

## **ENDOWMENT FOR EQUAL JUSTICE SPENDING POLICY**

The Endowment for Equal Justice (“Endowment”) is on a mission to secure justice for future generations by providing stable, long-term permanent funding for civil legal aid and civil equal justice in Washington State. The Endowment under the auspices of its Board of Directors (“Endowment Board”) pursues this mission through the building and investment of contributions in its Endowment Fund (“Fund”) and the distribution of proceeds from that Fund to the Law Fund of Washington (“LFW”). This policy, as adopted by the Endowment Board, governs the annual spending from the Endowment Fund that serves as the mechanism for making such distributions.

### Objectives of Spending Policy

1. To fulfill the Endowment's mission and the Endowment Board's objectives for the Fund;
2. To provide funding of providers of civil legal aid to persons in need in Washington (“Washington State civil legal aid providers”) on a permanent basis or until the need for such providers and their services no longer exists);
3. To provide a reasonably predictable and stable source of income to Washington State civil legal aid providers;
4. To take into consideration current and future service demands and funding sources for Washington State civil legal aid providers;
5. To preserve the Fund's long-term purchasing power after spending and inflation;
6. To enable the growth of the Fund consistent with the Endowment’s Investment Policy.

### Guidelines

1. Subject to paragraphs 4-7 below, the Endowment's annual distribution shall be equal to (a) the lesser of (i) the average face value of the Invested Fund for the twelve quarters ending October 31 of the distribution year or (ii) the face value of the Invested Fund for the single quarter ending October 31 of the distribution year, (b) minus the Endowment's projected expenses for Q4 of the distribution year to the extent projected to be paid out of the Invested Fund, (c) times five (5) percent. "Invested Fund" is the portion of the Fund that is under management with the Endowment's investment manager.
2. The spending that results from paragraph 1 is distributed in December of the distribution year by the Endowment to LFW which in turn, allocates these funds to Washington State civil legal aid providers.
3. Movement of cash into and out of the Invested Fund to cover the Endowment's expenses and to make the annual distribution to LFW is managed in accordance with the Endowment's cash management guidelines.

ADOPTED BY ENDOWMENT BOARD EFFECTIVE JANUARY 1, 2020

4. In any particular year, the Endowment and LFW, after consultation, may mutually determine that, based on LFW's finances and in consideration of current and future service demands and funding for civil legal aid, reducing or eliminating that year's Endowment distribution is prudent in order to grow the Fund.

5. In any particular year, upon the request of and after consulting with the LFW Board, the Endowment, at its sole discretion, may decide to increase its spending above this policy's prescribed distribution percentage level to meet a current crisis in civil legal aid funding that LFW cannot meet through use of its Goldmark "rainy day" fund or other sources, provided that any such additional spending may only come from Board-restricted rather than donor-restricted funds per the Endowment's audited financial statements.

6. This spending policy is the result of a 2019 review by the Endowment Board, in consultation with LFW. Prior to making any distribution for the calendar year 2021, the Endowment Board, in consultation with LFW, will complete another review of the policy taking into account the purpose and status of the Fund, including an assessment of the results of the Endowment's Reach 2020 capital campaign, and decide whether to make any changes. Thereafter, the Endowment Board will evaluate this policy, in consultation with LFW, no less frequently than every three years.

7. No provision of this policy shall be interpreted to limit the exclusive authority and discretion of the Endowment Board to exercise its fiduciary duties and to act in the best interests of the Endowment, including without limitation its authority and discretion regarding the content and administration of this policy, the pursuit and fulfillment of the Endowment's mission, and the ultimate determination of a given year's actual distribution, if any.