

The Episcopal Diocese of Hawai'i

Description of the Investment Portfolio of the Diocese

Diocesan Budget

Alice Anne Rice Endowment Fund

Principal:	Permanently Restricted
Income:	Unrestricted

Alice Anne Rice set up a Charitable Remainder Unit Trust (CRUT) in 2001. Alice Anne rice was the diocesan staff person handling the Venture In Mission capital campaign. This Fund was established in July 2009 after we received the remainder from the CRUT after her death.

Episcopate Endowment Fund

Principal:	Permanently Restricted
Income:	Designated

This fund was established in 1904 by a gift of 1,880 pounds for the purpose of eventually having an endowment large enough so that the income derived therefrom would support the Bishopric. The principal of this fund may not be spent. The review of the documents relating to this Fund, by the "Blue Ribbon Committee" in 1989, led the members to the conclusion that the use of the income was restricted to directly supporting the costs of the Bishop. When the Diocese enters into a shared equity agreement with the Bishop in order to provide suitable housing for the Bishop, principal from this Fund is used to acquire the share of the Diocese. Upon the sale of the residence to a third-party or the acquisition of the share of the Diocese by the Bishop in accordance with the terms of the shared equity agreement, the principal is restored to the Fund.

E. Lani & Puanani Hanchett Mission Memorial Trust Fund

Principal:	Permanently Restricted
Income:	Designated

This Fund, initially entitled "Capital Fund for Mission" was initially created pursuant to a resolution passed at the annual meeting of the Convention held on Maui in 1972. After Bishop Hanchett's death, it was renamed as set forth due to the fact that it was Bishop Hanchett who realized the need for such a fund. In the Minutes of the Diocesan Board of Directors of 12/19/75 "Chairman Charles Crane of the Financial Strategy Task Force Committee asked for and received permission from the Board of Directors to circulate a letter to all Rectors and Vestries encouraging gifts to the E. Lani Hanchett Memorial Mission Trust fund." To the best of Fr. Crane's recollection (1987) this fund was to be used at the discretion of the Diocesan Board for mission work.

George Hebrank Endowment Fund

Principal: Unrestricted
Income: Unrestricted

This fund was established in August 2015. Mary, his spouse, was a member of Holy Nativity Church.

Hawaiian Church Chronicle

Principal: Permanently Restricted
Income: Designated

This Fund was established on January 1, 1983 by miscellaneous donors. The principal may not be spent. The income is to be used to defray the expense of publishing the Hawaiian Church Chronicle.

Helen Hagemeyer Endowment Fund

Principal: Permanently Restricted
Income: Unrestricted

This fund was established in July 2011. Helen was a member of Holy Nativity Church and she and her husband Richard were very active at diocesan level.

Mary Y.C. Ing Fund

Principal: Board (Council) Restricted
Income: Unrestricted

This fund was established in 1994 through a bequest by Mary Y.C. Ing who was a member of Epiphany Church. The Trust did not place any restrictions on the gift. It was initially used by Diocesan Council to pay down the EHH debt. Subsequently Council restored the principal.

Morimasa & Myrtle Kaneshiro Fund

Principal: Unrestricted
Income: Unrestricted

This Fund was established January 2015. Fr. Morimasa was priest in our diocese. Myrtle was the Bishop's Warden at Good Samaritan.

Thomas D. Phillips Memorial Fund

Principal: Permanently Restricted
Income: Unrestricted

Nothing has ever been uncovered to explain the background of the fund. We have the title of the fund and money in the portfolio.

Von Holt Fund

Principal: Permanently Restricted
Income: Unrestricted

This Fund was established with funds realized from the sale of the Von Holt residence, which was given to the Diocese. The funds were received in 1989. Von Holt was a member of St. Andrew's Cathedral.

Diocesan - Others

The Rev. J. Thurlow and Jane Baker Memorial Fund

Principal: Permanently Restricted
Income: Designated

This Fund was established by Shurei and Betty Hirozawa in August, 2001. They are long time members of St. Mary's Church. The original principal is permanently restricted. Income distribution will be based on spending policy adopted by the Diocesan Council. 1) The income from the fund is to be used to underwrite travel, lodging and other expenses to bring Neighbor Island youth of the Episcopal Church to church activities and meetings on Oahu to build a strong statewide relationship. Many of our Neighbor Island youth come to Oahu for their college education. Any earlier involvement in church activities on Oahu plus the acquaintanceship developed with the church youth of Oahu will help those from the other islands maintain an interest in our church in the event they come to Honolulu for college and/or to live here. 2) Although the fund is meant to benefit our youth, adults from the Neighbor Islands may be considered as funds and circumstances permit.

Bishop's Pastoral Fund

Principal: Permanently Restricted
Income: Designated

This Fund was established in February 1959 and the donations to this Fund came from various people over the years. The Funds received are to be used for pious and charitable uses as deemed fit by the Bishop.

The Chang Clergy Children's Scholarship Fund

Principal: Permanently Restricted
Income: Designated

This Fund is established to provide scholarship grants for children of clergy who are canonically resident and domiciled in the Episcopal Diocese of Hawai'i. It was established in 2001 by the Rt. Rev. Richard Chang, his family and friends and members of the Episcopal Diocese of Hawai'i, in celebration of the fifth anniversary of his Episcopate and in thanksgiving of his 60th birthday. Bishop Chang specified that the original principal of the Fund is permanently restricted, and income distributions will be based on the spending policy adopted by the Diocesan Council.

Bishop's Special Fund

Principal: Unrestricted
Income: Unrestricted

This fund was set up from the proceeds of the Marjorie McKinney Estate and additional miscellaneous amounts from other sources at various times. The money is used by the Bishop at his discretion. This is separate and apart from the regular Bishop's Pastoral Fund.

Clergy Continuing Education Fund

Principal: Permanently Restricted
Income: Advisory

This Fund was created by a grant from the Venture in Mission project in 1981. Because of the context of funding from Venture in Mission it has been the Chancellor's opinion that the principal cannot be spent. Advice on the disbursement of the income is given by the Commission on Ministry.

Diocesan Capital Reserve

Principal: Unrestricted
Income: Unrestricted

This line item is funded annually from the diocesan budget. It is a reserve fund to take care of the diocese share of costs of capital improvements of the Memorial Building (for example, the roof). This reserve fund will allow Diocesan Council to respond to such needs.

Diocesan General Fund

Principal: Unrestricted
Income: Unrestricted

This represents operating reserves transferred from the general fund to the Endowment fund.

Eleanor McKinney Endowment Fund

Principal: Permanently Restricted
Income: Temporarily Restricted

Ms. McKinney donated a residence in 1999. Her intention was that it be used as a retreat center. This was not feasible because of the condition of the property. With the permission of her children, the house was sold and part of the proceeds was used to construct a vicarage for St. Jude's. The balance was used to set up an endowment fund for clergy housing for St. Jude's. Ms. McKinney was a member of St. Jude's until she passed in April 1999.

Future Bishop's Transition Reserve

Principal: Board (Council) Restricted
Income: Designated

This fund was established by the Diocesan Council in 1979 and receives regular contributions from the Diocesan Budget. It is intended to provide funds to cover the cost of calling a new Bishop.

Episcopate Construction Fund

Principal: Temporarily Restricted
Income: Designated

This fund was started by Bishop Kennedy many years ago and was increased by some of the proceeds from The Episcopal Advance Program Fund Drive in 1962. This fund is to be used to help churches with construction projects of one kind or another.

Harry and Katherine Kennedy Memorial Fund

Principal: Board (Council) Restricted
Income: Board (Council) Restricted

At the time of Bishop Kennedy's retirement funds were raised to acquire a residence for the Bishop and Mrs. Kennedy. The Bishop and Mrs. Kennedy had a life interest. This fund was established in 1998 from the proceeds of the sale of the residence at 1001 Wilder Avenue, Honolulu. The fund is restricted by Diocesan Council for new mission work as defined and determined by this or future Diocesan Councils in consultation with the Bishop.

Hurricane Deductible & Earthquake Reserve Fund

Principal: Temporarily Restricted
Income: Designated

This Fund was established by the Diocesan Council in year 2000 to cover the deductible in our hurricane property insurance coverage and for no insurance coverage for earthquake. We collect additional property premium from the churches and invest this money in the portfolio to cover the churches in the event of Hurricane or Earthquake. In addition the Lindberg Revolving Fund has also been designated by Diocesan Council as reserve for this fund.

Katherine Hanley Wery Trust

Principal: Unrestricted
Income: Unrestricted

Katherine Hanley established this trust in her estate plan. She died in 2016. The funds were received in 2016. This fund is unrestricted. She was a member of St. Peter's.

Kenneth & Ruth Perkins Endowment Fund Fund

Principal: Unrestricted
Income: Unrestricted

Father Kenneth Perkins established this Fund in his estate plan. He died in 2001 and Ruth died in 2005. In 2016 we also received funds from an insurance policy which was overlooked by the bank. The funds that were received in 2005 were used to purchase the Kapolei land. This fund is unrestricted.

Lambeth Conference Travel Fund

Principal: Board (Council) Restricted
Income: Board (Council) Restricted

This Reserve Fund was established in March, 1989 by the Diocesan Council and receives regular contributions from the Diocesan Budget. Income is accumulated in the fund and the fund will be used to support the Bishop's and Bishop's spouse's travel to the next Lambeth Conference.

Lindberg Revolving Fund

Principal: Permanently Restricted
Income: Designated

This Fund was established in 1974. In the Last Will and Testament of Elvera F. Lindberg, the following appears—"THIRD: All of the rest of my property, real, personal and mixed, of whatsoever nature and wheresoever situate, I give, devise and bequeath to THE EPISCOPAL CHURCH IN HAWAII, to be used for the purpose of making loans to parishes and missions of The Episcopal Church in Hawaii..." This clearly indicates an intent that neither the principal nor the income is to be spent, but rather the income be added to the principal and that the principal be used to make loans. Diocesan Council passed a resolution in 1989 to adopt as the "terms and conditions" of the loans made from the Lindberg Revolving Fund that they be used for repair of structures which have been damaged by hurricane or earthquake.

Rev. George W. MacCray Fund

Principal: Unrestricted
Income: Designated

This Fund was created when we sold the MacCray property in 2017. Diocesan Council designated the proceeds of the sale to be used for ministry to youth and young adults.

Medigap Fund

Principal: Temporarily Restricted
Income: Designated

This Fund was established in 2004 which represents the unused portion of the Catton Fund income. The Catton Fund is donor restricted for use for the benefit of retired clergy/lay workers.

Mission Fund

Principal: Temporarily Restricted
Income: Advisory

Father John Liu established this Fund in his estate plan. He died in 2001. This fund is to be used for mission needs, at the discretion of the Bishop. Father Liu was a priest who served the Diocese of Hawaii.

Eric Potter Memorial Fund

Principal: Temporarily Restricted
Income: Designated

This Fund was created from funds donated in memory of Fr. Potter on September, 2003. The principal is temporarily restricted and the fund is to be used to assist part Hawaiians who need assistance to attend seminary.

Scholarship Fund

Principal: Permanently Restricted
Income: Advisory

This Fund created by a grant from the Venture in Mission project in 1981. Because of the context of funding from Venture in Mission, it has been the Chancellor's opinion that the principal cannot be spent. Advice on the expenditure of the income from this fund is determined by the Bishop in consultation with the chair of the Standing Committee and the Treasurer.

St George's Endowment Fund

Principal: Unrestricted
Income: Unrestricted

This Fund was created when we sold the St George property in 2016. Diocesan Council approved transferring a million dollars from the net proceeds to this endowment fund. The balance \$344,000 was designated for property development.

Victory Fund

Principal: Temporarily Restricted
Income: Designated

This Fund was created by Father John Liu in September 1999 to help the indigent youths in Kalihi or Waianae on a rotational basis for remedial education or vocational training or pursuing a higher education. Father Liu was a priest who served the Diocese of Hawaii.

SCHEDULE 2

Definitions

As used in philanthropic work throughout the United States today, the following key terms and definitions:

(1) With respect to principal:

Restricted(Permanent or Temporarily): The word “Restricted” can either mean that the donor has specified that principal may not be consumed (**permanently restricted**), or that that the donor has placed temporary restrictions, that expire by passage of time or fulfillment of the purpose it was intended, i.e. principal may be used, but only for specified purposes (**temporarily restricted**).

Among donor restrictions are those where a donor has given specific instructions, As well as those where it appears to the Council that Contributors were led to understand that principal would be restricted. A third form of donor restriction as that in which the title given to the fund strongly suggests a restricted purpose.

Board (Council) Restricted. This category includes restrictions created by the Council and includes funds for which the Council is empowered to use its discretion.

Unrestricted: The word “Unrestricted” means those funds over which the Council has complete discretion as to use of principal.

(2) With respect to income:

(A) Designated: The word “Designated” means income that must be used for a specific, identified purpose. The designation may be made by the donor (temporarily restricted) or by the Board (Council Restricted).

(B) Unrestricted: The word Unrestricted or Undesignated means income over which the Council has complete discretion.

(C) Advised: The word “Advised” means income the use of which is controlled by a third party.

(3) With respect to principal, unrestricted principal may be held or expended at the discretion of the beneficiary of a donation. Conversely, restricted principal may be required to be retained or may be limited in its use to specified purposes. Donors may place restrictions or recipients (the Council) may elect to place restrictions on the uses of gifts of monies.

(4) Unrestricted income may be spent at the discretion of the recipient of the gift.

- (5) Designated income may be expended only for designated purposes. Designations may be made by either the donor or the recipient of the gift.
- (6) A gift which is silent as to the use of principal, but specifies that income will be used to fund a specific project, is said to be unrestricted and designated.
- (7) A gift for which the donor specifies that principal is to be invested for purposes of generating income to spend on a specific project is “donor restricted and designated.” If a gift to the corporation is silent as to the use of principal or income, but the Council decides to designate both the principal and any income earned on the principal as being held to fund a specific need, the gift can be defined as “Board (Council restricted) and designated.”