

- (5.) Gifts to establish new institutions for laudable purposes where the gifts are not large enough to maintain the new institutions and there are no other assured means of support.

The difficulties and losses which have occurred in the administration of charitable gifts and trusts have led to the formation and development of the "community trust" plan.

Briefly summarized, the objects of establishing a community trust or permanent charity fund are: First, to place the principal of the fund in the safe-keeping of a permanent trustee in order that it may be safely, conservatively, and intelligently invested to produce a stable and reasonable income; and, second, to provide that the income may be flexibly applied by the committee to the charitable purposes which shall be most deserving of assistance at the time the income is available.

"Under this plan the donor of any fund may, if he wishes, still designate the specific institution to receive the income of his gift, or he may designate a particular purpose, or he may leave his gift without any specific designation whatever, except that it shall be used within the broad powers of the community trust, which covers all possible charitable activities, for the benefit of the community. The directors or distributing committee of the community trust are the delegated representatives of the donor to supervise the distribution of the income. If the originally named institution fails, or if changing conditions make necessary some modification of the designated purpose, the directors direct the application of the income to some other institution or purpose in harmony with the general desire of the testator. Thus the spirit rather than the precise letter of the gift prevails. The real wishes of the donor are fulfilled. The directors of the community trust act for the donor and in the interests of the community, as he might himself act if living and familiar with all the facts. The directors, trustees, or distribution committee of the community trust, as variously designated in different cities, consist of representative citizens of character and broad ability, and experienced in charitable matters. They are appointed, one or two members each year for a term usually of five years, by certain public officials and Judges of major Courts and by the banks which participate as trustees of community trust funds. The directors or committee are therefore representative in a broad way of the community itself. The committee serves without compensation of any kind."—(*Trust Companies Magazine*, January, 1924.)

8. The difficulty which may be experienced in carrying out a trust for charitable purposes is illustrated by a case in which the Public Trustee was concerned during the year just closed.

About the year 1880 a society was formed in Wellington to establish a home for women of the unfortunate class in premises in Majoribanks Street. A building was purchased by public subscription, and a trust created "for the establishment and maintenance of a house, home, or refuge to be called 'The Wellington Christian Society's Home for Fallen Women.'" In the course of time the premises became unsuitable for their purpose, and in 1907 the trustees petitioned to the Supreme Court for leave to sell the property, to pay the encumbrances thereon out of the proceeds, and to hand the balance to the Public Trustee. An order was duly made, and the balance of the net proceeds of sale, amounting to £1,104 16s. 3d., was paid over to the Public Trustee. By investment and accumulation this sum reached £1,900. As it was impracticable that the Public Trustee should hold this money indefinitely with the ultimate intent of actively carrying on the work of the original trust, the Supreme Court was approached for directions under the jurisdiction conferred upon it by Part III of the Religious, Charitable, and Educational Trusts Act, 1908. After hearing the Attorney-General and the representatives of the Salvation Army and of the Wellington Ladies' Christian Association, the Court directed that all accumulated income should be paid forthwith to the Wellington Ladies' Christian Association for the purposes of the Alexandra Home, whilst the original capital, which was handed over to the Public Trustee, was to be retained until a sufficient sum with that capital had been assured to erect a projected wing of the Alexandra Home, which was to be devoted to purposes