



**Wayne Theatre Alliance, Inc.  
Endowment Fund Policy**

**(Approved by the Board of Directors of the Wayne Theatre Alliance, Inc. on March 26, 2026)**

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 and procedures for: (1) establishing and/or funding the WTA’s general and donor endowment funds, (2) determining the timing and amount of the distributions from the endowment funds, and (3) directing how the endowment funds will be used.

**B. Types of Endowment Funds**

1. **General Endowment Funds.** The Board has established the following general endowment funds (“General Endowment Funds”) and the Board may, from time to time, establish additional endowment funds if the Board determines such action is in the best interests of the WTA and/or the Wayne Theatre (“Theatre”).

a. **Unrestricted Endowment Fund:** Gifts and/or bequests to the WTA’s endowment funds, without written instructions from the Donor and/or other proper parties directing how the funds are to be used, will be placed in the WTA’s 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 Theatre and otherwise assist the WTA and the Theatre in fulfilling their mission. There is no minimum gift required for this Fund.

b. **Facilities Endowment Fund:** Distributions from the Facilities Endowment Fund will be used to (i) 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 (ii) purchase, repair, and maintain property, equipment, computer software,

and other technology used to support the Theatre. The minimum gift required for this Fund is \$5,000.

**c. Education Endowment Fund:** Distributions from the Education Endowment Fund will be used to (i) provide training (primarily to non-adults) related to acting, stagecraft, and other aspects of production and performance, (ii) provide scholarships to individuals who desire to attend the Theatre's educational/training programs but lack sufficient financial resources to enroll, (iii) underwrite the expenses associated with lectures and artistic displays in the Theatre, and (iv) 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 gift required for this Fund is \$5,000.

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

A Donor Endowment Fund may be funded either by a lump sum payment made at the time the fund is established or in installments based on a payment schedule acceptable to both the Donor and the WTA. Except in the case of funding by will, trust, or beneficiary designation, Donor Endowment Funds must be fully funded within five (5) years from the date of execution of the WTA's endowment fund agreement ("Endowment Fund Agreement") described in Section C below. Any modifications or extensions of this schedule must be approved by the Board or its Executive Committee.

### **3. Endowment Funding by Will, Trust, or Beneficiary Designation.**

Donors who wish to make a posthumous gift to an endowment fund as part of his or her estate plan may contribute to any existing endowment fund in any amount, including a Donor Endowment Fund established during the Donor's lifetime. The Donor may also, through estate planning or beneficiary designation, establish a new Donor Endowment Fund subject to the minimum contribution requirements stated above.

To designate such a gift, the Donor may do so by naming the beneficiary as "Wayne Theatre Alliance, Inc." and specifying which endowment fund is to be recipient of the contribution, or the name and primary purpose of a Donor Endowment Fund to be created. A receipt for any such gift shall be provided to the Donor's personal representative or agent, as applicable.

If such a gift does not meet the minimum monetary requirements of the endowment fund designated by the Donor, the gift shall be accepted in the name of the Donor (or Donor's honoree) and placed in another endowment fund which in the opinion of the WTA Board most closely aligns with Donor's wishes and objectives. If the WTA Board determines that there is no other endowment fund which meets these criteria, the gift will be placed in the WTA's Unrestricted Endowment Fund.

#### **4. Terms applicable to all Endowment Funds.**

The General Endowment Funds and the Donor Endowment Funds are perpetual in nature. Therefore, all gifts and contributions to the General or Donor Endowment Funds will be designated as principal (“Principal”). Principal 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 described in Paragraph F below. However, as stated in the Spending Policy, Principal will not be used to cover distributions from the endowment funds or any fees or expenses imposed by the WTA.

#### **C. Endowment Fund Agreement**

To establish and/or name an endowment fund, the Donor and the Executive Director of the WTA (“Director”) or the Director’s designee are required to sign the WTA’s Endowment Fund Agreement. This Agreement will include (among other things) the name and purpose of the fund, the amount of the initial principal contribution to the fund, how and when additional principal will be added to the fund, how distributions from the fund are to be used, and the consequences of Donor’s default on their funding commitment. The Endowment 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.

Signature of the WTA’s Endowment Fund Agreement shall not be required in the event the endowment is funded by will, trust, or beneficiary designation, but the funds received shall be administered in accordance with the WTA’s Endowment Fund Policy.

#### **D. Reports**

Reports on the performance of Donor Endowment Funds and use of the proceeds will be provided annually to the Donor(s) of the Donor Endowment Funds (and any other individuals authorized by the Donor(s) to receive such reports). The WTA’s obligation to provide these reports shall cease upon the death of the Donor(s) of the Donor Endowment Fund. The WTA may, however, voluntarily decide to continue providing annual reports on a Donor Endowment Fund to those individuals (e.g., the Donor’s children) the WTA believes may have a special interest in the fund.

Annual reports shall not be provided for Donors by will, trust, or beneficiary designation unless required by the Donor through his or her beneficiary designation.

### **E. Investment of Endowment Funds**

The General and Donor Endowment Funds will be invested and managed in accordance with the WTA's Investment Policy and the Board may employ a professional investment advisor or advisory firm that acts as a "fiduciary" to provide these services. The WTA's goal is to invest the funds consistent with the guidelines and objectives stated in the Policy and to generate returns that meet or exceed the benchmarks set forth in the 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 WTA's 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 funding) Donor Endowment Funds will be advised of any changes to the Spending Policy within 30 days of the Board-approved change.

The current spending rate is 4% ("Spending Rate") and the timing and amount of the distributions from the General Endowment Funds and the Donor Endowment Funds will be determined as provided below.

Distributions will not be made from a General Endowment Fund until the fund has been established and funded for one full calendar year. And, unless otherwise provided in the Endowment Fund Agreement, distributions from a Donor Endowment Fund will not be made until the fund has been established and fully funded for one full calendar year.

The first distribution from both the General and the Donor Endowment Funds will be determined by multiplying the Spending Rate by the fund's average quarterly balance for the last full calendar year. The second distribution from the General and Donor Endowment Funds shall be determined by multiplying the Spending Rate by the fund's average quarterly balance for the last two calendar years. The third distribution (and all other annual distributions) from the General and Donor Endowment Funds shall be determined by multiplying the Spending Rate by the fund's average quarterly balance for the last three calendar years.

**All gifts to the General and the Donor Endowment Funds shall be designated as Principal and a receipt for each gift shall be provided as each gift is received. To protect and perpetuate the growth of the endowment funds, no distributions will be made from the funds that would require an expenditure of Principal unless: (a) authorized by the gift instrument, (b) allowed by the Donor(s) of a Donor Endowment Fund, or (c) permitted by the Uniform Prudent Management of Institutional Funds Act, Code of Virginia Sections 64.2-1100 et. seq. (as amended). For purposes of this Policy distributions include, but are not limited to, periodic payments from the funds to support the Wayne, investment management fees, and administrative fees (in the event such fees are assessed by the WTA), subject to the terms of Code of Virginia Sections**

**64.2-1101 and 64.2-1102, as amended.**

**G. Fees**

1. **Administrative Fees.** The WTA has decided not to charge an administrative fee on endowment 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 (as necessary) to eliminate any invasion of Principal.

If the Board decides to impose or increase an administrative fee on a Donor Endowment Fund, the WTA will notify all affected Donors at least 30 days before the effective date of the change. Donors are responsible for updating their contact information to ensure that they receive these notices (and all other notices and reports) in a timely manner. The WTA's obligation to provide such notices and reports for a Donor Endowment Fund shall cease upon the death of all Donors of the Fund.

Notices shall not be provided for Donors by will, trust, or beneficiary designation unless required by the Donor through his or her beneficiary designation.

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

Such administrative and investment fees shall be subject to the terms of the Code of Virginia Section 64.2-1101(C)(1) as amended.

**H. Valuation of Endowment Funds**

The value of the General and the Donor Endowment Funds 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 (1) multiplying the growth of all of the WTA's managed investment accounts by the principal balance of the individual fund at the beginning of the quarter and (2) 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 from the fund during the quarter shall be added or subtracted from the fund's quarter-end balance as determined 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 the 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. Change in Ownership of the Funds**

If the WTA is (or will be) dissolved (or otherwise cease to exist as a legal entity) and the WTA has established a tax-exempt foundation for the purpose of supporting the Theatre, then the WTA's endowment funds will be transferred to this foundation. If no such foundation exists at that time, then the WTA's endowment funds will be transferred to the Community Foundation-Central Blue Ridge. All endowment funds transferred in accordance with this Paragraph shall be restricted in their use, and grants will only be made to organizations that support the arts, as broadly defined. Preference will be given to arts organizations that are headquartered in and/or operate primarily in the City of Waynesboro or in Augusta County, Virginia.

**J. Recognition**

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

**K. Policy**

The Board may modify this Policy periodically to further 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 and prospective 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 Board upon a recommendation from the WTA's Development Committee.**