

**AUROVILLE INTERNATIONAL - UNITED STATES OF AMERICA
PERMANENT ENDOWMENT FUND POLICY**

(Approved by the Board of Directors on Nov. 13, 2023)

1. Name. The name of this fund is the AVI-USA Permanent Endowment Fund (the “**Fund**”). The Fund is an “endowment fund” as that term is defined in California’s Uniform Prudent Management of Institutional Funds Act, as amended from time to time (“**UPMIFA**”).

2. Management. Assets of the Fund shall be owned and managed by Auroville International - United States of America (the “**Charity**”) in accordance with the terms of this Policy and other applicable Charity policies. The goal of the Fund is to balance the current needs of the Charity and its constituencies with the obligation to preserve and grow the Fund for future generations. The Board may amend this Policy from time to time

3. Purpose. The purpose of this Fund is to further the charitable purposes of the Charity by providing general support for its operating and program-related needs, as determined by the Board. Notwithstanding the foregoing, a donor making a contribution to the Fund may restrict the use of their gift to a specific project, as long as the Board has approved such project in advance as furthering the exempt purposes of the Charity (a “**Pre-Approved Specific Project**”).

The allocation of a donor’s gift to a Pre-Approved Specific Project must be clearly stated in the written gift instrument. If at any time in the judgment of the Board it becomes impossible or impracticable to carry out or fund a Pre-Approved Specific Project, a purpose and manner as near as is practicable to the Pre-Approved Specific Project shall be determined by the Board.

4. Annual Spending from the Fund.

(a) The Charity may appropriate for expenditure so much of the Fund as the Board determines is prudent, subject to the provisions of UPMIFA and the intent that the Fund be an endowment fund (the “**Annual Spending Amount**”). On an annual basis, the Board shall adopt a spending resolution substantially in the form set forth in Exhibit A hereto, addressing the amount that may be spent from the Fund for the upcoming fiscal year.

(b) Notwithstanding the Annual Spending Amount, if at any time the Board determines that funds are urgently needed for an emergency of the Charity, the Board shall have the right to make an emergency withdrawal in accordance with this Section 4(b). If the Board determines, by a vote of two-thirds of the directors then in office, that funds are urgently needed for an emergency, the Charity may spend up to fifteen percent (15%) of the average fair market value of the Fund (as measured on the previous June 30, the “**Pre-Emergency Withdrawal Balance**”) during a fiscal year in addition to the Annual Spending Amount for such year. However, once an emergency withdrawal has been made under this Section 4(b), no further withdrawals in excess of the Annual Spending Amount may be made until the current value of the Fund equals the Pre-Emergency Withdrawal Balance. The Board shall adopt an emergency spending resolution addressing the amount that may be withdrawn from the Fund for any such emergency withdrawal.

5. Investment Guidelines. Assets of the Fund shall be invested according to the standards set forth in UPMIFA and the Charity's Investment Policy, as adopted by the Board and amended from time to time. Assets of the Fund may be commingled for purposes of investment with other assets of the Charity.

6. Costs. The Charity's costs to hold and invest the Fund shall be charged to the Fund, and shall not diminish the Annual Spending Amount to be spent from the Fund.

7. Accounting. Any Fund assets which are held for a Pre-Approved Specific Project shall be accounted for separately to facilitate their management.

8. Charitable Trust. All funds held in the Fund are held in charitable trust under California law for the purposes stated above, and shall not be subject to the claims of any creditor or to legal process, and shall not be involuntarily alienated or encumbered.

EXHIBIT A

RESOLUTION OF THE BOARD OF DIRECTORS OF AUROVILLE INTERNATIONAL - UNITED STATES OF AMERICA

WHEREAS, this corporation holds the AVI-USA Permanent Endowment Fund (the "**Fund**");

WHEREAS, California's Uniform Prudent Management of Institutional Funds Act requires that the corporation appropriate for expenditure or accumulate so much of the Fund as the Board of Directors determines is prudent for the purposes for which the Fund was established;

WHEREAS, the Board of Directors of this corporation (the "**Board**") has reviewed the Spending Memorandum attached to this Resolution as Schedule A; and

WHEREAS, based on the recommendation of the Treasurer, the Board has determined that appropriating for expenditure an amount equal to ___% of the average fair market value of the Fund is prudent for the upcoming 20__-20__ fiscal year (the average fair market value to be calculated on the basis of the fair market values for the twelve calendar quarters, determined at the end of such quarters, ending with the quarter ended June 30 of the previous fiscal year).

NOW, THEREFORE, it is resolved that that this corporation shall appropriate for expenditure an amount equal to ___% of the average fair market value of the Fund for the upcoming 20__-20__ fiscal year (the average fair market value to be calculated on the basis of the fair market values for the twelve calendar quarters, determined at the end of such quarters, ending with the quarter ended June 30 of the previous fiscal year).

RESOLVED FURTHER that the proper officers and senior staff of this corporation are hereby authorized and directed to take all such further actions as they may deem necessary or

appropriate in order to implement the foregoing resolutions and any actions heretofore taken by such officers and senior staff to further the purposes of the foregoing resolutions prior to the date of this Resolution are hereby ratified, approved, and confirmed.

RESOLVED FURTHER that the Secretary of this corporation is hereby directed to file a copy of this Resolution with the corporate records for this corporation.

SCHEDULE A

SPENDING MEMORANDUM

TO: The Board of Directors of Auroville International - United States of America
FROM: Treasurer
RE: Annual Spending from the AVI-USA Permanent Endowment Fund
DATE: _____, 20__

I have been asked to advise the Board of Directors as to how much is prudent to appropriate for expenditure from the AVI-USA Permanent Endowment Fund (the “**Fund**”) for the upcoming 20__-20__ fiscal year.

In determining my recommendation, I have acted in accordance with California’s Uniform Prudent Management of Institutional Funds Act (“**UPMIFA**”), in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. In particular, I have considered all of the following factors:

- duration and preservation of the Fund
- purposes of Auroville International - United States of America (the “**Charity**”) and the Fund
- general economic conditions
- possible effect of inflation or deflation
- the expected total return from income and appreciation of investments
- other resources of the Charity
- the Investment Policy Statement of the Charity

I have also considered that, under UPMIFA, the appropriation for expenditure in any year of an amount greater than seven percent (7%) of the fair market value of an endowment fund (calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure is made) creates a rebuttable presumption of imprudence.

I have reviewed all applicable materials provided by the Investment Advisor, including the current value and investment returns of the Fund over the past twelve quarters, as well as the information in the “Fund Summary” below.

In reliance upon the information provided by, and the advice of, the Investment Advisor, I am recommending to the Board that the Charity appropriate for expenditure for the upcoming 20__-20__ fiscal year the Proposed Spending Amount set forth in the “Fund Summary” below.

FUND SUMMARY

<i>Current Fund Information</i> (as of _____, 20__)			
Fair Market Value	Historic Dollar Value	Gain/Loss	Average Return Over Past 12
\$ _____	\$ _____	\$ _____	\$ _____

In the table below, the Proposed Spending Amount is the stated percentage of the Average Fair Market Value of the Fund. The Average Fair Market Value was calculated on the basis of the fair market values for the twelve calendar quarters, determined at the end of such quarters, ending with the quarter ended June 30 of the previous fiscal year.

<i>Fund Spending Amount</i>	
Average Fair Market Value (ending with the quarter ended	Proposed Spending Amount
\$ _____	\$ _____ (__%)