PROPOSAL: IRE Endowment & Reserves Policy

(Adopted by the Board on June 18, 2026 following the unanimous recommendation of the Finance Committee on June 9 2026; modeled on IRE-Knight Foundation Endowment Grant Agreement and consistent with IRE Investment Guidelines; Effective July 1, 2027, at the beginning of the 2027-28 fiscal year*)*

I. Purpose and Applicability

This policy establishes a disciplined, mission-focused framework for annual distributions from all endowed assets controlled by IRE (collectively, the “Endowment”), in order to (1) preserve and enhance the Endowment’s real (inflation-adjusted) value in perpetuity and (2) provide a stable, predictable source of support for IRE’s mission.

Funds Covered. For purposes of this policy, “Endowment” includes:
(a) the IRE general endowment;
(b) all endowed funds owned or controlled by IRE, including the Pulliam Fund and any other endowed accounts with their own restrictions that exist now or in the future;
(c) any board-designated funds the Board directs to be invested and spent as endowment; and
(d) newly acquired endowed gifts or proceeds (including 50th anniversary gala proceeds or similar campaigns) that are designated—by donors, by the event solicitation, or by Board action—to be held, invested, and spent as part of the Endowment.

Donor Supremacy. IRE will comply at all times with the terms and conditions of all donor agreements and restrictions. If a donor agreement for a particular endowed fund imposes specific terms that differ from this policy, the donor agreement controls that fund; otherwise, this policy supplies the governing default for calculation, spending, allocation, and reporting.

II. Spending Philosophy

Consistent with the IRE-Knight philosophy that governs some of our earliest endowed funds, realized earnings, income, and unrealized appreciation of the Endowment should be used to both preserve the inflation-adjusted purchasing power of the Endowment and permit assets to grow after permitted distributions and administrative costs.

IRE bases spending on a prudent, formula-driven percentage of market value and prioritizes reinvesting enough each year to offset inflation before spending.

III. Spending Rule

1. **Annual Calculation.** Before the beginning of each fiscal year, IRE shall calculate the average market value of the Endowment over the preceding 3 years. The calculation shall use the ending values of the most recent 12 calendar quarters. For newly

established funds with fewer than 12 quarters of history, IRE will use the available number of completed calendar quarters.
2. **Definition of Market Value.** For this calculation, market value may include unrealized appreciation—mirroring Knight's allowance.
3. **Target Spending.** In each fiscal year, IRE shall use between 3.5% and 5% of the Endowment's average market value. This money must first be used to preserve the principal's real spending power as outlined below. After that has been done, any remaining money may be spent on programs and administrative costs.
4. **Preserving the Principal's Real Spending Power.** IRE will not spend from the Endowment's principal (also known as "the corpus"). Principal shall be defined as the Grant to which shall be added each year an amount that IRE determines will preserve the purchasing power of the Grant from year to year. IRE will use the Consumer Price Index, as the primary barometer for determining the minimum amount to be added to the principal as an annual hedge against inflation. IRE may use unrealized appreciation, as determined by "market value" measures, for such annual additions to the endowment principal, or it may use realized earnings or income.
5. **Spending Flexibility.** In any given year, should the total return (realized earnings and income and unrealized appreciation or depreciation) attributed to the Endowment fund not be sufficient to cover inflation and to preserve the purchasing power of the Grant, IRE may make distributions of less than 3.5% for that particular year but shall make additional distributions in future years when total return is sufficient to do so.
6. **Fixing the Annual Amount.** The calculated spending amount becomes the maximum authorized Endowment distribution for the upcoming fiscal year and remains fixed for that year's budget regardless of subsequent market movement.
7. **Unused Distributions.** Any unused portion of the amount made available for that fiscal year returns to the Endowment principal for continued investment and future distributions.
8. **Board Authority to Amend or Suspend.** "Spending from the corpus of any fund is prohibited except with approval by at least two-thirds of the full IRE Board, and only when not restricted by any donor agreement or fund terms. By majority vote of the full IRE Board, the Board may amend or suspend other provisions of this "Spending Rule" Section that do not relate to spending from the corpus—so long as any changes or suspensions comply with the law and donor agreements. Any suspension shall apply for no more than one budget cycle (and in any event not more than twelve months) and shall automatically expire at the end of that period unless renewed by a subsequent majority vote of the full Board.

IV. Allocation of Distributions

1. **Mission Priority. At least 70%** of total annual Endowment spending shall directly support IRE's mission (member training, fellowships, public-interest journalism, educational initiatives).
2. **Administrative Cap. No more than 30%** may be used for administrative expenses (staff, facilities, overhead). This is a cap, not a target; the Finance Committee should recommend lower admin usage when feasible.

V. Administrative Costs and Fees

Fees charged to the Endowment (custody, advisory, management) must be reasonable and customary, reviewed annually by the Finance Committee, approved by the Board, and fully disclosed in the annual report.

VI. Reporting and Oversight

1. **Quarterly reporting** to the Finance Committee: market value; realized/unrealized results; year-to-date distributions.
2. **Annual Endowment Report** (Knight-modeled content): realized earnings and income; unrealized appreciation/depreciation; a summary of total distributions and their purposes; description of spending rate applied and consistency with this policy; a copy/link to the current investment policy.
3. **Mission Itemization.** Staff will annually provide to the Finance Committee, for inclusion in the annual endowment performance report each year, an itemized schedule of mission spending funded from the Endowment distributions in the prior year.
4. **Deadline.** The annual report will be posted online at least two weeks before the annual IRE membership meeting, where the same document will be presented to membership in order to comply with all related provisions in IRE's bylaws.

VII. Coordination with Investment Guidelines

This policy operates in tandem with IRE's current Investment Guidelines, which implement a conservative total-return strategy to preserve and grow the Endowment's real value while supplying a sustainable stream of mission support.

VIII. Reserve Funds Policy (Non-Endowed)

Purpose. Maintain a Board-designated Operating Reserve to ensure liquidity and continuity during disruptions. Reserve funds are not endowed and may be spent only as directed by the Board.

Target Level. Hold at least six (6) months of average operating expenses (most recent audited/approved budget; exclude restricted pass-throughs and one-time items).

Use & Authorization. Reserves are not for routine spending. Access requires votes from at least two-thirds of the full Board finding a fiscal emergency (e.g., material revenue shortfall/cash interruption, urgent non-deferrable compliance/operations expense, or comparable threat to continuity). Each authorization must specify amount, purpose, and a replenishment plan.

Replenishment. If below target, adopt a plan to restore to six months—typically within 12–24 months—using surpluses, unassigned gifts, or budgeted set-asides.

Reporting & Review. Reserve balances will be reported by staff to the Finance Committee quarterly and included in the Committee's annual report to membership.

No Substitution. The reserve does not replace disciplined budgeting and will not fund ongoing structural deficits or program expansions without a Board-approved transition plan.

IX. Effective Date

Effective July 1, 2027, at the beginning of the 2027-28 fiscal year; governs all distributions from IRE’s Endowment and future endowed funds.