

LATE

**TESTIMONY OF KATHARINE LLOYD
ON BEHALF OF THE HAWAII COMMUNITY FOUNDATION
TO THE
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION,**

**SUBJECT: TESTIMONY IN SUPPORT OF SB 121 - RELATING TO THE
UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL
FUNDS ACTS**

Dear Senator Baker and members of the Consumer Protection and Commerce Committee:

On behalf of the Hawai'i Community Foundation, a 501 (c) (3) publicly supported charitable organization, I want to express and urge the critical importance to the Hawai'i non-profit community of SB 121 and strongly urge the passage of SB 121 by this Committee and, in turn, by the Hawaii State Senate.

The Hawai'i Community Foundation has more than 400 endowment funds for various charitable purpose. Like most all charitable organizations in Hawai'i, Hawai'i Community Foundation has been very seriously affected by the downturn in the U.S. economy that began in December 2007. As a result, a majority of the endowment funds we hold are below historic gift value.

For many charitable institutions like the Hawai'i Community Foundation, the existing law prohibits spending below historic gift value which is most problematic during economic downturns when charitable needs are greatest. The new law will:

- Allow nonprofits to spend endowment monies below historic gift value when circumstances warrant it. [The safety net in defining "when circumstances warrant it" is that nonprofits must still spend only what is prudent under the circumstances and must abide by donor intent as set forth in gift documents.]
- Provide guidance for nonprofits in their spending decisions and specifically that costs must be managed prudently in relationship to the assets.
- Provide new procedures for releasing restrictions on small funds that have been held for more 20 years.

Hawai'i Community Foundation urges favorable action by this Committee.

Thank you for this opportunity to present our comments.

Katharine P. Lloyd, General Counsel & Vice-President of Operations