

LEAGUE OF WOMEN VOTERS OF HONOLULU EDUCATION FUND

PRIMER ON FUNDING AND DISTRIBUTION OF FUNDS

INTRODUCTION:

Funding for the League of Women Voters of Honolulu Education Fund (“Ed Fund”) is provided primarily by donations made by individuals and grants given by various institutions (“Contributors”). These donations and grants from Contributors are tax deductible since the Ed Fund is an organization whose activities are limited to charitable and educational purposes under Section 501 (c) (3) of the Internal Revenue Code as amended (i.e., a charitable nonprofit). The Ed Fund is also the repository of funds that are restricted for use by other League organizations in Hawaii for educational purposes. Contributors to the Ed Fund may direct that their funds to be used only by Honolulu League or the Hawaii State League (the Hawaii (Big Island) League of Women Voters controls and manages its own funds).

SOURCES OF ONGOING FUNDS:

Besides one-time or nonrecurring donations and grants from individuals and various institutions, the Ed Fund receives funds annually from two sources: 1) income received from the Astrid Monson fund, managed by Hawaii Community Foundation, and 2) grants from the Hanser Fund, managed by the California Community Foundation.

1) Astrid Monson Fund:

- a) In March 2008, the Ed Fund directly received \$602,244.69 as “unrestricted” funds (i.e., the Ed Fund could use the funds for its own purposes with no restriction) from the trust of Astrid Monson. Although the funds were/are considered unrestricted for purposes of operating and maintaining the Ed Fund organization, Astrid Monson left instructions on which educational projects should be provided grants with her funds. Of the monies provided, \$600,000 was invested in mutual funds (currently American Funds and Thornburg

Funds) in May 2008. The Ed Fund financial advisor is the firm of Takagi & Takagi. In February 2010, \$30,000.00 was withdrawn and placed into the Ed Fund's checking account to operate the Ed Fund, as well as provide grants for educational funds that met the bylaws and/or as instructed by the Astrid Monson trust.

- b) The Ed Fund also receives annual grants generated by funds which was bequeathed to Hawaii Community Foundation ("HCF") by the trust of Astrid Monson. HCF was directed to provide up to 20% of the annual income generated by the funds left by Astrid to four specific organizations (the League of Women Voters of Hawaii, Hawaii's Thousand Friends, Sierra Club and the Life of the Land. Because the League of Women Voters of Hawaii is not a 501 (c) (3) organization, HCF requested that the income be provided to the Ed Fund with the requirement that the Ed Fund confirm its 501 (c) (3) status annually and confirm it has spent the funds as indicated as well as provide financial statements.
 - c) HCF also was instructed to award \$5,000 to an outstanding individual or organization for public interest planning, housing, or environmental issues and requires that the League of Women Voters of Hawaii concur with the choice. HCF requested that the Ed Fund be responsible for choosing the awardee and provides the \$5,000 annual award.
- 2) Hanser Fund:
- a) Throughout the years, the Hanser family has granted approximately \$5,000 per year to the Ed Fund to support various grants and projects with no restrictions. The Ed Fund has used Hanser funds to primarily support the Hawaii State League of Women Voters' ("State League") projects because Grace Furukawa, who was a member of the Hanser family and very involved in State League projects, was responsible for these donations to the Ed Fund. However, based on the Ed Fund's monthly meeting in March 2017, it was agreed that Hanser funds received prior to 2016 should be included in the Ed Fund's general subaccount and not specifically identified since there were no restrictions placed upon them.

b) In 2016, the Ed Fund received \$10,000 from the Hanser Fund. For these funds, the Hanser Fund (via the California Community Foundation) restricted the distribution of the funds for the benefit of non-donors only. No other restrictions are imposed on the funds.

The restrictions are as follows:

The grant is designated for General Support of the Ed Fund. It may be used to fulfill a charitable purpose. It cannot be used to fulfill a legally binding pledge or financial obligation of the donor advisor/s and cannot provide any material benefit or privilege to the donor advisor/s or any individual related to the donor advisor/s.

DISTRIBUTION OF FUNDS FOR PROJECT SUPPORT:

- 1) The Astrid Monson funds that were directly left to the Ed Fund are comingled with other unrestricted donations and grants to the Ed Fund. These funds are used to not only provide support for educational projects and programs, the funds are used to cover operating expenses of the Ed Fund such as rent, office supplies, etc.
- 2) According to the Astrid Monson trust documents, Astrid instructed that “the net income from the fund shall be used to make grants to various nonprofit community associations of the type now described in Internal Revenue Code Section 501 (c) (3) and whose purposes, at least in part, are:
 - (a) to promote plans, developments, projects, and activities which, in the opinion of the applicant enhance and improve the general welfare of the people of Oahu Hawaii, protect its natural environment, and/or implement plans designed to maintain or improve the quality of life of the mass of its citizens....
 - (b) To protect the public interest against development, projects and/or activities which, in their opinion, would not promote, and/or would actually harm, such welfare, environment, or quality of life....

The above purposes are to be carried out by means of the following activities:

- (a) Salary of an Executive Secretary, on a matching dollar-for-dollar basis, with funds allocated to such salary by the organizations;
 - (b) Studies and analyses of specific issues in the general fields described in said purposes;
 - (c) Seminars, workshops, publications, and other public education designed to create broader public understanding of such issues;
 - (d) Community action, including networking, coordination with other concerned groups and individuals and education of appropriate public officials to press for acceptance of such purposes; and,
 - (e) Litigation to challenge public or private action when such action is deemed to violate applicable planning, zoning or environmental laws and regulations. Lawyers' fees to be limited to costs plus substantially reduced fees, or matched dollar-for-dollar with contributions from community organizations involved, or the general public."
- 3) Funds Restricted for Use by Honolulu LWV: These funds are used by Honolulu LWV to pay for their dues/fees to the National LWV organization and to support projects that are educational (and approved by the Ed Fund Board).
- 4) Funds Restricted for Use by Hawaii State League: These funds are used by Hawaii State League to support projects that are educational (and approved by the Ed Fund Board).