



Wayne Theatre Alliance, Inc. Endowment Fund Policy

This endowment fund policy (“Policy”) of the Wayne Theatre Alliance, Inc. (the “WTA”) a tax-exempt 501(c)(3) organization (Tax Identification Number 54-1993924) is intended to comply with the **Uniform Prudent Management of Institutional Funds Act**, as set forth in Section 64.2, Chapter 1100 of the Code of Virginia.

A. Purpose

This Policy was developed by the Board of Directors of the WTA (the “Board”) to provide guidelines governing the establishment and/or funding of WTA’s general endowed funds and donor endowed funds, the manner in which distributions from these endowed funds are determined, and the purposes for which the funds will be used.

B. Types of Endowed Funds

1. **General Endowment Funds.** As of the date of this Policy, the Board has established the following general endowment funds (“General Endowment Funds”) and the Board may, from time to time, establish other endowed funds if the Board determines such action is in the best interest of the WTA and the Wayne Theatre (“Theatre”).

a. **Unrestricted Endowment Fund:** Gifts and/or bequests made to the WTA’s endowment funds without written instructions from the Donor and/or other proper party(ies) directing how the funds are to be used will be placed in the Unrestricted Endowment Fund.

Distributions from the Unrestricted Endowment Fund will be used to provide a reliable source of income to support the operations of the Wayne Theatre (the “Theatre”) and otherwise assist the WTA and the Theatre in fulfilling their mission. There is no minimum donation for this Fund.

b. **Facilities Endowment Fund:** Distributions from the Facilities Endowment Fund may be used (a) to acquire, preserve, and improve the condition and functionality of the Theatre building and other real estate owned by the WTA and used to support the operations and

activities of the Theatre and (b) to acquire, repair, and maintain equipment owned by the WTA. As used in this Policy, “equipment” shall include computer software and other technology that enhances the efficacy of any tangible property that facilitates the operations of the WTA. The minimum donation to this Fund is \$5,000.

c. Education Endowment Fund: Distributions from the Education Endowment Fund may be used to (a) provide training, primarily to non-adults, related to acting, stagecraft, and other aspects of production and performance, (b) provide financial assistance in the form of scholarships for individuals who desire to attend the Theatre’s educational/training programs but lack sufficient financial resources to enroll, (c) underwrite the expenses associated with lectures and artistic displays in the Theatre; and (d) support the WTA’s efforts to educate the public regarding the importance of the Theatre and the arts, and the Theatre’s impact on the Waynesboro community and surrounding areas. The minimum donation to this Fund is also \$5,000.

2. Donor Endowment Funds. A Donor may also create and name a stand-alone endowed fund (“Donor Endowed Fund”). The minimum gift required to establish a Donor Endowed Fund is \$25,000.

A Donor Endowed Fund may be funded either by a lump sum payment made at the time the fund is established and/or in installments based on a payment schedule suitable to both the Donor and the WTA. However, all Donor Endowed Funds must be fully funded within five (5) years from the date of execution of the WTA’s endowed fund agreement (“Endowed Fund Agreement”) described in Section C below. Any modifications or extensions of this schedule must be approved by the Board or its Executive Committee.

The endowment funds listed in this Policy are perpetual in nature. Therefore, gifts made to establish or increase any of these funds will be designated as principal (“Principal”). The Principal (also referred to as the “corpus”) will be invested and a portion of the investment earnings and returns, less fees and expenses, will be distributed annually in accordance with the WTA’s Endowment Spending Policy. (See Paragraph F below). However, Principal will not be used to cover distributions from the endowment funds or any administrative fees imposed by the WTA.

C. Endowed Fund Agreement

To establish and/or name an endowed fund, the Donor and the Executive Director of the WTA (“Director”) or the Director’s designee are required to sign the WTA’s Endowed Fund Agreement. The WTA will retain the original of this Agreement and a copy will be provided to the Donor. The Endowed Fund Agreement will include the name of the fund, and provide (among other things) the initial principal contribution to the fund, how and when additional principal is to be added, how distributions from the fund are to be used, the consequences of Donor’s default on their funding commitment, and contact information for the Donor and/or other person(s) designated by the Donor to receive copies of statements, documents, and disclosures relating to

the Fund. The Endowed Fund Agreement also contains a contingency clause that allows the Board to redirect the use of the funds if circumstances make it illegal, impracticable, or impossible to use the funds for the purpose(s) expressed by the Donor.

D. Reports

On or before the end of the first quarter of each calendar year, a report on the Donor's endowed fund(s) will be sent to the Donor and to any other individuals authorized by the Donor to receive such information. This report will show the disbursements from the fund and other account activity during the previous calendar year and will include the year-end account balance. The WTA's obligation to provide such reports shall cease upon the Donor's death unless the Donor consists of more than one individual, in which case the WTA's obligation to provide reports shall end when all parties are deceased. However, in certain situations, the WTA may voluntarily continue to provide periodic reports to individuals (e.g., the Donor's children) whom the WTA's management team and/or Board believe may have a special interest in the fund.

E. Investment of Endowment Funds

The WTA's Finance Committee shall oversee the investment of endowment funds and provide quarterly reports to the Board. The Board shall have the ultimate responsibility for ensuring that the funds are being managed prudently and in accordance with the WTA's Investment Policy. The Board may employ the services of a professional investment advisor or advisory firm that is considered to be a "fiduciary." The goal of the WTA is to invest endowment funds consistent with the guidelines and objectives of the Endowment Spending Policy (see Section F below) and to generate returns that meet or exceed the targets and benchmarks set forth in the WTA's Investment Policy.

F. Endowment Spending Policy

The Board will adopt a spending policy ("Spending Policy") in June of each year, which will be effective during the upcoming fiscal year. If the Board takes no action in June, the Spending Policy for the current fiscal year will remain in effect, unless the Board believes that a change is necessary due to unusual market conditions or other unanticipated factors. Donors who have established and have either fully funded (or are currently funding) named endowed funds will be advised of any changes to the Spending Policy within 30 days of any Board-approved change.

No disbursements will be made from a General Endowed Fund or Donor Endowed Fund unless the fund has been in existence for more than one full year at the conclusion of the calendar year (December 31). After a fully funded endowed fund has been in existence for a year as of December 31, the annual disbursement from this fund shall be determined by multiplying the Board-approved spending rate by the fund's average quarterly balance for the last calendar year. At the end of its second full year, the disbursement from this fund shall be the same, except that the fund's balance will be its average quarter-end balances for the previous two calendar years. At the conclusion of its

third full year, the disbursement from this shall be the same, except that the fund's balance will be its average quarter-end balances for the three previous calendar years.

The initial spending rate shall be 4.00% of the fund's three (3) year rolling average. Disbursement amounts will be determined by multiplying the spending rate by the fund's average quarterly balance at the end of each calendar year. These funds will be distributed at the beginning of the next fiscal year and may be reflected in the Theatre's fiscal year budget.

However, unless authorized and approved by the Board, no disbursements will be made from any endowed fund which would require an expenditure of the Principal of the fund. All of the WTA's Endowed Fund Agreements will clearly reflect this policy.

G. Fees

1. **Administrative Fees.** The WTA has decided not to assess an administrative fee on endowed funds at this time. However, the WTA reserves the right to charge a reasonable administrative fee in the future or to modify any existing administrative fee that may then be in effect. However, if the payment of an administrative fee assessed by the WTA would result in the invasion of the principal of the fund, the WTA will reduce its administrative fee for that period to an amount necessary to eliminate any invasion of the principal.

If the WTA's Board or Executive Committee decides to impose or increase an existing administrative fee, the WTA will notify all affected Donors at least 30 days before the effective date of the change. These notifications may be made via print mail, email, or verbal communications. Donors are responsible for updating their contact information so that the Donor will receive these notifications and other communications in a timely manner. The WTA's obligation to provide these notices shall cease upon the death of the Donor. However, if the Donor is comprised of more than one individual, the WTA's obligation to provide these notices will cease upon the death of all parties.

2. **Investment Management Fees.** Although the WTA does not currently charge an administrative fee, all Donor Endowed Funds will pay a percentage of the fees charged by the WTA's investment management firm for their advice and services. The Donor's share of these fees (typically assessed at the end of each calendar quarter) will be proportional to the principal balance of the Donor's fund in relation to the principal balance of all of the WTA's accounts managed by the same investment management firm.

H. Valuation of Endowed Funds

The value of every endowed fund, both general and named, shall be determined based on the balance of the fund at the end of each calendar quarter. An individual fund's proportionate share of the growth of all of WTA's managed investment accounts during a quarter will be determined by (a) multiplying the growth of all of WTA's managed investment accounts by the principal balance

of the individual fund at the beginning of the quarter and (b) dividing this sum by the principal balance of all of the WTA's managed investment accounts at the beginning of the quarter. This figure will be added to the fund's beginning quarterly balance. To obtain the fund's adjusted quarter-end balance, additions to or distributions made from the fund during the quarter shall be added or subtracted from the fund's quarter-end balance as calculated above.

To derive the fund's proportionate share of the investment management fee for the quarter, the fund's adjusted quarter-end balance will be divided by the adjusted quarter-end balance of all of WTA's managed investment accounts and multiplied by the total investment management fee for the quarter. The fund's share of the investment management fee for the quarter will then be deducted from the fund's adjusted quarter-end balance and the remaining balance will be used as the fund's final quarter-end balance and as its beginning balance for the next quarter.

I. Recognition

At the end of each fiscal year donors to endowed funds shall be recognized as members of the WTA's Partners in the Arts based upon the cumulative amount of the gifts donors made to endowed funds as well as all other gifts (listed in the WTA's Donor Recognition Policy) they made during that period.

J. Policy

The Board may modify this Policy periodically (if necessary) to better support the mission of WTA. Except as otherwise provided herein, the WTA will not be required to notify Donors of changes to this Policy.

Donors may request a copy of the WTA's current endowment policy from the Executive Director of the WTA, the Chairman of the Board, or the Chairman of the WTA's Development Committee.

Changes to this Endowment Fund Policy can only be made by the WTA's Board of Directors upon a recommendation from the Development Committee.

As approved by the Wayne Theatre Alliance's Board of Directors on October 20, 2023.

