and changes in net assets (modified cash basis), and functional expenses (modified cash basis) for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2024, and the changes in its net assets for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter and Report on Summarized Comparative Information

The financial statements of the Foundation, as of and for the year ended December 31, 2023, were audited by other auditors, whose report, dated September 26, 2024 expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The pooled income fund investments schedules are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subject to the auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

KMH LLP

KMH LLP

Honolulu, Hawaii
August 27, 2025

Hawai'i Community Foundation

Consolidated Statements of Assets, Liabilities and Net Assets (Modified Cash Basis)

December 31, 2024

(with Comparative Totals as of December 31, 2023)

| | 2024 | 2023 |
|--|-------------------------|-------------------------|
| | <u>2024</u> | <u>2023</u> |
| <u>Assets</u> | | |
| Cash and cash equivalents | \$ 1,022,342 | \$ 1,269,075 |
| Investments, at fair value | 1,027,579,579 | 988,869,819 |
| Property and equipment, net | 27,705,580 | 27,952,688 |
| Other | 193,747 | 229,536 |
| | <u>193,747</u> | <u>229,536</u> |
| Total assets | <u>\$ 1,056,501,248</u> | <u>\$ 1,018,321,118</u> |
| | | |
| <u>Liabilities and Net Assets</u> | | |
| Liabilities: | | |
| Contract funds held for Tobacco Fund | \$ 59,302,297 | \$ 57,360,454 |
| Funds held as agency endowments | 9,239,884 | 8,154,422 |
| Gift annuity liabilities | 627,379 | 599,910 |
| Other | 8,988 | 3,653 |
| | <u>8,988</u> | <u>3,653</u> |
| Total liabilities | <u>69,178,548</u> | <u>66,118,439</u> |
| | | |
| Net Assets: | | |
| Without donor restrictions | 816,526,817 | 739,602,589 |
| With donor restrictions | 170,795,883 | 212,600,090 |
| | <u>170,795,883</u> | <u>212,600,090</u> |
| Total net assets | <u>987,322,700</u> | <u>952,202,679</u> |
| Total liabilities and net assets | <u>\$ 1,056,501,248</u> | <u>\$ 1,018,321,118</u> |

See accompanying notes to financial statements.

Hawai'i Community Foundation

Consolidated Statement of Revenues and Expenses and Changes in Net Assets (Modified Cash Basis)

For the Year Ended December 31, 2024

(with Summarized Comparative Totals for the Year Ended December 31, 2023)

| | 2024 | | | 2023 |
|--|-------------------------------|----------------------------|----------------|----------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| Revenues: | | | | |
| Contributions available for grant making and programs | \$ 48,391,230 | \$ 15,881,188 | \$ 64,272,418 | \$ 47,206,177 |
| Contributions - Maui Strong Fund | - | 19,444,785 | 19,444,785 | 177,285,252 |
| Contracts and grants - Tobacco Fund | 4,187,096 | 39,833 | 4,226,929 | 4,017,775 |
| Contracts and grants - Other | - | 1,791,266 | 1,791,266 | 4,779,682 |
| Investment return expendable for grant making and operations | 43,454,309 | 8,345,548 | 51,799,857 | 41,172,724 |
| Income from perpetual trusts | 3,352,391 | 741,155 | 4,093,546 | 4,382,503 |
| Service and administrative fees | 1,394,880 | 5,000 | 1,399,880 | 1,298,674 |
| Net assets released from restrictions: | | | | |
| Satisfaction of program restrictions | 91,334,802 | (91,334,802) | - | - |
| Endowment payout policy appropriations | 804,895 | (804,895) | - | - |
| Other | 129,551 | - | 129,551 | 138,207 |
| Total revenues | 193,049,154 | (45,890,922) | 147,158,232 | 280,280,994 |
| Expenses: | | | | |
| Grants and scholarships | 75,473,074 | - | 75,473,074 | 65,019,844 |
| Grants - Maui Strong Fund | 72,546,427 | - | 72,546,427 | 30,619,478 |
| Grants - Tobacco Fund | 3,237,445 | - | 3,237,445 | 3,031,468 |
| Program services | 11,013,259 | - | 11,013,259 | 8,796,683 |
| Finance and administration | 4,468,857 | - | 4,468,857 | 4,484,398 |
| Charitable services and donor relations | 4,587,550 | - | 4,587,550 | 5,863,398 |
| Total expenses | 171,326,612 | - | 171,326,612 | 117,815,269 |
| Changes in net assets from operating activities | 21,722,542 | (45,890,922) | (24,168,380) | 162,465,725 |
| Nonoperating activities: | | | | |
| Contribution designated for investment of principal | 16,995,335 | 2,688,171 | 19,683,506 | 6,049,598 |
| Investment return designated for reinvestment | 38,285,953 | 1,373,097 | 39,659,050 | 60,400,848 |
| Change in value of split-interest agreements | (79,602) | 25,447 | (54,155) | 166,475 |
| Total nonoperating activities | 55,201,686 | 4,086,715 | 59,288,401 | 66,616,921 |
| Total change in net assets | 76,924,228 | (41,804,207) | 35,120,021 | 229,082,646 |
| Net assets: | | | | |
| Beginning of year | 739,602,589 | 212,600,090 | 952,202,679 | 723,120,033 |
| End of year | \$ 816,526,817 | \$ 170,795,883 | \$ 987,322,700 | \$ 952,202,679 |

See accompanying notes to financial statements.

Hawai'i Community Foundation

Consolidated Statement of Functional Expenses (Modified Cash Basis)

For the Year Ended December 31, 2024

(with Summarized Comparative Totals for the Year Ended December 31, 2023)

| | 2024 | | | | 2023 |
|---------------------------|-----------------------|-------------------------------|---|-----------------------|-----------------------|
| | Program Services | Finance and Administration | Charitable Services and Donor Relations | Total | Total |
| Grants: | | | | | |
| Grants and scholarships | \$ 75,473,074 | \$ - | \$ - | \$ 75,473,074 | \$ 65,019,844 |
| Grants - Maui Strong Fund | 72,546,427 | - | - | 72,546,427 | 30,619,478 |
| Grants - Tobacco Fund | 3,237,445 | - | - | 3,237,445 | 3,031,468 |
| Total grants | 151,256,946 | - | - | 151,256,946 | 98,670,790 |
| Personnel expenses | 5,126,898 | 3,026,535 | 3,330,685 | 11,484,118 | 10,156,519 |
| Professional fees | 4,812,575 | 302,874 | 433,179 | 5,548,628 | 4,768,658 |
| Occupancy | 293,023 | 321,133 | 266,933 | 881,089 | 822,352 |
| Information technology | 31,797 | 460,717 | 266 | 492,780 | 462,066 |
| Conferences and meetings | 313,845 | 27,290 | 122,377 | 463,512 | 353,807 |
| Depreciation | 99,472 | 101,549 | 61,923 | 262,944 | 255,743 |
| Professional development | 89,276 | 16,129 | 27,115 | 132,520 | 126,404 |
| Travel | 79,678 | 15,190 | 17,889 | 112,757 | 93,229 |
| Office expenses | 28,819 | 44,518 | 37,489 | 110,826 | 113,458 |
| Insurance | 45,669 | 35,849 | 21,860 | 103,378 | 54,805 |
| Advertising | 14,667 | 105 | 84,831 | 99,603 | 182,974 |
| Credit card fees | - | - | 94,508 | 94,508 | 1,542,572 |
| Printing and publication | 9,332 | 4,763 | 33,410 | 47,505 | 42,735 |
| Other expenses | 68,208 | 112,205 | 55,085 | 235,498 | 169,157 |
| | <u>\$ 162,270,205</u> | <u>\$ 4,468,857</u> | <u>\$ 4,587,550</u> | <u>\$ 171,326,612</u> | <u>\$ 117,815,269</u> |

See accompanying notes to financial statements.

Hawai‘i Community Foundation

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

1. Summary of Operations and Significant Accounting Policies

a. General

Hawai‘i Community Foundation (“HCF”) 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. HCF is the sole member of HCF Land Holding LLC. HCF Land Holding LLC was incorporated in December 2021 and its primary purpose is to hold the real property described in Note 6. The accompanying consolidated financial statements include HCF and HCF Land Holding LLC (collectively, the “Foundation”). All significant intercompany balances and transactions have been eliminated in consolidation. The significant accounting policies followed are described below.

b. Basis of Accounting

The Foundation’s policy is to prepare its consolidated financial statements on the basis of cash receipts and disbursements, except that investments are carried at fair value, major property items 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 Consolidated Statement of Revenues and Expenses and Changes in Net Assets (Modified Cash Basis). Accordingly, the accompanying consolidated 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 (“U.S. GAAP”).

Some of the more significant differences between U.S. GAAP accounting and the Foundation’s modified cash basis of accounting include: contribution income under U.S. GAAP is recorded when an irrevocable pledge is received rather than when the cash is received; service and administrative fees under U.S. GAAP are recognized as earned (as performance obligations are settled) rather than when cash is received; grants expense under U.S. 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 U.S. 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 U.S. GAAP in the Statement of Assets, Liabilities and Net Assets (Modified Cash Basis) based on the fair value of such assets, but are not recognized under the modified cash basis of accounting until transferred to the Foundation. Additionally, the financial statements of supporting organizations over which the Foundation has control are not consolidated into the Foundation’s consolidated financial statements; and a statement of cash flows is not presented under the modified cash basis of accounting.

Hawai'i Community Foundation

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

1. Summary of Operations and Significant Accounting Policies (continued)

c. Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

d. Risks and Uncertainties

The Foundation invests in or holds a variety of investment vehicles, including common stock, corporate and governmental obligations, mutual funds, and privately managed investment funds. 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 consolidated financial statements.

e. Measure of Operations

In the Consolidated Statement of Revenues and Expenses and Changes in Net Assets (Modified Cash Basis), 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.

f. 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 high credit quality banks in Honolulu. Balances are secured by the Federal Deposit Insurance Corporation up to \$250,000. 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.

Hawai'i Community Foundation

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

1. Summary of Operations and Significant Accounting Policies (continued)

g. Investments

Investments are reported at fair value. Where applicable, investments are stated at net asset value (or its equivalent) as a practical expedient to 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 5 for a discussion of fair value measurements.

Certain trust form component 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.

Certain corporate form component funds are also combined for investment management purposes in combined investment funds. Monthly investment earnings are allocated and distributed to participating funds based on average daily balances.

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. The investment and payout policies work together to achieve this objective. Investment guidelines provide for a total rate of return net of fees, and define asset allocation targets and ranges, with an emphasis on equity based investments. Investment performance is measured on both an absolute and relative basis compared to a targeted composite index.

h. 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.

Hawai'i Community Foundation

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

1. Summary of Operations and Significant Accounting Policies (continued)

h. Payout Policy (continued)

The payout that the Foundation distributes from the combined investment funds to each participating component fund for grants and program 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. The Foundation's payout percentage factor was 4% in 2024 and 2023. However, if the market value of a component fund drops below the contributions to the principal, then the payout percentage factor is reduced to 2%. Additionally, administrative service fees are paid to the Foundation from the combined investment funds to provide for the cost of administration.

The base is a 48-month rolling average market value of the respective participating component fund. Computation of the payout is made annually.

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

i. Property and Equipment

Property and equipment is stated at cost if purchased or fair value if donated. Items purchased with a cost in excess of \$500 and a useful life exceeding one year are 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 and equipment are included in current operations.

j. 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. The Board of Governors determines how the payout is to be distributed.

Hawai'i Community Foundation

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

1. Summary of Operations and Significant Accounting Policies (continued)

j. Fund Management (continued)

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. 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 without donor restrictions in the accompanying consolidated 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 residual 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 donor 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.

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 or annual payments for the remainder of their lifetime. Upon death of the donor, any residual 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 donor, based on the present value of payments to be made to the donor over their estimated remaining lifetime. The present value of payments to be made to the donors is calculated annually based on published mortality tables and discount rates ranging from 1.8% to 7.6%.

k. 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 follows:

Net Assets Without Donor Restrictions - Net assets that are available for use in general operations and not subject to donor or grantor restrictions.

Hawai'i Community Foundation

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

1. Summary of Operations and Significant Accounting Policies (continued)

k. Classification of Net Assets (continued)

U.S. 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 without donor restrictions. 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 without donor restrictions in the Foundation's consolidated financial statements. Despite this classification, the Foundation's policies and procedures for administering its charitable funds are to always follow the donor's intent as closely as possible.

Designations of net assets without donor restrictions have been made by the governing board to earmark certain net assets for long-term investment or to acknowledge donor intentions.

Net Assets With Donor Restrictions - Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions could be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both; or in the case of unspent endowment earnings, when such earnings have been appropriated for expenditure under the Foundation's payout policy. The Foundation's net assets with donor restrictions represent net assets over which the Foundation's variance power does not apply, and includes perpetual endowments and the unspent earnings thereon; special purpose funds; a pooled income fund; and charitable gift annuities that must be invested pursuant to State law.

l. Functional Allocation of Expenses

The costs of providing the Foundation's programs and other services have been summarized on a functional basis in the Consolidated Statement of Revenues and Expenses and Changes in Net Assets (Modified Cash Basis). The Consolidated Statement of Functional Expenses (Modified Cash) presents the natural classification detail of expenses by function. Where applicable, costs that are readily identifiable to a function are directly charged to that function. Other costs have been allocated among the programs and supporting services benefited. Allocation methods are primarily based on management estimates of time spent by personnel working across functions.

Hawai'i Community Foundation

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

1. Summary of Operations and Significant Accounting Policies (continued)

l. Functional Allocation of Expenses (continued)

Program services represent grant expenses as well as 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.

m. Advertising Costs

Advertising costs are charged to expense as incurred.

n. Income Taxes

HCF 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, HCF is exempt from federal and state income and excise taxes, except on unrelated business income. Management believes HCF's tax years prior to 2021 are no longer subject to examination by the Internal Revenue Service. HCF Land Holding LLC is a disregarded entity for federal and state income taxes. Management is not aware of any significant uncertain tax positions taken on previously filed tax returns.

Hawai'i Community Foundation

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

2. Liquidity and Funds Available

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Foundation's year end comprise the following:

| | 2024 | 2023 |
|--|-----------------------|-----------------------|
| Cash | \$ 895,877 | \$ 823,992 |
| Investments: | | |
| Operating fund | 11,038,796 | 10,092,463 |
| Unrestricted, non-endowed | 153,449,393 | 131,449,031 |
| Unrestricted, designated by board for endowment: | | |
| Amounts previously appropriated for expenditure | 33,174,273 | 32,848,643 |
| Appropriated for expenditure in coming year | 28,846,043 | 27,125,601 |
| Other | 132,128 | 100,709 |
| Total | <u>\$ 227,536,510</u> | <u>\$ 202,440,439</u> |

The Foundation's board-designated endowments are subject to the Foundation's payout policy as described in Note 1. Although the Foundation does not intend to spend from board-designated endowments (other than amounts appropriated for general expenditure as part of the Foundation's annual budget approval and appropriation), these amounts could be made available for spending if necessary.

Amounts associated with donor-restricted gifts, both endowed and non-endowed, are not available for general expenditure, with the exception of donor endowments that stipulate that earnings from permanent endowments may be spent for general operating purposes.

As part of its liquidity management plan, the Foundation invests operating funds in excess of daily requirements in money market funds and mutual funds.

3. Contributions and Maui Strong Fund

Contributions for the years ended December 31, 2024 and 2023 consisted of the following:

| | 2024 | 2023 |
|--|-----------------------|-----------------------|
| Contributions to principal | \$ 19,683,506 | \$ 6,049,598 |
| Contributions to income - Maui Strong Fund | 19,444,785 | 177,285,252 |
| Contributions to income | 64,272,418 | 47,206,177 |
| | <u>\$ 103,400,709</u> | <u>\$ 230,541,027</u> |

Hawai'i Community Foundation

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

3. Contributions and Maui Strong Fund (continued)

Contributions to principal are gifts intended to be invested in perpetuity. Distributions from these gifts are disbursed as grants or program expenditures to support charitable endeavors as provided in the payout policy. Grants exclude those awarded but not paid or drawn down.

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

After the destructive fires that hit Maui in August 2023, the Foundation activated the Maui Strong Fund, to support the immediate and long-term recovery needs for the people and place of Maui.

The following summarizes the activities in the Maui Strong Fund for the years ended December 31, 2024 and 2023:

| | 2024 | 2023 |
|-------------------------------|----------------|----------------|
| Revenues: | | |
| Contributions | \$ 19,444,785 | \$ 177,285,252 |
| Interest and dividends | 6,456,776 | 1,165,891 |
| Total revenues | 25,901,561 | 178,451,143 |
| Expenses: | | |
| Grants | (72,546,427) | (30,619,478) |
| Consulting fees | (287,738) | - |
| Credit card processing fees | (87,104) | (1,525,331) |
| Total expenses | (72,921,269) | (32,144,809) |
| Transfers from other funds | 170,548 | 2,749,585 |
| Total change in net assets | (46,849,160) | 149,055,919 |
| Net Assets, Beginning of year | 149,055,919 | - |
| Net Assets, End of year | \$ 102,206,759 | \$ 149,055,919 |

In 2024, twenty donors made contributions of \$1 million or more, aggregating approximately \$65 million, of which \$4.3 million was for the Foundation's Maui Strong Fund. In 2023, twenty-nine donors made contributions of \$1 million or more, aggregating approximately \$58 million, of which \$27 million was for the Foundation's Maui Strong Fund.

Hawai'i Community Foundation

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

4. Investments

The Foundation's investments at December 31, 2024 and 2023 follow:

| | 2024 | 2023 |
|---|-------------------------|-----------------------|
| Combined investment funds: | | |
| Mutual and exchange traded funds | \$ 558,137,794 | \$ 514,356,057 |
| Corporate bonds | 44,129,788 | 40,872,759 |
| U.S. Treasury and other government agencies | 48,213,854 | 34,415,976 |
| Money market mutual funds | 19,193,249 | 16,937,607 |
| Municipal bonds | 4,719,739 | 3,439,679 |
| Total combined investment funds | 674,394,424 | 610,022,078 |
| Money market mutual funds | 200,938,180 | 231,569,002 |
| Mutual and exchange traded funds | 91,079,484 | 90,104,129 |
| Common stock | 11,638,162 | 12,105,395 |
| U.S. Treasury and other agency bonds | 20,781,625 | 18,228,241 |
| Corporate bonds | 15,056,799 | 14,054,003 |
| Municipal bonds | 5,175,039 | 5,279,986 |
| Alternatives | 1,922,716 | 3,323,652 |
| Program loans | 6,143,150 | 4,183,333 |
| Property held for sale | 450,000 | - |
| | <u>\$ 1,027,579,579</u> | <u>\$ 988,869,819</u> |

5. Fair Value Measurements

U.S. GAAP provides 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.

Hawai'i Community Foundation

Notes to Consolidated Financial Statements
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5. Fair Value Measurements (continued)

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 there 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.

Additionally, certain investments, such as the Foundation's investments in privately managed investment funds, fall outside of the Financial Accounting Standards Board's fair value hierarchy and are instead valued at net asset value (or its equivalent) ("NAV") as a practical expedient.

When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. There were no changes in the fair value methodologies used at December 31, 2024 and 2023.

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 if publicly traded; otherwise valued based on third party appraisal which uses significant observable inputs including offering price of similar classes of stock of the same issuer.

Money market, mutual and exchange traded funds: Valued at the closing price reported on active stock exchanges.

Corporate bonds, U.S. government and municipal obligations: Valued primarily by pricing models that incorporate available trade, bid and other market information.

Real Property held for sale: Valued based on an independent third party appraisal.

Hawai'i Community Foundation

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

5. Fair Value Measurements (continued)

Alternative investments:

- *Privately managed investment funds:* Valued at investor's capital, as reported by the investment manager (net asset value).
- *Oil and gas limited partnership:* Valued at fair value as provided by the general partner based on discounted cash flow analyses and other valuation techniques.

Program loans: Valued at cost which management believes approximates fair value. Credit losses, if any, would be recorded when incurred as a market value adjustment. Management believes this method of recording credit losses does not vary materially from the "expected loss" model of recording credit losses under Accounting Standards Update No. 2016-13, *Financial Instruments - Credit Losses*.

Fair values of assets measured on a recurring basis are as follows as of December 31, 2024 and 2023:

| 2024: | Total | Fair value measurements at reporting date using: | | | |
|-----------------------------------|-------------------------|--|-----------------------|---------------------|---------------------|
| | | Level 1 | Level 2 | Level 3 | NAV |
| Mutual and exchange traded funds | \$ 649,217,278 | \$ 649,217,278 | \$ - | \$ - | \$ - |
| Money market mutual funds | 220,131,429 | 220,131,429 | - | - | - |
| Corporate bonds | 59,186,587 | - | 59,186,587 | - | - |
| U.S. treasury bonds | 56,361,458 | - | 56,361,458 | - | - |
| U.S. government agency securities | 12,634,021 | - | 12,634,021 | - | - |
| Common stock | 11,638,162 | 10,844,127 | 794,035 | - | - |
| Municipal bonds | 9,894,778 | - | 9,894,778 | - | - |
| Real property held for sale | 450,000 | - | 450,000 | - | - |
| Alternatives (a) | 1,922,716 | - | - | 160,184 | 1,762,532 |
| Program loans (b) | 6,143,150 | - | - | 6,143,150 | - |
| Total | <u>\$ 1,027,579,579</u> | <u>\$ 880,192,834</u> | <u>\$ 139,320,879</u> | <u>\$ 6,303,334</u> | <u>\$ 1,762,532</u> |
| 2023: | | | | | |
| Mutual and exchange traded funds | \$ 604,460,186 | \$ 604,460,186 | \$ - | \$ - | \$ - |
| Money market mutual funds | 248,506,609 | 248,506,609 | - | - | - |
| Corporate bonds | 54,926,762 | - | 54,926,762 | - | - |
| U.S. treasury bonds | 39,277,705 | - | 39,277,705 | - | - |
| U.S. government agency securities | 13,366,512 | - | 13,366,512 | - | - |
| Common stock | 12,105,395 | 11,311,360 | 794,035 | - | - |
| Municipal bonds | 8,719,665 | - | 8,719,665 | - | - |
| Alternatives (a) | 3,323,652 | - | - | 160,184 | 3,163,468 |
| Program loans (b) | 4,183,333 | - | - | 4,183,333 | - |
| Total | <u>\$ 988,869,819</u> | <u>\$ 864,278,155</u> | <u>\$ 117,084,679</u> | <u>\$ 4,343,517</u> | <u>\$ 3,163,468</u> |

Hawai'i Community Foundation

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

5. Fair Value Measurements (continued)

(a) - Investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy and thus are not assigned to Levels 1, 2 or 3.

(b) - Program loans are with nonprofit financial intermediaries for the purpose of relending to small businesses, income constrained home buyers, and affordable housing candidates. Loans bear interest at rates of 1 to 2% per annum and mature at various dates through 2033.

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

Alternative investments consist of:

- Privately managed investment funds carried at NAV:
 - a limited partnership that invests substantially all of its investable assets in a master investment fund related to the limited partnership. The master fund invests primarily in privately managed investment funds with investment strategies that include long and short positions, distressed debt, event driven, arbitrage and emerging markets, with geographic semi-annual emphasis on both U.S. and global markets. The Foundation may make withdrawals with 90 days' written notice. There are no unfulfilled capital commitments with respect to this investment.
 - two limited liability company investments with a common investment manager that invest in venture capital funds. The investments do not provide liquidity or redemption rights and are not readily marketable. Unfulfilled capital commitments is \$250,000 for one of the investments.
- A limited partnership that invests in oil and gas properties. This investment does not provide liquidity or redemption rights and is not readily marketable.

Hawai'i Community Foundation

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

6. Property and Equipment

Property and equipment at December 31, 2024 and 2023 consisted of the following:

| | 2024 | 2023 |
|---|----------------------|----------------------|
| Equipment | \$ 535,153 | \$ 516,090 |
| Software | 245,942 | 245,942 |
| Furniture and fixtures | 521,511 | 521,511 |
| Leasehold improvements | 114,177 | 86,447 |
| Work in progress | - | 32,230 |
| | 1,416,783 | 1,402,220 |
| Less: accumulated depreciation and amortization | (753,664) | (491,993) |
| | 663,119 | 910,227 |
| Real property, to be used for programs | 26,942,000 | 26,942,000 |
| Artwork | 100,461 | 100,461 |
| Total | <u>\$ 27,705,580</u> | <u>\$ 27,952,688</u> |

Depreciation and amortization expense was approximately \$262,000 and \$256,000 in 2024 and 2023, respectively.

Real property, to be used for programs, consists of 2,400 acres of donated land on the island of Hawai'i. Pursuant to an agreement with the donor, the Foundation shall hold and use the property as a place and values-based living classroom that practices and models collaboration for the benefit of local and global communities.

7. Perpetual Trusts and Supporting Organizations

Perpetual Trusts

The Foundation is a beneficiary of income from assets held in perpetual 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 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, 2024 and 2023, the fair value of the Black Trust's assets, which consists of marketable securities, was approximately \$65,740,000 and \$60,185,000, respectively. The Foundation's 70% interest at December 31, 2024 and 2023 was approximately \$46,018,000 and \$42,129,000, respectively.

Hawai'i Community Foundation

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

7. Perpetual Trusts and Supporting Organizations (continued)

Perpetual Trusts (continued)

The Foundation is an income beneficiary of 100% of the income of the Prisanlee Trust, a supporting organization, 27% of which is distributed by the Foundation to specific organizations. At December 31, 2024 and 2023, the fair value of the Prisanlee Trust's assets, which consists of marketable securities, was approximately \$16,764,000 and \$15,526,000, respectively.

The Foundation is an income beneficiary of 20% of the income of the Parker Ranch Foundation Trust. At December 31, 2024 and 2023, 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 \$229,405,000 and \$232,844,000, respectively. The Foundation's 20% interest at December 31, 2024 and 2023 was approximately \$45,881,000 and \$46,569,000, respectively.

Income from perpetual trusts for 2024 and 2023 consisted of the following:

| Constituent | Fund | 2024 | 2023 |
|--------------------------------|-------------------------|---------------------|---------------------|
| Robert E. Black Memorial Trust | Robert E. Black | \$ 1,855,000 | \$ 2,100,000 |
| Prisanlee Trust | Prisanlee | 837,180 | 911,360 |
| Parker Ranch Foundation Trust | Richard Smart | 741,155 | 805,174 |
| Wodehouse Trust | Hawaii Children's Trust | 546,736 | 446,174 |
| Other | various | 113,475 | 119,795 |
| Total | | <u>\$ 4,093,546</u> | <u>\$ 4,382,503</u> |

Supporting Organizations

Hawai'i Leadership Forum ("HLF") is a nonprofit organization formed to serve as a supporting organization to the Foundation with a focus on creating and operating leadership programs for individuals in the State of Hawai'i. The majority of HLF's directors are appointed by the Board of Governors of the Foundation. In 2024 and 2023, the Foundation made grants to HLF amounting to \$4,000,000 and \$3,075,000, respectively.

'Iole is a nonprofit organization formed to serve as a supporting organization to the Foundation. The purpose of the organization is to operate activities described in Note 6 upon real property restricted for use. The bylaws of 'Iole requires that a majority of its directors to be members of the Foundation's Board of Governors. 'Iole rents this property from the Foundation for \$1 annually. In 2024 and 2023, the Foundation made grants to 'Iole amounting to \$1,250,000 and \$1,350,000, respectively.

The Foundation's interests in these perpetual trusts and supporting organizations are not included in the accompanying consolidated financial statements.

Hawai'i Community Foundation

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

8. Tobacco Prevention and Control Trust Fund

The Foundation is party to a contract with the State of Hawai'i, Department of Health (the "State"), 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 should the State choose to terminate this contract. Such amounts are recorded as contract funds held for Tobacco Fund in the Consolidated Statements 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 Consolidated Statement of Revenues and Expenses and Changes in Net Assets (Modified Cash Basis). 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, which result in a decrease in the corresponding asset and liability.

At December 31, 2024 and 2023, the Foundation held amounts of \$59,302,297 and \$57,360,454, respectively, related to the Tobacco Fund. As allowed under the agreement with the State, these amounts are invested in money market and other mutual funds, corporate and government bonds, and domestic and international equities and carried at fair value.

9. Charitable Gift Annuities

Assets and liabilities associated with charitable gift annuities at December 31, 2024 and 2023 were:

| | 2024 | 2023 |
|-------------------------------------|-------------------|-------------------|
| Assets | \$ 802,333 | \$ 1,261,325 |
| Liabilities | 627,379 | 599,910 |
| Net assets | <u>\$ 174,954</u> | <u>\$ 661,415</u> |
| Composition of net assets (deficit) | | |
| Without donor restrictions | \$ (181,936) | \$ (190,609) |
| With donor restrictions | 356,890 | 852,024 |
| | <u>\$ 174,954</u> | <u>\$ 661,415</u> |

Hawai'i Community Foundation

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

9. Charitable Gift Annuities (continued)

Assets are carried at fair market value and consist primarily of mutual and money market funds. Net assets in a deficit position represent contracts whose liabilities exceed the related assets. 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. The Foundation has designated specific assets to meet this reserve requirement.

10. Leases

The Foundation has several operating leases for office space expiring through April 2032. The future minimum rental payments for these leases are as follows:

| Years ending | |
|--------------|---------------------|
| 2025 | \$ 472,900 |
| 2026 | 459,300 |
| 2027 | 461,300 |
| 2028 | 463,500 |
| 2029 | 452,900 |
| Thereafter | 909,700 |
| Total | <u>\$ 3,219,600</u> |

Rental expense for the years ended December 31, 2024 and 2023 was \$760,870 and \$692,502, respectively.

The Foundation sub-leases certain office space to three nonprofit organizations under agreements expiring December 2031. The Foundation's CEO is a member of the boards of directors of these organizations.

The future minimum rental payments for these sub-leases are as follows:

| Years ending | |
|--------------|-------------------|
| 2025 | \$ 40,300 |
| 2026 | 40,300 |
| 2027 | 40,300 |
| 2028 | 40,300 |
| 2029 | 40,300 |
| Thereafter | 80,600 |
| Total | <u>\$ 282,100</u> |

Hawai'i Community Foundation

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

10. Leases (continued)

Rental income received from these sub-leases amounted to \$147,603 and \$137,099 in 2024 and 2023, respectively.

11. Funds Held As Agency Endowments

Agency endowments represent endowment funds established by unaffiliated nonprofit organizations for their own benefit with the Foundation. Funds held as agency endowments are recorded at the fair values of the corresponding assets. At December 31, 2024 and 2023, agency endowment funds had a combined value of \$9,239,844 and \$8,154,422, respectively.

The following table summarizes the activity in these funds for the years ended December 31, 2024 and 2023:

| | |
|--|---------------------|
| Funds held as agency endowments, January 1, 2023 | \$ 6,615,446 |
| Amounts raised | 890,636 |
| Investment income | 178,605 |
| Net appreciation of investments | 901,989 |
| Grants | (353,784) |
| Other | <u>(78,470)</u> |
| Funds held as agency endowments, December 31, 2023 | 8,154,422 |
| Amounts raised | 556,707 |
| Investment income | 230,568 |
| Net appreciation of investments | 761,287 |
| Grants | (375,790) |
| Other | <u>(87,310)</u> |
| Funds held as agency endowments, December 31, 2024 | <u>\$ 9,239,884</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 and organizations for performing certain philanthropic service and administrative functions.

Hawai‘i Community Foundation

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

12. Service and Administrative Fees (continued)

Service and administrative fees for the years ended December 31, 2024 and 2023 presented in the accompanying Consolidated Statement of Revenues and Expenses and Changes in Net Assets (Modified Cash Basis) exclude fees from the board discretionary, designated, donor advised and field of interest funds, as follows:

| | <u>2024</u> | <u>2023</u> |
|--|----------------------------|----------------------------|
| Total service and administrative fees | \$ 13,587,498 | \$ 12,237,612 |
| Less: fees received from board discretionary designated, donor advised, and field of interest funds | <u>(12,187,618)</u> | <u>(10,938,938)</u> |
| Service and administrative fees from third parties | <u><u>\$ 1,399,880</u></u> | <u><u>\$ 1,298,674</u></u> |

Hawai'i Community Foundation

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

13. Operating Fund

The following table summarizes the activity in the Foundation's operating fund for the years ended December 31, 2024 and 2023:

| | 2024 | 2023 |
|---|---------------|---------------|
| Revenues: | | |
| Service and administrative fees | \$ 13,582,498 | \$ 12,237,612 |
| Interest and dividends | 290,002 | 229,546 |
| Contributions | 520,352 | 342,943 |
| Investment gains and other income | 449,679 | 762,013 |
| Total revenues | 14,842,531 | 13,572,114 |
| Expenses: | | |
| Finance and administration | (4,468,857) | (4,484,398) |
| Program services | (5,065,566) | (4,543,528) |
| Charitable services and donor relations | (4,493,850) | (4,320,826) |
| Total expenses | (14,028,273) | (13,348,752) |
| Transfers from other funds | 3,454 | 151,237 |
| Total change in net assets | 817,712 | 374,599 |
| Net Assets, Beginning of year | 12,042,853 | 11,668,254 |
| Net Assets, End of year | \$ 12,860,565 | \$ 12,042,853 |

Hawai'i Community Foundation

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

14. Maui Recovery Efforts Fund

In connection with the Foundation's support of and involvement in administering the Maui Strong Fund (to cover all costs associated with fund support and administration including processing the receipt of contributions, grantmaking and oversight of the fund), the Foundation received contributions to fund the management and administration of this effort. The Foundation does not receive fees from the Maui Strong Fund. This activity is reflected in the Foundation's Maui Recovery Efforts Fund and consisted of the following in 2024 and 2023:

| | 2024 | 2023 |
|-------------------------------|---------------------|---------------------|
| Contributions | \$ 1,510,100 | \$ 1,804,445 |
| Expenses | (1,873,031) | (44,343) |
| Total change in net assets | (362,931) | 1,760,102 |
| Net Assets, Beginning of year | 1,760,102 | - |
| Net Assets, End of year | <u>\$ 1,397,171</u> | <u>\$ 1,760,102</u> |

15. Retirement Plan

The Foundation has a defined contribution retirement plan covering all employees. Contributions are based upon a percentage of the employees' compensation and are funded currently. Contributions to the plan were approximately \$688,000 and \$594,000 for the years ended December 31, 2024 and 2023, respectively.

Hawai'i Community Foundation

Notes to Consolidated Financial Statements
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16. Net Assets

The Foundation manages many of its funds as endowed funds in accordance with donor preferences regardless of U.S. GAAP classification. Endowed funds are perpetual in nature and include both the original donor gift and any unspent investment earnings thereon. Annual expenditures from endowment funds are generally limited by the Foundation's payout policy. The Foundation classifies net assets as follows:

| As of December 31, 2024: | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|-----------------------|
| Endowment Funds: | | | |
| Board-designated endowments: | | | |
| Board discretionary funds | \$ 32,199,271 | \$ 8,661,309 | \$ 40,860,580 |
| Designated or restricted | 229,443,030 | - | 229,443,030 |
| Donor advised, advisory board and field of interest | 387,238,473 | - | 387,238,473 |
| Donor-restricted endowments: | | | |
| Unrestricted | - | 796,950 | 796,950 |
| Social programs | - | 13,390,824 | 13,390,824 |
| Subtotal endowment funds | <u>648,880,774</u> | <u>22,849,083</u> | <u>671,729,857</u> |
| Non-Endowment Funds: | | | |
| Operating fund | 12,860,565 | - | 12,860,565 |
| Designated, donor advised, advisory board and field of interest | 154,785,478 | - | 154,785,478 |
| Restricted for social programs | - | 147,536,725 | 147,536,725 |
| Pooled income funds | - | 28,306 | 28,306 |
| Gift annuities | - | 356,890 | 356,890 |
| Special projects | - | 24,879 | 24,879 |
| Subtotal non-endowment funds | <u>167,646,043</u> | <u>147,946,800</u> | <u>315,592,843</u> |
| Total net assets | <u>\$ 816,526,817</u> | <u>\$ 170,795,883</u> | <u>\$ 987,322,700</u> |

Hawai'i Community Foundation

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

16. Net Assets (continued)

| As of December 31, 2023: | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|-----------------------|
| Endowment Funds: | | | |
| Board-designated endowments: | | | |
| Board discretionary funds | \$ 29,871,243 | \$ 7,746,694 | \$ 37,617,937 |
| Designated or restricted | 207,878,632 | - | 207,878,632 |
| Donor advised, advisory board and field of interest | 356,944,546 | - | 356,944,546 |
| Donor-restricted endowments: | | | |
| Unrestricted | - | 695,456 | 695,456 |
| Social programs | - | 10,305,910 | 10,305,910 |
| Subtotal endowment funds | <u>594,694,421</u> | <u>18,748,060</u> | <u>613,442,481</u> |
| Non-Endowment Funds: | | | |
| Operating fund | 12,042,853 | - | 12,042,853 |
| Designated, donor advised, advisory board and field of interest | 132,865,315 | - | 132,865,315 |
| Restricted for social programs | - | 192,946,517 | 192,946,517 |
| Pooled income funds | - | 28,610 | 28,610 |
| Gift annuities | - | 852,024 | 852,024 |
| Special projects | - | 24,879 | 24,879 |
| Subtotal non-endowment funds | <u>144,908,168</u> | <u>193,852,030</u> | <u>338,760,198</u> |
| Total net assets | <u>\$ 739,602,589</u> | <u>\$ 212,600,090</u> | <u>\$ 952,202,679</u> |

Hawai'i Community Foundation

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

16. Net Assets (continued)

Changes in endowment net assets for the years ended December 31, 2024 and 2023 were as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--------------------------------------|-------------------------------|----------------------------|----------------|
| January 1, 2023 | \$ 529,546,022 | \$ 16,810,491 | \$ 546,356,513 |
| Investment return, net | 77,654,123 | 2,731,171 | 80,385,294 |
| Contributions | 8,458,960 | 23,898 | 8,482,858 |
| Amounts appropriated for expenditure | (19,293,998) | (817,500) | (20,111,498) |
| Other changes | (1,670,686) | - | (1,670,686) |
| December 31, 2023 | 594,694,421 | 18,748,060 | 613,442,481 |
| Investment return, net | 65,654,087 | (210,616) | 65,443,471 |
| Contributions | 16,551,839 | 5,116,534 | 21,668,373 |
| Amounts appropriated for expenditure | (20,379,521) | (804,895) | (21,184,416) |
| Other changes | (7,640,052) | - | (7,640,052) |
| December 31, 2024 | \$ 648,880,774 | \$ 22,849,083 | \$ 671,729,857 |

Interpretation of SPMIFA

The Board of Governors of the Foundation, in consultation with legal counsel, has determined that the Foundation is not subject to the State's Uniform Prudent Management of Institutional Funds Act (SPMIFA) 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 SPMIFA does apply and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board appropriates such amounts for expenditure. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. SPMIFA does not require the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result, the Foundation considers a fund to be underwater if the fair value of the fund is less than the original value of initial and subsequent gift amounts donated to the fund. The Foundation has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. The Foundation did not have any underwater endowments at December 31, 2024 or 2023.

Hawai‘i Community Foundation

Notes to Consolidated Financial Statements
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17. Related Parties

The Foundation’s Board of Governors is composed of business and civic leaders in the State of Hawai‘i. Certain of these business leaders have past or present affiliations with three financial institutions that provide trustee services for the Foundation. Trustee and custodial fees paid to these three financial institutions amounted to approximately \$2,989,000 and \$2,665,000 in 2024 and 2023, respectively. 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.

18. Subsequent Events

Management has reviewed and considered whether events occurring after year end should be reflected or disclosed in these consolidated financial statements. The date through which this review was conducted was August 27, 2025, the date the consolidated financial statements were available to be issued.

19. Community Grantmaking Services (unaudited)

The Foundation assists private foundations and other organizations in their community grantmaking by providing grant evaluation and grant management services. The Foundation receives a fee for these contracted services. Through this activity, the Foundation facilitated approximately \$12,202,000 and \$14,076,000 of additional community grantmaking by these private foundations and organizations for the years ended December 31, 2024 and 2023 respectively, which is not reflected in the Foundation’s consolidated financial statements. The direct costs of services related to this activity are included in the expenses shown in the Consolidated Statement of Revenues and Expenses and Changes in Net Assets (Modified Cash Basis) as well as the Consolidated Statement of Functional Expenses (Modified Cash Basis) under Program Services which is described in Note 1.

Supplementary Information

Hawai'i Community Foundation

Supplementary Information
Schedule of Pooled Income Fund Investments
December 31, 2024

| | <u>Units</u> | <u>Cost</u> | <u>Fair Value</u> |
|----------------------------------|--------------|------------------|-------------------|
| Fixed income funds: | | | |
| Federated Total Return Bond Fund | 461 | \$ 5,049 | \$ 4,313 |
| Vanguard Total Bond Market Index | 1,798 | 19,260 | 17,047 |
| Baird Aggregated Bond Fund | <u>155</u> | <u>1,800</u> | <u>1,495</u> |
| Total fixed income funds | 2,414 | 26,109 | 22,855 |
| Money market funds: | | | |
| Dreyfus Cash Management | | 364 | 364 |
| Blackrock Liquidity Fund | | <u>5,087</u> | <u>5,087</u> |
| | | <u>\$ 31,560</u> | <u>\$ 28,306</u> |

Hawai'i Community Foundation

Supplementary Information
Schedule of Changes in Pooled Income Fund Investments
December 31, 2024

| | Cost | | | |
|----------------------------------|------------------|--------------------------|-----------------------|-------------------|
| | January 1, 2024 | Purchases / Additions | Sales / Maturities | December 31, 2024 |
| Fixed income funds: | | | | |
| Federated Total Return Bond Fund | \$ 4,986 | \$ 349 | \$ (286) | \$ 5,049 |
| Vanguard Total Bond Market Index | 19,535 | 1,386 | (1,661) | 19,260 |
| Baird Aggregated Bond Fund | 1,800 | - | - | 1,800 |
| Total fixed income funds | 26,321 | 1,735 | (1,947) | 26,109 |
| Money market funds: | | | | |
| Dreyfus Cash Management | 379 | 2,536 | (2,551) | 364 |
| Blackrock Liquidity Fund | 4,829 | 313 | (55) | 5,087 |
| Total money market funds | 5,208 | 2,849 | (2,606) | 5,451 |
| | <u>\$ 31,529</u> | <u>\$ 4,584</u> | <u>\$ (4,553)</u> | <u>\$ 31,560</u> |