



ENDOWMENT POLICY

Originally Issued: 10-22-2014

BOT Approved: 10-22-2014

Revised and Approved: 2-20-2015

Background and Mission

Founded in 1976, Pratt Fine Arts Center (hereafter referred to as, the “Center”) is an eclectic, hands-on learning and working environment serving students, hobbyists, and professional artists throughout the Seattle area. The Center serves as a lasting tribute to Edwin T. Pratt, a man who relentlessly championed open and equal access to educational and housing opportunities for all of Seattle’s citizens. The Center honors his memory through scholarships and tuition assistance programs funded by members and donors to ensure that disadvantaged students and artists can pursue their artistic interests.

Purpose of the Policy

Pratt Fine Arts Center Endowment (the “Endowment”) is created to provide for the long-term financial viability and sustain the growth of the Center through funding by the Center’s supporters. The purpose of the **Endowment Policy** is to establish the endowment . The separate **Statement of Investment Guidelines and Procedures** establishes guidelines for the fund (“the Fund”) including suitable investments, return objectives, allocations and appropriate risk, how the Fund will be managed and reviewed, and duties of the endowment’s trustees.

Endowment Types

Endowment gifts may be designated as:

- a. Unrestricted Endowments
- b. Restricted Endowments – e.g., gifts intended for perpetual support of a program, scholarship, capital purchase or other designated purpose. A one-time donation of =>\$50,000 is required to set up a restricted endowment.

For information about non-endowment gifts, refer to Pratt’s **Gift Acceptance Policy**.

Distributions from the Fund

All gifts to the endowment will be pooled in one investment portfolio. Annual distributions may be made with approval of a majority vote of the Board of Trustees in accordance with this policy and the **Statement of Investment Guidelines and Procedures**. Unless otherwise designated, distributions from the portfolio will go into Pratt Fine Arts Center's general operating funds.

The Executive Director shall recommend to the Finance Committee, acting as Endowment Trustee and through them to the Pratt Board of Trustees, an amount to be distributed out of the Endowment Fund to Pratt’s general operating account. The E.D.’s recommendation shall outline the use of unrestricted and restricted distributions.

Distributions may be made at anytime during a fiscal year. Total annual distributions, restricted and unrestricted, may not exceed 4% of the value of the endowment fund at the beginning (i.e., first business day) of the fiscal year averaged with the beginning values of the preceding two years.¹

Dissolution of Fund

Should the purpose for which this Endowment is established cease to exist or should the Board of Trustees be unable to find purposes for use of such funds, or should the Fund be impractical or too difficult to administer, then the Board of Trustees, by majority vote, shall have the power to redirect the funds to an organization(s) with compatible mission(s).

¹ When the endowment is initially funded, "beginning value" shall be the value of the fund at the beginning of the subsequent fiscal year. The next year, distributions will be no more than 4% of the two-year average; thereafter, a three year rolling average will be the base on which the 4% ceiling is determined.