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ENDOWMENT FUNDS POLICY

Approved by the Board of Directors on 07262025

Policy Purpose

To authorize Peace Through Action® USA (the "Corporation") to establish endowment funds and to set the general conditions for managing endowment funds.

Definitions

1. Interested Person—Any director, officer, employee, contractor, intern, volunteer, or donor of the Corporation.
2. Endowment—A fund established to provide long-term financial support to the Corporation, which is either donor-restricted, board-designated (quasi-endowment), term, restricted, or unrestricted.
3. Fund—The contributions, investments, and related financial instruments that are managed by and for the Corporation in accordance with the endowment funds policy.
4. Principal—The portion of the Corporation's endowment funds designated to be held in perpetuity or for a specified period, which may only be spent based on the type of endowment fund and applicable law.
5. Earnings—The investment return generated by the Corporation's endowment funds, which may be allocated in accordance with the endowment funds policy.
6. Donor-Restricted Endowment—A fund from which the endowment principal and/or earnings shall be expended according to the donor's specifications.
7. Quasi-Endowment (Board-Designated) Endowment—A fund from which the endowment principal and/or earnings shall be expended according to the Board of Directors' specifications.
8. Restricted Endowment—A fund in which the endowment principal is kept in perpetuity.
9. Unrestricted Endowment—A fund from which the principal and/or earnings can be expended at the Corporation's discretion.

General Guidelines

1. Peace Through Action® USA (the "Corporation") shall achieve and maintain an organization culture and practice of accountability, including operating according to governing authorities, our formation documents, and our policies.
2. The Corporation shall comply with all applicable laws and regulations.
3. The Corporation shall wisely steward our money and property.
4. The Board of Directors of the Corporation may establish endowment funds.

5. The Corporation shall use and disburse the assets of its endowment funds in a transparent, prudent, and strategic manner.
6. The Corporation shall adhere to the terms and restrictions placed upon its endowments.
7. The Corporation shall endeavor to manage its endowment funds in a manner that is consistent with the Corporation's mission and values.
8. The Corporation shall endeavor to abstain from investing in individual securities that are inconsistent with the Corporation's mission and values.
9. The Corporation shall engage with qualified and reputable investment advisers in managing its endowment funds.
10. The Corporation instructs interested persons of the Corporation's endowment funds policy by an orientation to the policy, notices in the organization's print and online materials, and the distribution of policy and procedures.

Responsibilities to Donors

1. In managing its endowment funds and the assets therein, the Corporation will act in good faith and with reasonable care.
2. The Corporation shall use donations and gifts in accordance with its money and property management policy, in addition to the endowment funds policy.
3. Unless required by law, information concerning all transactions between a donor and the Corporation shall be held by the Corporation in confidence. Such information may be disclosed with the donor's permission.
4. Unless required by law, the Corporation shall respect the wishes of any donor offering anonymous support and implement reasonable procedures to safeguard such a donor's identity.

Endowment Fund Investment

1. The assets of the endowment funds shall be invested in accordance with the Corporation's long-term performance objectives. The Corporation shall rely on a total return strategy in which investment returns are generally achieved through current yield as well as capital appreciation.
2. The Corporation aims to adhere to a reasonable standard of prudence, provide a predictable stream of funding to programs supported by its endowment funds, and maintain the purchase power of the assets in the endowment funds.
3. It is intended that the Corporation's 's long-term average annual spending shall not exceed the long-term inflation-adjusted total return of its investments.

Spending

1. The Corporation's spending of any endowment fund's principal and/or earnings shall follow the provisions set forth and may be further restricted based on the type of endowment fund.
 - a. For a donor-restricted endowment fund, the Corporation shall spend according to the specifications of the donor.

- b. For a quasi-endowment or board-designated endowment, the Corporation may spend according to the discretion of the Board of Directors.
 - c. For a restricted endowment, the Corporation may not spend the principal until and unless stipulated by the donor.
 - d. For an unrestricted endowment, the Corporation may spend at its own discretion but will still adhere to the endowment funds policy.
2. For endowments not restricted by the donor, the Corporation shall calculate its payout distributions annually and/or as needed, proportionally appropriating for distribution a percentage of the average market value of the endowment.
3. For endowments not restricted by the donor, the Corporation may increase spending when necessary to account for economic conditions, the expected total return and appreciation of the endowment's investments, and the needs of the Corporation.
4. The spending of endowments shall generally be directed to address challenges and opportunities including budget and/or funding shortfalls, start-up funding for strategic initiatives, special initiatives, supplemental employee compensation, and/or emergencies.

Periodic Review

1. On an annual basis, the Corporation endeavors to provide a report on each endowment to its respective donors, summarizing activity during the most recently completed fiscal year. The reports shall include information such as the historical gift value, market value as of the beginning of the fiscal year, investment performance, payout distribution, additional contributions, and market value as of fiscal year-end. In the reports, the Corporation shall distinguish between net assets with donor restrictions and net assets without donor restrictions.