ADOPTED
September 30, 2022

WESTMORELAND SANCTUARY

Spending Policy

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1 Scope

This policy establishes and governs spending authorizations and limits for the Westmoreland Sanctuary (the "Sanctuary"). The Spending Policy applies to all of the Westmoreland Sanctuary's financial assets. Both directors of the Sanctuary as well as staff are subject to the limitations and guidelines set forth in this policy. This policy should be read in conjunction with, and construed by reference to, the Sanctuary's Investment Policy.

2 Roles and responsibilities

The Board delegates spending authority to the Executive Committee, which may further delegate to the President, the Treasurer and staff. Limits and permissions will apply to disbursements from the Endowment and expenditures from the operating account.

3 Standards

While the Board expects to withdraw less than 5% of the principal balance of the Endowment per annum over the long run, it acknowledges that flexibility may be required in any given year to conduct regular operations, perform maintenance on the facilities or otherwise accommodate unexpected expenses that may arise. The annual budget for each year should articulate a range of expected spending for such year, and the Board or Executive Committee as its delegate should approve that budget and approximate spending plan.

Appropriations from the Endowment

Decisions to appropriate funds from the Endowment for expenditure or to accumulate such funds shall be made only by the Board. The Board may authorize the Audit, Spending & Investment Committee to assist the Board in carrying out its responsibilities with respect to expenditures from the Endowment. The Audit, Spending & Investment Committee may make recommendations to the Board regarding expenditures from the Endowment but the final decision as to such matters shall be made by the Board. The Audit, Spending & Investment Committee, in making a recommendation to appropriate funds from the Endowment for expenditure or to accumulate such funds, and the Board, in making a decision to appropriate funds from the Endowment for expenditure or to accumulate such funds, must act in good faith with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and must (a) consider the uses, benefits, purposes and duration for which the Endowment was established and (b) consider each of the following factors, if relevant:

(1) the duration and preservation of the Endowment;
(2) the purposes of the Sanctuary and the Endowment;

(3) general economic conditions;
(4) the possible effect of inflation or deflation;
(5) the expected total return from income and the appreciation of investments;
(6) other resources of the Sanctuary;
(7) where appropriate and circumstances would otherwise warrant, alternatives to expenditure from the Endowment, giving due consideration to the effect that such alternatives may have on the Sanctuary; and
(8) the Sanctuary's investment policy.

Decisions to appropriate Endowment funds will be made on a gift-by-gift basis and in accordance with any specific directives on spending that the donor has imposed.

The Audit, Spending & Investment Committee and the Board each shall keep contemporaneous records of their respective recommendations and decisions regarding the appropriation of Endowment funds for expenditure, describing the nature and extent of the consideration that the Audit, Spending & Investment Committee or Board, as applicable, gave to each of the eight factors listed above.

Under the New York Prudent Management of Institutional Funds Act, unless permitted by the donor in an applicable gift instrument, an annual distribution from an endowment fund created on or after September 17, 2010 in an amount exceeding seven (7) percent of the fair market value of the fund, calculated based on market values determined at least quarterly and averaged over a period of at least the last twenty quarters ending with the last quarter of the fiscal year preceding the distribution, will create a rebuttable presumption that such distribution was imprudent. Accordingly, should the Audit, Spending & Investment Committee recommend and/or the Board decide, after acting in accordance with the prudence standard as reflected in the eight factors set forth above, that making an annual distribution in excess of seven (7) percent from Endowment funds is prudent, the Audit, Spending & Investment Committee and the Board each shall ensure that the contemporaneous written record documenting its recommendation or decision includes a detailed statement of the basis upon which the Audit, Spending & Investment Committee or the Board, as applicable, determined that such annual distribution was prudent.

4 Limits

In general, the Board should ensure compliance with the following limits by its delegates:

Expenditures from the Operating Account

- Up to $5,000 at the reasonable fiduciary discretion of the office General Manager
- Up to $10,000 at the reasonable fiduciary discretion of the Executive Director
- Up to $75,000 at the reasonable fiduciary discretion of the President or Treasurer
- Greater than $75,000 should be approved by the Executive Committee

Disbursements from the Endowment

- Up to 2% of the average fair value in any given month
- Up to 4% of the average fair value in any given year

Exceptions to these limits require approval by the Board.