Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0052

2011

For calendar year 2011 or tax year beginning , 2011, and ending , 20

Name of foundation ISLAND INSURANCE FOUNDATION	**A Employer identification number** 71-0894475
Number and street (or P O box number if mail is not delivered to street address) 1022 BETHEL STREET Room/suite	**B** Telephone number (see instructions) 808-564-8309
City or town, state, and ZIP code HONOLULU, HI 96813	**C** If exemption application is pending, check here ▶ ☐
G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return ☐ Amended return ☐ Address change ☐ Name change	**D** 1. Foreign organizations, check here ▶ ☐ 2. Foreign organizations meeting the 85% test, check here and attach computation ▶ ☐
H Check type of organization: ☐ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation	**E** If private foundation status was terminated under section 507(b)(1)(A), check here ▶ ☐
I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)* ▶ $ 10211252 **J** Accounting method: ☐ Cash ☑ Accrual ☐ Other (specify) *(Part I, column (d) must be on cash basis.)*	**F** If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ ☐

Part I **Analysis of Revenue and Expenses** *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).)*

			(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1	Contributions, gifts, grants, etc., received (attach schedule)				
	2	Check ▶ ☐ if the foundation is **not** required to attach Sch. B				
	3	Interest on savings and temporary cash investments				
	4	Dividends and interest from securities	214293	214293	214293	
	5a	Gross rents				
	b	Net rental income or (loss)				
	6a	Net gain or (loss) from sale of assets not on line 10	670663			
	b	Gross sales price for all assets on line 6a				
	7	Capital gain net income (from Part IV, line 2)		670663		
	8	Net short-term capital gain			0	
	9	Income modifications				
	10a	Gross sales less returns and allowances				
	b	Less: Cost of goods sold				
	c	Gross profit or (loss) (attach schedule)				
	11	Other income (attach schedule)				
	12	**Total.** Add lines 1 through 11	884956	884956	214293	
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc.				
	14	Other employee salaries and wages				
	15	Pension plans, employee benefits				
	16a	Legal fees (attach schedule)				
	b	Accounting fees (attach schedule)				
	c	Other professional fees (attach schedule)	63589	63589	63589	63589
	17	Interest				
	18	Taxes (attach schedule) (see instructions)	11246	11246	11246	11246
	19	Depreciation (attach schedule) and depletion				
	20	Occupancy				
	21	Travel, conferences, and meetings				
	22	Printing and publications				
	23	Other expenses (attach schedule)	9534	9534	9534	9534
	24	**Total operating and administrative expenses.** Add lines 13 through 23	84369	84369	84369	84369
	25	Contributions, gifts, grants paid	535883			535883
	26	**Total expenses and disbursements.** Add lines 24 and 25	620252	84369	84369	62052
	27	Subtract line 26 from line 12:				
	a	**Excess of revenue over expenses and disbursements**	264704			
	b	**Net investment income** (if negative, enter -0-)		800587		
	c	**Adjusted net income** (if negative, enter -0-)			129924	

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Part II **Balance Sheets** Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)

			Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1	Cash—non-interest-bearing			
	2	Savings and temporary cash investments			
	3	Accounts receivable ▶			
		Less: allowance for doubtful accounts ▶			
	4	Pledges receivable ▶			
		Less: allowance for doubtful accounts ▶			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7	Other notes and loans receivable (attach schedule) ▶			
		Less. allowance for doubtful accounts ▶			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments—U.S. and state government obligations (attach schedule)			
	b	Investments—corporate stock (attach schedule)	8993066	10117268	101127268
	c	Investments—corporate bonds (attach schedule)			
	11	Investments—land, buildings, and equipment: basis ▶			
		Less: accumulated depreciation (attach schedule) ▶			
	12	Investments—mortgage loans			
	13	Investments—other (attach schedule)	2119478	88763	88763
	14	Land, buildings, and equipment: basis ▶			
		Less: accumulated depreciation (attach schedule) ▶			
	15	Other assets (describe ▶ ACCRUED INVESTMENT INCOME)	15530	5221	5221
	16	**Total assets** (to be completed by all filers—see the instructions. Also, see page 1, item I)	11128074	10211252	10211252
Liabilities	17	Accounts payable and accrued expenses	0	44	
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, and other disqualified persons			
	21	Mortgages and other notes payable (attach schedule)			
	22	Other liabilities (describe ▶)			
	23	**Total liabilities** (add lines 17 through 22)		44	
Net Assets or Fund Balances		**Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.**			
	24	Unrestricted			
	25	Temporarily restricted			
	26	Permanently restricted			
		Foundations that do not follow SFAS 117, check here ▶ ☐ and complete lines 27 through 31.			
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, bldg., and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds	11128074	10211208	
	30	**Total net assets or fund balances** (see instructions)	11128074	10211208	
	31	**Total liabilities and net assets/fund balances** (see instructions)	11128074	10211252	

Part III **Analysis of Changes in Net Assets or Fund Balances**

1	Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	11128074
2	Enter amount from Part I, line 27a	2	264704
3	Other increases not included in line 2 (itemize) ▶ ROUNDING	3	3
4	Add lines 1, 2, and 3	4	11392781
5	Decreases not included in line 2 (itemize) ▶ UNREALIZED GAINS (LOSSES)	5	(1181573)
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	10211208

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
1a	STATEMENT 1			
b				
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a				
b				
c				
d				
e				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a				
b				
c				
d				
e				

2	Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 / If (loss), enter -0- in Part I, line 7 }	2	670663
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8	3	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☐ No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2010	539131	10386830	0.051905
2009	642382	9645531	0.066599
2008	624004	12951435	0.048180
2007	546020	13922675	0.039218
2006	342798	10107945	0.033914

2	**Total** of line 1, column (d)	2	0.239816
3	Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.047963
4	Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	10809159
5	Multiply line 4 by line 3	5	518440
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	8006
7	Add lines 5 and 6	7	526446
8	Enter qualifying distributions from Part XII, line 4	8	620252

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling or determination letter: ________ (attach copy of letter if necessary—see instructions)			
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☑ and enter 1% of Part I, line 27b	1	8006	00
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).			
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	0	00
3	Add lines 1 and 2	3	8006	00
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	0	00
5	**Tax based on investment income.** Subtract line 4 from line 3. If zero or less, enter -0-	5	8006	00
6	Credits/Payments:			
a	2011 estimated tax payments and 2010 overpayment credited to 2011 — 6a: 7100 00			
b	Exempt foreign organizations—tax withheld at source — 6b			
c	Tax paid with application for extension of time to file (Form 8868) — 6c			
d	Backup withholding erroneously withheld — 6d			
7	Total credits and payments. Add lines 6a through 6d	7	7100	00
8	Enter any **penalty** for underpayment of estimated tax. Check here ☑ if Form 2220 is attached	8	0	00
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶	9	906	00
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶	10		
11	Enter the amount of line 10 to be: **Credited to 2012 estimated tax** ▶ | **Refunded** ▶	11		

Part VII-A Statements Regarding Activities

			Yes	No
1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		✓
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?	1b		✓
	*If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.*			
c	Did the foundation file **Form 1120-POL** for this year?	1c		✓
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: **(1)** On the foundation. ▶ $ 0 **(2)** On foundation managers. ▶ $ 0			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ 0			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities.*	2		✓
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		✓
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		✓
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	4b	N/A	
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		✓
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	✓	
7	Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col. (c), and Part XV*	7	✓	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ HAWAII			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b	✓	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2011 or the taxable year beginning in 2011 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9	✓	
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses*	10	N/A	

Part VII-A Statements Regarding Activities *(continued)*

			Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		✓
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		✓
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	✓	

Website address ▶ N/A

14 The books are in care of ▶ ISLAND INSURANCE FOUNDATION Telephone no. ▶ 808-564-8309

Located at ▶ 1022 BETHEL STREET, HONOLULU, HI ZIP+4 ▶ 96813

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041**—Check here ▶ ☐
and enter the amount of tax-exempt interest received or accrued during the year ▶ 15 N/A

			Yes	No
16	At any time during calendar year 2011, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16		✓
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ▶ N/A			

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

			Yes	No
1a	During the year did the foundation (either directly or indirectly):			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☑ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☑ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☑ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☑ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☑ No			
	(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) ☐ Yes ☑ No			
b	If any answer is "Yes" to 1a(1)-(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)?	1b	N/A	
	Organizations relying on a current notice regarding disaster assistance check here N/A ▶☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2011?	1c		✓
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):			
a	At the end of tax year 2011, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2011? N/A ☐ Yes ☐ No			
	If "Yes," list the years ▶ 20____ , 20____ , 20____ , 20____			
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement—see instructions.)	2b		✓
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ▶ 20____ , 20____ , 20____ , 20____			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☑ No			
b	If "Yes," did it have excess business holdings in 2011 as a result of **(1)** any purchase by the foundation or disqualified persons after May 26, 1969; **(2)** the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or **(3)** the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2011.)*	3b	N/A	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		✓
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2011?	4b		✓

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required *(continued)*

			Yes	No
5a	During the year did the foundation pay or incur any amount to:			
	(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? . ☐ Yes ☑ No			
	(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? . . . . ☐ Yes ☑ No			
	(3) Provide a grant to an individual for travel, study, or other similar purposes? . . . ☐ Yes ☑ No			
	(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) . . . ☐ Yes ☑ No			
	(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? . . . ☐ Yes ☑ No			
b	If any answer is "Yes" to 5a(1)–(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? . . .	5b	N/A	
	Organizations relying on a current notice regarding disaster assistance check here . . . . N/A ▶ ☐			
c	If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? . . . ☐ Yes ☐ No			
	If "Yes," attach the statement required by Regulations section 53.4945–5(d).			
6a	Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . ☐ Yes ☑ No			
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? .	6b		✓
	If "Yes" to 6b, file Form 8870.			
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☑ No			
b	If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? .	7b	N/A	

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
STATEMENT 1				

2 Compensation of five highest-paid employees (other than those included on line 1—see instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than $50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances

Total number of other employees paid over $50,000 . . . . ▶ NONE

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors *(continued)*

3 Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE."

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
STIFEL NICHOLAS & COMPANY 1099 ALAKEA STREET, #1510, HONOLULU, HI 96813	INVESTMENT MANAGER	63589
Total number of others receiving over $50,000 for professional services ▶		63589

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1 FOUNDATION PURSUES CHARITABLE DONATIONS OF IRC 501(c)(3) ORGANIZATIONS.	NONE
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1	
2	
All other program-related investments See instructions 3	
Total. Add lines 1 through 3 ▶	NONE

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	10973765
b	Average of monthly cash balances	1b	0
c	Fair market value of all other assets (see instructions)	1c	0
d	**Total** (add lines 1a, b, and c)	1d	10973765
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) . . . 1e 0		
2	Acquisition indebtedness applicable to line 1 assets	2	0
3	Subtract line 2 from line 1d	3	10973765
4	Cash deemed held for charitable activities. Enter 1 ½ % of line 3 (for greater amount, see instructions)	4	164606
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	10809159
6	**Minimum investment return.** Enter 5% of line 5	6	540458

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ▶ ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	540458
2a	Tax on investment income for 2011 from Part VI, line 5 . . . 2a 8006		
b	Income tax for 2011. (This does not include the tax from Part VI.) . . . 2b		
c	Add lines 2a and 2b	2c	8006
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	532452
4	Recoveries of amounts treated as qualifying distributions	4	0
5	Add lines 3 and 4	5	532452
6	Deduction from distributable amount (see instructions)	6	0
7	**Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	532452

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	620252
b	Program-related investments—total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	**Qualifying distributions.** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	620252
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	8006
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	612246

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see instructions)

		(a) Corpus	(b) Years prior to 2010	(c) 2010	(d) 2011
1	Distributable amount for 2011 from Part XI, line 7				532452
2	Undistributed income, if any, as of the end of 2011				
a	Enter amount for 2010 only			400001	
b	Total for prior years: 20___,20___,20___				
3	Excess distributions carryover, if any, to 2011:				
a	From 2006				
b	From 2007				
c	From 2008				
d	From 2009				
e	From 2010				
f	**Total** of lines 3a through e				
4	Qualifying distributions for 2011 from Part XII, line 4: ▶ $ 620252				
a	Applied to 2010, but not more than line 2a			400001	
b	Applied to undistributed income of prior years (Election required—see instructions)				
c	Treated as distributions out of corpus (Election required—see instructions)				
d	Applied to 2011 distributable amount				220251
e	Remaining amount distributed out of corpus				
5	Excess distributions carryover applied to 2011 *(If an amount appears in column (d), the same amount must be shown in column (a).)*				
6	**Enter the net total of each column as indicated below:**				
a	Corpus. Add lines 3f, 4c, and 4e. Subtract line 5				
b	Prior years' undistributed income Subtract line 4b from line 2b				
c	Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d	Subtract line 6c from line 6b. Taxable amount—see instructions				
e	Undistributed income for 2010. Subtract line 4a from line 2a. Taxable amount—see instructions				
f	Undistributed income for 2011. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012				312201
7	Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8	Excess distributions carryover from 2006 not applied on line 5 or line 7 (see instructions)				
9	**Excess distributions carryover to 2012.** Subtract lines 7 and 8 from line 6a				
10	Analysis of line 9:				
a	Excess from 2007				
b	Excess from 2008				
c	Excess from 2009				
d	Excess from 2010				
e	Excess from 2011				

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9)

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2011, enter the date of the ruling . . . . . . ▶

b Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			
	(a) 2011	(b) 2010	(c) 2009	(d) 2008	(e) Total
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed	129924	153851	150868	298449	733092
b 85% of line 2a	110435	130773	128238	253682	623128
c Qualifying distributions from Part XII, line 4 for each year listed	620252	532031	643891	624004	2420178
d Amounts included in line 2c not used directly for active conduct of exempt activities	0	0	0	0	0
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c	620252	532031	643891	624004	2420178
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test—enter: (1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test—enter: (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)	0	0	0	0	0
(3) Largest amount of support from an exempt organization	0	0	0	0	0
(4) Gross investment income	884956	775712	206479	351701	2218848

Part XV Supplementary Information (Complete this part only if the foundation had $5,000 or more in assets at any time during the year—see instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000). (See section 507(d)(2).)

N/A

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

N/A

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here ▶ ☐ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number of the person to whom applications should be addressed:

ISLAND INSURANCE AGENCY FOUNDATION, INC., FRANKLIN M. TOKIOKA OR TYLER M. TOKIOKA, 1022 BETHEL ST, HONOLULU, HI 96813

b The form in which applications should be submitted and information and materials they should include:

LETTER TO FOUNDATION STATING REQUEST AND PURPOSE OF ORGANIZATION SHOULD BE SUBMITTED.

c Any submission deadlines:

OPEN YEAR-ROUND

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

N/A

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
STATEMENT 3				
Total . . . . ▶ 3a				535883
b Approved for future payment				
ALOHA COUNCIL BOY SCOUTS	N/A	501(c)(3	CAPITAL CAMPAIGN	50000
JAPANESE CULTURAL CENTER OF HAWAII	N/A	501(c)(3	RESOURCE CENTER	25000
REHAB FOUNDATION	N/A	501(c)(3	CAPITAL CAMPAIGN	15000
AWAII PUBLIC RADIO				
Total . . . . ▶ 3b				90000

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions.)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities			14		214293
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory			14		670663
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue: a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)		NONE		NONE	884956

13 Total. Add line 12, columns (b), (d), and (e) . . . 13 884956

(See worksheet in line 13 instructions to verify calculations.)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes). (See instructions.)
4 & 8	INCOME EARNED ON FUNDS AVAILABLE FOR CHARITABLE DONATIONS RELATED TO THE FOUNDATION'S
	EXEMPT PURPOSE.

Part XVII **Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations**

			Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a	Transfers from the reporting foundation to a noncharitable exempt organization of:			
	(1) Cash	1a(1)		✓
	(2) Other assets	1a(2)		✓
b	Other transactions:			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		✓
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		✓
	(3) Rental of facilities, equipment, or other assets	1b(3)		✓
	(4) Reimbursement arrangements	1b(4)	✓	
	(5) Loans or loan guarantees	1b(5)		✓
	(6) Performance of services or membership or fundraising solicitations	1b(6)		✓
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		✓

d If the answer to any of the above is "Yes," complete the following schedule. Column **(b)** should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column **(d)** the value of the goods, other assets, or services received.

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
1(b)(4)	0	ISLAND INSURANCE CO., LTD	AGREEMENT TO REIMBURSE ISLAND INSURANCE
			CO., LTD. FOR CHARITABLE DONATIONS
			MADE ON BEHALF OF THE FOUNDATION. IN 2011
			ALL DONATIONS MADE DIRECTLY FROM THE
			FOUNDATION.

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☑ No

b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer or trustee | Date: 5/10/12 | Title: Chairman

May the IRS discuss this return with the preparer shown below (see instructions)? ☐ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no	

Island Insurance Foundation
Statement 1

Form 990-PF, Part I, Line 16c	
Investment Manager Fees	63,589

Form 990-PF, Part I, Line 23	
Dues, Assessments & Fees	40
Advertising	5,236
Airfare & Ground Transportation	3,476
Bank Fees	15
Business Gifts	536
Hotel & Lodging	231
	9,534

Form 990-PF, Part II, Line 10b			
Stifel Nicolaus	8,993,066	10,117,268	10,117,268

Form 990-PF, Part II, Line 13			
Stifel Nicolaus	2,119,478	88,763	88,763

Form 990-PF, Part II, Line 15			
Dividends Due - Common Stock	15,530	5,221	5,221
	15,530	5,221	5,221

Island Insurance Foundation
Capital Gains and Losses, Part IV

	Proceeds	Cost	Gain/(Loss)
Stifel Nicolaus			-
Total Short Term Gain			0
Stifel Nicolaus			670,663
Capital Gain Distributions			0
Total Long Term Gain			670,663
Total Capital Gains and Losses			670,663

Form 990-PF, Part VIII, Line 1

(a) Name & Address	(b) Title	(c) Comp	(d) Contr to Bene Plans	(e) Expense Acct
Franklin M Tokioka, c/o 1132 Bishop Street, S Honolulu, HI 96813	Chairman/ Director	0	0	0
Colbert M Matsumoto, c/o 1022 Bethel St , Honolulu, HI 96813	Vice President/ Director	0	0	0
John F. Schapperle, c/o 1022 Bethel Street Honolulu, HI 96813	Director	0	0	0
Lionel Y Tokioka, c/o 1022 Bethel St , Honolulu, HI 96813	Director	0	0	0
Tyler M Tokioka, c/o 1022 Bethel St , Honolulu, HI 96813	President/Secreatary, Director	0	0	0
Nolan N Kawano, c/o 1022 Bethel St , Honolulu, HI 96813	Treasurer	0	0	0

Island Insurance Foundation
Form 990PF
December 31, 2011
Statement 2

Part X, page , Minimum Investment Return

Average FMV of Investments:	
January	11,187,060
February	11,462,003
March	11,447,210
April	11,735,948
May	11,469,895
June	11,244,473
July	11,135,887
August	10,622,090
September	9,804,947
October	10,639,426
November	10,502,796
December	10,433,447
	131,685,181
Divide by 12	12
Average FMV of Investments:	10,973,765

Island Insurance Foundation
Part XV, Line 3

Statement 3

Recipient Name	Relationship to Manager or Substantial Contributor	Foundation Status of Recipient	Purpose of Grant or Contribution	Amount
Aha Punana leo	n/a	501(c)(3)	Donation	2,400
Aloha Council Boy Scouts	n/a	501(c)(3)	Donation	54,570
Aloha United Way	n/a	501(c)(3)	Donation	6,000
American Cancer Society	n/a	501(c)(3)	Donation	5,555
American Heart Assocation	n/a	501(c)(3)	Donation	2,000
American Red Cross	n/a	501(c)(3)	Donation	15 050
Bishop Museum	n/a	501(c)(3)	Donation	2 000
Boys and Girls Club of Hawaii	n/a	501(c)(3)	Donation	4 000
CARES Foundation	n/a	501(c)(3)	Donation	600
Catholic Charities Hawaii	n/a	501(c)(3)	Donation	45
Child & Family Services	n/a	501(c)(3)	Donation	4,250
Children's Discovery Center	n/a	501(c)(3)	Donation	100
Council for Native Hawaiian Advancement	n/a	501(c)(3)	Donation	5,000
Daihonzan Chozen-Ji	n/a	501(c)(3)	Donation	2,800
Enterprise Honolulu	n/a	501(c)(3)	Donation	25 000
Faith Action for Community Equity(FACE)	n/a	501(c)(3)	Donation	5 000
Family Programs Hawaii	n/a	501(c)(3)	Donation	3,500
Filipino Community Center	n/a	501(c)(3)	Donation	3,750
Friends of Challenger Center	n/a	501(c)(3)	Donation	5,000
Friends of Honolulu City Lights	n/a	501(c)(3)	Honolulu City Lights Program	250
Friends of the Library of Hawaii	n/a	501(c)(3)	Donation	600
Girl Scout Council of Hawaii	n/a	501(c)(3)	Donation	4,520
Go For Broke National Education Center	n/a	501(c)(3)	Donation	8,200
Habilitat, Inc	n/a	501(c)(3)	Donation	30
Hawaii Academy of Science	n/a	501(c)(3)	Donation	5,000
Hawaii Agriculture Foundation	n/a	501(c)(3)	Donation	500
Hawaii Baptist Academy	n/a	501(c)(3)	Donation	50
Hawaii Bicycling League	n/a	501(c)(3)	Donation	3,000
Hawaii Council on Economic Education	n/a	501(c)(3)	Donation	13 887
Hawaii Foodbank	n/a	501(c)(3)	Donation	25
Hawaii Imin Shiryo Hozon Kai	n/a	501(c)(3)	Donation	1,000
Hawaii Institute for Public Affairs	n/a	501(c)(3)	Donation	4,450
Hawaii Meals on Wheels	n/a	501(c)(3)	Donation	1,940
Hawaii Nature Center	n/a	501(c)(3)	Donation	11,000
Hawaii Opera Theatre	n/a	501(c)(3)	Donation	2 300
Hawaii Pacific University	n/a	501(c)(3)	Donation	6 500
Hawaii Public Radio	n/a	501(c)(3)	Donation	10 000
Hawaii Theatre Center	n/a	501(c)(3)	Donation	28 999
Hawaii Women's Legal	n/a	501(c)(3)	Donation	2 250
Hawaii Youth Symphony	n/a	501(c)(3)	Donation	2,500
Hawaiian Humane Society	n/a	501(c)(3)	Donation	1,000
Helping Hands Hawaii	n/a	501(c)(3)	Donation	2,400
Historic Hawaii Foundation	n/a	501(c)(3)	Donation	1,000
Honpa Hongwanji Mission of Hawaii	n/a	501(c)(3)	Donation	1,500
Hospice Hawaii	n/a	501(c)(3)	Donation	2,400
Hospice of Hilo	n/a	501(c)(3)	Donation	15 000
HUGS	n/a	501(c)(3)	Donation	4 880
HWB Foundation	n/a	501(c)(3)	Donation	10 000
Institute of Human Services	n/a	501(c)(3)	Donation	300
Iron Workers Scholarship Golf Tournament	n/a	501(c)(3)	Donation	500
Japanese American Citizens League	n/a	501(c)(3)	Donation	2,375
Japanese Cultural Center of Hawaii	n/a	501(c)(3)	Donation	5,392
Junior Achievement of Hawaii	n/a	501(c)(3)	Donation	2,500
Kaimuki High School	n/a	501(c)(3)	Donation	2,000
Kamehameha Lions Club	n/a	501(c)(3)	Donation	100
KAMP Hawaii (Kids At-Risk Mentoring Program)	n/a	501(c)(3)	Donation	15 000
Kualoa-Heeia Ecumenical Youth Project (KEY Project)	n/a	501(c)(3)	Donation	1 000
Lanakila Rehabilitation Center	n/a	501(c)(3)	Donation	7 235
Lunalilo Home	n/a	501(c)(3)	Donation	1,950
Maui Sons and Daughters of Nisei Veterans	n/a	501(c)(3)	Donation	250
McKinley High School Foundation	n/a	501(c)(3)	Donation	250
Mental Health America of Hawaii	n/a	501(c)(3)	Donation	1,500
Mothers Against Drunk Driving	n/a	501(c)(3)	Donation	2,500
Muscular Dystrophy Association	n/a	501(c)(3)	Donation	250
Nihon Bunka Foundation	n/a	501(c)(3)	Donation	250
Ohia Productions	n/a	501(c)(3)	Donation	5 500
OIA Athletic Foundation	n/a	501(c)(3)	Donation	1 800
Pacific Buddhist Academy	n/a	501(c)(3)	Donation	50,000
Pacific Region Baseball Inc.	n/a	501(c)(3)	Donation	2,500
PATCH	n/a	501(c)(3)	Donation	250
Polynesian Voyaging Society	n/a	501(c)(3)	Donation	10,000
Public Schools of Hawaii Foundation	n/a	501(c)(3)	Donation	9,840
Rehab Foundation	n/a	501(c)(3)	Donation	13,800
River of Life Mission	n/a	501(c)(3)	Donation	110
Ronald McDonald House Charities of Hawaii	n/a	501(c)(3)	Donation	1,800
St Andrew's Priory School	n/a	501(c)(3)	Donation	1,750
Sacred Hearts	n/a	501(c)(3)	Donation	10,000
Saint Louis School	n/a	501(c)(3)	Donation	25 000
Salvation Army	n/a	501(c)(3)	Donation	1,250
Soto Mission of Aiea	n/a	501(c)(3)	Donation	500
Special Olympics Hawaii	n/a	501(c)(3)	Donation	200
Student Leadership Workshop (Hawaii State Student Council)	n/a	501(c)(3)	Donation	2 500
Surfrider Spirit Sessions	n/a	501(c)(3)	Donation	7 500
Sutter Health Pacific dba Kahi Mohala Hospital	n/a	501(c)(3)	Donation	1,000
Teach for America Inc	n/a	501(c)(3)	Donation	10,000
The Nature Conservancy in Hawaii	n/a	501(c)(3)	Donation	1,000
University of Hawaii	n/a	501(c)(3)	Donation	250
University of Hawaii Foundation	n/a	501(c)(3)	Donation	8,375
University of Hawaii Alumni Association	n/a	501(c)(3)	Donation	1,570
University of Hawaii Foundation - Na Koa	n/a	501(c)(3)	Donation	100
United Japanese Society of Hawaii	n/a	501(c)(3)	Donation	65
United States Japan Council	n/a	501(c)(3)	Donation	15,000
Windward Spouse Abuse Shelter	n/a	501(c)(3)	Donation	1,000
YMCA of Honolulu	n/a	501(c)(3)	Donation	16,030
YWCA of Oahu	n/a	501(c)(3)	Donation	2,040
				535 883