

**Kayenta Arts Foundation**  
**Policy Statements**  
**Updated September 24, 2025**

**Accessibility and Accommodation**

KAF meets legal requirements for accessible venues and facilities and makes reasonable accommodations to its staff, artists, and the public. See *ADA 504 Self Evaluation Report & Design for Accessibility* (<https://www.arts.gov/open-government/civil-rights-office/section-504-self-evaluation-workbook>)

**Conflict of Interest**

KAF prohibits any director, officer, employee or agent from participating in a matter where a conflict of interest is determined to exist. A conflict of interest exists where a person's personal interests financial or otherwise conflict with their duties at KAF. (see *Exhibit 1*)

**Ethical Conduct**

KAF's business is to be conducted in an ethical manner, which, at a minimum means in accordance with KAF's Code of Ethical Conduct (see *Exhibit 2*), Policy Statements, and procedures that the Board may adopt from time-to-time.

**Alcoholic Beverage Control Act Compliance:**

KAF sells or furnishes alcoholic beverages at its events only as permitted by law and takes steps (see *Exhibit 3*) to assure its compliance with these laws, *while working to maintain KAF as a viable entity.*

**Decisions Between Meetings**

Deciding Board-level matters between meetings is to be the exception, not the rule, in conducting KAF business and may be made only in compliance with the Operating Procedures for Decisions Between Meetings (see *Exhibit 4*) of these Policy Statements as in effect from time- to-time.

**Financial Accountability and Management**

KAF acting principally through its treasurer shall insure that KAF complies with all applicable accounting rules and regulations for a 501(3)C Utah corporation. Moreover KAF shall establish financial management procedures that insure the fiscal viability of the organization that protects existing assets and provides for asset growth(see *Exhibit 5*)

**Reconsider of Board Vote**

Once a duly constituted quorum of the Directors votes on a matter, that matter cannot come before the Board for reconsideration for six (6) months or until and unless the Chair and one other officer determine that (a) information now is available which, if it had been presented to the Directors at the time of the vote, may have altered the outcome of the prior vote and (b) reconsideration will result in no substantial adverse consequences to KAF.

## **Drug-Free Workplace**

***See Employee Handbook, December 2023***

### **Reserve Fund**

Kayenta Arts Foundation will make a good faith effort to maintain a Reserve Fund to ensure the stability of its mission, programs and ongoing operations during difficult financial times and to provide an internal source of funds for situations such as: sudden increase in expenses, unanticipated loss in funding, one-time un-budgeted expenses, or nonrecurring expenses that will build long-term capacity for the foundation. Reserve Funds are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap.

The Reserve Fund is to be maintained in a segregated banking or investment account funded and maintained with a goal amount of no less than 3 months (minimum) and no more than 12 months (maximum) of the annual operating budget. Reserve Funds may be accessed only with approval by a majority of the Board of Directors of a proposal which includes both substantiating justification and a plan for replenishment of funds to restore to the target minimum.

### **Endowment Fund**

This Policy establishes the **KAF Endowment Fund**, which is intended to provide long-term financial stability to the Kayenta Arts Foundation (“KAF”) by creating annual cash flow from investment income to fund ongoing operations, programs and development. The Endowment Fund will be established by a charitable donation pursuant to a written agreement between KAF and the donor. The Endowment Fund shall be subject to KAF’s articles of incorporation, bylaws and this policy.

The KAF Board of Directors shall maintain an Investment Committee and shall have the power to select, appoint and remove members of the Investment Committee. The Investment Committee shall be responsible for the development, recommendation, implementation, and maintenance of all policies relative to the KAF Endowment Fund via execution of a written, formal Investment Policy Statement (*see Exhibit 7*) which the KAF Board shall approve. The Investment Policy Statement shall be subject to the following guidelines:

- The original donation deposited into the Endowment Fund Account and any subsequent donations to it shall be designated “Principal” and shall be held in perpetuity and shall not be spent for any reason.
- Donations to the Endowment Fund Account may be restricted or unrestricted. Restricted gifts will be managed at all times in accordance with the written donor-imposed restrictions.
- The Endowment Fund Account shall be managed, invested and distributed

per the Investment Policy Statement. The investment objective of the fund is long-term growth of capital. The Investment Policy Statement was developed in accordance with the Utah Uniform Prudent Management of Institutional Funds Act.

### **Information Management**

All information on donors, employees, and agents is confidential, not to be released outside of the organization unless authorized in writing by the donors, employees, or agents or as permitted/required by law. When information is maintained in electronic format, reasonable precautions are to be taken to prevent unauthorized access.

### **Monetary Donations**

KAF takes steps (*see Exhibits 2 and 5*) to assure it promptly receives, deposits into the appropriate accounts, and acknowledges all monetary donations. Restricted monetary donations are to be used in accordance with a donor's written explicit restrictions. Explicit written authorization is to be obtained from the contributor before such a restricted gift is used in an alternative manner or for an alternative purpose.

### **Non-Discrimination (including harassment)**

KAF does not discriminate, and no person acting on its behalf is to discriminate, including to harass, against any person in employment matters or in any KAF endeavors on the basis of race, religion, color, national origin, marital status, gender, sexual orientation, presence or degree of disability, or any other status protected from discrimination or harassment by state or federal law.

### **No-Retaliation**

KAF does not retaliate against any person who makes a good faith report to a Director or outside entity that a Director, staff or other agent of KAF has violated KAF's Policy Statements, Code of Ethical Conduct, or law.

### **Public Policy Advocacy**

KAF does not act for or against any public policy matter until and unless the Board adopts the position in accordance with procedures in its Bylaws after taking reasonable steps to assure that such action does not violate any laws applicable to its public charity and nonprofit status.

### **Record Retention**

KAF maintains accurate records of its activities and finances. All records, in whatever format, are to be protected from unauthorized access and retained in accordance with legal requirements, BUT not less than for three calendar years. Financial and corporate records of KAF are not to be disposed or destroyed without authorization from the Board.

### **Non-monetary Gift Acceptance**

Kayenta Arts Foundation accepts non-monetary gifts, such as of art, furniture, real estate, equipment, supplies, etc., only after the Executive Director has determined, in accordance with Operating Procedures in effect from time-to-time that:

- such item has reasonable use to the organization;
- is relevant to its mission;
- does not require any unlawful quid pro quo in exchange for the gift ;
- does not raise conflicts of interest or other issues that could jeopardize KAF's tax exempt status; and
- maintenance of the gift, does not outweigh its value to KAF

The Executive Director will inform the board in writing from time to time of acceptance of such items. As determined by the circumstances at the time, the Board of Directors may consider other criteria for acceptance.

### **Volunteers**

Volunteers are expected to function in a respectful, competent manner and to fulfill any obligations they make to KAF in accordance with the Volunteer Handbook. **See *attachment***

### **Whistleblower**

Kayenta Arts Foundation expects its Directors, Officers, employees, staff, volunteers and anyone acting for or on its behalf (all the foregoing collectively referred to as "agents") to comply with high standards of professional and personal ethics, and assist KAF to identify any activities or communications that could give rise to questions of unethical or unlawful practices or conflicts of interest.

To this end, KAF encourages Agents to report any practice or conduct that reasonably is believed to raise such questions. No person reporting will be subject to any retaliation by KAF directly or indirectly by sanctioned actions of its Agents. Reports may be made to any Officer or Director who then is obligated to bring the report to the Board for an initial assessment and determination of appropriate steps. Any Agent who is the subject of a report may respond to the report and answer questions from the Board, but the Agent may not participate in the Board's deliberation of the matter or determination of what, if any, subsequent steps may be necessary. If the reported conduct raises financial conflict of issues concerns, the Board shall follow the Operating Procedures (*see Exhibit 1*) implementing its Conflict of Interest Policy Statement.

### **Complimentary Ticket Policy**

- Actors, dancers, musicians and production crew receive 2 comps for each week a show runs.

- Staff members receive 2 comps for a multi-night show and 1 comp for a single night show.
- Volunteers receive 1 comp for every event they volunteer for.
- Promotional comps and vouchers may be given to sponsors, media and organizations at the discretion of the Executive director.

### **Personnel Policy Statement**

***See Employee Handbook, December 2023***

### **Annual Season of Events Approval Process**

The Executive Director has the responsibility, in consultation with the KAF Board to develop a full season (July 1-June 30) of public programming for the CFAK.

1. The Executive Director will present a proposed CFAK season to the Board of Directors for discussion and approval prior to any public announcement of said events.
2. All CFAK events must:
  - foster KAF's vision and mission
  - be of artistic value
  - make all reasonable efforts to balance its budget
  - not conflict with other events scheduled by KAF or Coyote Gulch Owners Association.

### **Paid Time Off Policy**

***See Employee Handbook, December 2023***

### **Use of Facility Services**

Subject to the approval of the Kayenta Arts Foundation Board of Directors, a party may have only one Celebration of Life held at the Center for the Arts at Kayenta. The Celebration can only happen on a date the Executive Director determines will not conflict with Center activities. There is a usage fee to Cover Center expenses, such as staff and utilities. There may be added costs for additional services such as audio-visual equipment, microphones and speakers. Invitees are at the discretion of the host with the number of guests limited to the occupancy capacity of the space used. Use of the Outdoor Theater must be arranged with Terry and Matt Marten. *(added 9-25-24)*

### **Exhibit 1 to Policy Statements**

#### **Kayenta Arts Foundation**

#### **Conflicts of Interest Procedures 2011**

Article II

Definitions

## 1. Interested Person

Any Director, principal officer, or member of a committee with governing body delegated powers, which has a direct or indirect financial interest, as defined below, is an interested person.

## 2. Financial Interest

A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which KAF has a transaction or arrangement,
- b. A compensation arrangement with KAF or with any entity or individual with which KAF has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which KAF is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing body or committee decides that a conflict of interest exists.

## Article III Procedures

### 1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Directors and members of committees with governing body delegated powers considering the proposed transaction or arrangement.

### 2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she is to leave the governing body or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Directors or committee members are to decide if a conflict of interest exists.

### 3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the governing body or committee meeting, but after the presentation, he/she is to leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The Chair of the governing body or committee is to appoint, if appropriate, a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the Directors or committee are to determine whether KAF can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Directors or committee are to determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in KAF's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, the Directors or committee are to make a decision as to whether to enter into the transaction or arrangement.

#### 4. Violations of the Conflicts of Interest Policy

- a. If the Directors or committee has reasonable cause to believe a Director has failed to disclose actual or possible conflicts of interest, they/it are to inform the Director of the basis for such belief and afford the Director an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the Director's response and after making further investigation as warranted by the circumstances, the disinterested Directors or committee determine the Director has failed to disclose an actual or possible conflict of interest, they/it are to take appropriate disciplinary and corrective action; such action to be determined on the basis of the facts known at the time.

#### Article IV

##### Records of Proceedings

The minutes of the Directors and all committees with Board delegated powers are to contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of

interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

#### Article V Compensation

a. A voting Director who receives compensation, directly or indirectly, from KAF for services is precluded from voting on matters pertaining to that Director's compensation.

b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from KAF for services is precluded from voting on matters pertaining to that committee member's compensation.

c. No voting Director or member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from KAF, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

#### Article VI Annual Statements

Each Director, principal officer and member of a committee with governing body delegated powers is to annually sign a statement, which affirms such person:

a. Has received a copy of the conflicts of interest policy,

b. Has read and understands the policy,

c. Has agreed to comply with the policy, and

d. Understands KAF is charitable and in order to obtain and maintain its federal tax exemption it must engage primarily in activities, which accomplish one or more of its tax-exempt purposes.

#### Article VII Periodic Reviews

To ensure KAF operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, the

Chair shall arrange for periodic reviews to be conducted. The periodic reviews are to, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to KAF's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

#### Article VIII

##### Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, KAF may, but need not, use outside advisors. If outside experts are used, their use does not relieve the governing body of its responsibility for ensuring periodic reviews are conducted.

#### **Exhibit 2 to Policy Statements: Kayenta Arts Foundation Code of Ethical Conduct**

As required by KAF's Ethical Conduct Policy Statement, the following principles are to guide all KAF activities. A violation of these principles or of any Policy Statement is cause for termination of an individual's relationship (employment or other) with KAF.

#### CARE

KAF Directors are to act in accordance with their duty of care, including, but not limited to:

- preparing for and attending meetings;
- actively participating in discussions;
- obtaining sufficient information before making decisions, reviews financials, etc.; and.
- relying on the recommendations of management or expert consultants unless it would be unreasonable to do so.

#### FINANCIAL ACCOUNTABILITY

Financial records are to be accurate, complete, and timely, and financial resources are to be used to further KAF's mission and charitable purposes. The Board is to conduct periodic financial reviews to address regulatory and liability concerns and assure its financial records are available to the public.

#### FUND RAISING

The interests and intentions of persons in making donations to KAF, and those of its clients, patrons, and the general public are to be protected. KAF's fundraising activities are to be conducted with professionalism and integrity with recognition that unethical fund raising practices threaten public trust and confidence in the entire nonprofit sector. All fundraising is to be conducted in accordance with the below principles.

1. Solicitation and promotional materials are to be accurate and truthful and are to identify KAF's mission and its intended use of solicited funds.
2. Solicitation tactics that are coercive, intimidating, or deceptive are prohibited.
3. The integrity and privacy of its supporters are to be protected and individuals' names, pictures, and other information are not to be used in any publicity or fund raising activities without their prior written authorization.
4. Contributions are to be used in accordance with donors' written restrictions. Explicit written authorization is to be obtained from the contributor before such a restricted gift is used in an alternative manner or for an alternative purpose. Accurate records and receipts gifts are to be maintained. When requested or required by law, reports on the use and management of contributed funds are to be made in a timely manner to donors and the public. Any such reports are to protect the privacy of donors
6. Donors are to be encouraged to obtain informed and ethical advice about the value and tax implications of potential gifts from other than KAF Directors, officers, staff or agents.
7. KAF Directors, officers, staff, volunteers and agents periodically are to be informed of ethical finance and fund raising practices and their importance to the integrity of the organization and its mission.
8. Fund raising costs are not to be excessive in relation to the costs of programs and activities directly related to KAF's mission.
9. Development staff, if any, is to be compensated via salary or fixed fee, and not by percentage-based compensation or a commission. No fee is to be paid to a third party as a condition for the completion of a gift.

#### HONESTY, OPENNESS, TRANSPARENCY

KAF Directors, officers, staff, volunteers, and agents are to deal honestly with each other, government entities, and the public. Misrepresentations or omissions of material information in applications for funding, claims for payment, or in any other endeavor are prohibited. Information about KAF's mission, program activities, and finances is to be truthful. Such information is to be accessible and responsive to members of the public who express interest in its affairs.

#### INFORMATION MANAGEMENT

Information on individuals, whether oral or written in any format, is to be considered confidential and protected from access by any person not on the Board or not acting on behalf of or at the direction of the Board.

#### LEGAL COMPLIANCE AND ACCOUNTABILITY

KAF activities are to be conducted in accordance with all federal, state, and local laws applicable to public charities and nonprofit corporations in Utah, including but not limited to: statutes and regulations related to fund raising; licensing; financial accountability; human resources; nondiscrimination, lobbying, political advocacy, and taxation.

#### LOYALTY

KAF Directors are to act in accordance with their duty of loyalty, that is, in the best interests of KAF and not any individual or other entity, including, but not limited to:

- disclosing potential conflicts of interest,
- adhering to KAF's conflicts of interest Policy Statement and procedures,
- not voting on corporate matters that will benefit him/her or family members, or businesses personally, and
- respecting the confidentiality of information obtained about the organization.

#### PUBLIC POLICY ADVOCACY

When appropriately authorized by the Board, information to the media and the public on public policy is to be factually accurate and is to include contextual information that will increase its ability

### **Exhibit 3 to Policy Statements**

#### **Kayenta Arts Foundation**

#### **Furnishing, Consumption, and Sale of Alcoholic Beverages**

Kayenta Arts Foundation, (KAF), permits consumption of and sells alcoholic beverages in conformance with the laws of the State of Utah and regulations of

the Utah Department of Alcoholic Beverage Control (UABC) (<https://abc.utah.gov>) , the City of Ivins , and these operating procedures , These procedures apply to KAF and its partners.

#### References

- 1.1 The requirements of the state of Utah and its UABC (<https://abc.utah.gov>)
- 1.2 City of Ivins special Event Permit application( [www.ivins.com](http://www.ivins.com))
- 1.3 Single event Permit summary and Temporary Event Beer Permit summary(<https://abc.utah.gov>)
- 1.4 KAF Alcohol Information Sheet and Supplemental Agreement
- 1.5 Worksheet for permit application

#### **Exhibit 4 to Policy Statements Kayenta Arts Foundation Decisions Between Meetings**

1. When a Director believes a decision needs to be taken between Board meetings, he/she is to present the matter to all Board members by e-mail with a date-certain OF NO LESS THAN 24 HOURS for e-mail responses.
2. Directors are to submit their e-mail response to the requesting Director by the date-certain.
3. Responses by two-thirds of the Directors must be in the affirmative before the decision is final.
4. It is the responsibility of the Director(s) seeking the decision to obtain the e-mail responses, to report the outcome at the next available Board meeting and to submit the e-mail responses to the Secretary for retention with the meeting minutes.

#### **Exhibit 5 to Policy Statements Kayenta Arts Foundation Financial Accountability and Management Policies**

##### 1) Budgeting

KAF has a fiscal year end of June 30. Thus, in March of each year, the standing Finance Committee will meet with the Executive Director to prepare an annual budget for review by the Board. The Finance Committee will consist of at least the Executive Director, the Board Chair and Treasurer, and any other

person deemed by the Chair to potentially add value to the budget process.

The budget objectives will include:

- a) Create a budget that addresses each of the 12 months of upcoming fiscal year.
- b) Create a budget that reflects the cash transactions that will occur pertaining to the upcoming fiscal year. This would include budgeting all revenues for performances and events, expenses for those performances and events, all non-performance expenses and all capital asset additions planned for the budget period.
- c) Exclude from the budget any depreciation or amortization expenses.
- d) The primary target of the budget process will be to reflect financial results that show a positive bottom line large enough, i.e., \$25,000 to be transferred to the Reserve Account.

The budget will be submitted to the Board for their review no later than the Board meeting during May. The objective of this will be to obtain Board approval of the budget at that meeting. Should schedules prohibit that timing, budget approval MUST be achieved at the final Board meeting in June, thus prior to the beginning of the new fiscal year.

## 2) Cash Receipts

Cash receipts will consist primarily of revenue from ticket sales and other KAF events (such as the festivals), donations and membership funds and proceeds of grants. Every effort should be made to receive revenues in the form of checks, as opposed to receiving cash. Occasionally, donations may be made in the form of common stocks, bonds, etc.

Commons stocks, bonds and similar negotiable instruments should be converted to cash promptly. This cash should then transfer to a KAF bank account. The conversion of such assets to cash occurs through the KAF account at Vanguard.

## 3) Bank reconciliations

Shortly after the end of each month, the bookkeeper will prepare a standard bank account reconciliation, reconciling the month end balance in the books to the month end balance shown on the subject bank account statement. The Treasurer will promptly review each reconciliation and initial approval on each document.

## 4) Petty cash

A change bank of \$100 may be kept for daily operations as needed. The change bank will be located in a secured drawer within the Box Office. The Box Office Manager, Executive Director and any other essential staff appointed by the Executive Director will have the only access to the change bank. Additional cash

from sales must be logged and kept in the CFAK safe. Additional cash in excess of the \$100 change bank must be deposited weekly. Employees and Board Members of KAF are not authorized to use cash as a form of payment for purchases.

5) Company use of credit cards

- All credit card statements must be accompanied by actual receipts for each charge before they can be paid
- All credit card expense must each be assigned to an event (if applicable) and a specific line in the chart of accounts
- Credit card statements that do not submit all receipts will be paid on time to avoid past due fees, but the employee that owns that card will be prohibited from use until all receipts are turned into the bookkeeper.
- If an employee is continually missing receipts they will lose their card privileges.

6) Interim financial reporting to the Board of Directors

Prior to each Board meeting, the Treasurer will prepare a balance sheet of Budgeted vs Actual as part of reporting that prior month end date, and a statement of revenue and expenses for the month just ended as well as for the cumulative period from the start of the fiscal year through the most recent month end date. These statements may be prepared in a summary format so as to focus the readers' attentions on the major financial topics that these statements show.

As KAF maintains its books and records, statements prepared prior to Board meetings will include accrual reporting, following Generally Accepted Accounting Practices.

7) External financial reporting

Upon the close of a fiscal year (June 30), the bookkeeper and the Treasurer will prepare a balance sheet and statement of income and expenses for the fiscal year just ended using accrual based accounting.

These statements will be presented to the Board of Directors for their approval. Upon such approval being granted, the financial statements will go through a compilation process by a CPA hired for such purpose.

8) Property and equipment

Assets owned by KAF that have an estimated useful life of greater than one year and an original cost of greater than \$2,500 will be capitalized and depreciated/amortized over their estimated useful lives. These lives are:

Building	25 years
Building improvements	3 to 10 years
Office equipment	5 years
Office furniture	5 years

Computer hardware	3 years
Computer software	3 years

Depreciation is computed using the straight line method of calculation. A fixed assets log will be maintained by the bookkeeper showing for each asset the type of asset, the date of purchase/donation, the cost or estimated value of donation, the estimated life of the use of the asset. Any change in the condition of an asset will be promptly considered for a corresponding reduction in the current net value of that asset on the books.

Annually, the Treasurer will review the log.

**Exhibit 6 to Policy Statements**  
**Kayenta Arts Foundation**  
**Line of Credit Policy**

Kayenta Arts Foundation is authorized to secure a \$50,000 Line of Credit from Cache Valley Bank with the purpose of assisting with cash flow fluctuations, with the following rules:

1. Draws from the line of credit may only be against documented, confirmed accounts receivable. Projected ticket sales are NOT considered secured accounts receivable.

2. Documented accounts receivable are::

- Confirmed grant contracts (government or private)
- Written pledges from major donors, with clear payment dates
- Written pledges from business sponsors, with clear payment dates

Once these funds are received, the revolving line of credit account will be immediately restored to a zero balance.

3. A policy is established that at the end of the third quarter the Finance and Development Committees meet to assess our finances. If there is a balance, a plan shall be created to assure the company has repaid the LOC by the end of the fiscal year. This may include confirmed and committed accounts receivable.

4. The Executive Director is authorized to have access to online banking. The Executive Director shall be authorized by the Board Chair or Treasurer to make any and all draws and payments to the line of credit.

5. People authorized to sign on behalf of the company are the Chair, the Treasurer, the Executive Director, and one at-large Director in case of an urgent situation where not enough officers are available.

The motion was made by Rob Goodman via email  
 Seconded by Laurel Bryant, Chair  
 Passed October 17, 2023

**Exhibit 7 to Policy Statements**

# Kayenta Arts Foundation Endowment Fund Investment Policy

Approved on <<date>>

This investment policy statement should be reviewed and updated at least annually. Any change to this policy should be communicated in writing on a timely basis to all interested parties.

## EXECUTIVE SUMMARY

<b>Type of Fund:</b>	<b>Endowment Fund for 501c3</b>
<b>IRS Tax ID:</b>	<b>90-0642659</b>
<b>Current Assets:</b>	<b>\$0</b>
<b>Time Horizon:</b>	<b>In perpetuity</b>
<b>Spending Policy</b>	<b>3-5%</b>
<b>Return Objective</b>	<b>6%</b>

## BACKGROUND

In late 2010, Terry Marten, developer of Kayenta Desert Community, and Debbie Kidder, organizer of Kayenta's annual Art In Kayenta festival, convened a meeting of Kayenta residents to discuss the future of the arts in Kayenta. This meeting resulted in the formation of Kayenta Arts Foundation ("KAF"). Incorporated as of February 10, 2011, it obtained recognition from the Internal Revenue Service as a tax exempt charitable 501 (c) (3) organization in September 2011. In its first year, KAF's all voluntary Board of Directors developed its mission to develop and create an environment that fosters diverse artistic endeavors for educational and enrichment purposes; adopted Bylaws, a Code of Ethics, goals and objectives for sound government and management; sought funding through donations and public and private grants; offered five musical and dramatic events; and organized Art In Kayenta and KAF's 1st annual Street Painting Festival. During this first year KAF initiated discussions with Terry Marten concerning the feasibility of land being made available in Kayenta for a center for the arts. While expanding the artistic and educational offerings to the greater southern Utah area each year, KAF never lost sight of the community benefits of a center for the arts. By 2014, KAF had entered into agreements with Terry Marten for the construction, management and ultimate KAF ownership of such a center. KAF's Center for the Arts ("CFAK") opened to the public on October 20, 2017, having been constructed solely with private grants and individual donations. The CFAK houses the 200-seat Lorraine Boccardo Theatre, studio/rehearsal space, dressing rooms, a catering area, box office, lobby and general office. KAF took full ownership of the CFAK in May of 2019. KAF continues to be supported by individual donations, private grants, Utah Recreation Arts and Parks ("RAP") funds through City of Ivins, Santa Clara, and Washington County and most importantly, by expanding ticket sales. KAF continues to demonstrate its ability to achieve its Vision: *To be the premier venue in the greater southern Utah area for awareness, education and enjoyment of diverse artistic endeavors.*

## PURPOSE

The purpose of this Investment Policy Statement (IPS) is to assist the KAF Board of Directors (Board) in effectively supervising, monitoring and evaluating the management of the Endowment Fund assets. This IPS sets forth the principles, objectives and guidelines for investment and spending of the Fund to achieve the following goals:

- Safeguard the Fund(s)
- Ensure that Fund income is stable and enduring for long-term stability of KAF
- Ensure that the stated wishes of donors are honored for restricted gifts
- Provide a predictable contribution to support current KAF activities
- Encourage effective communications between the Board of Directors and the Investment Committee
- Manage Fund assets according to the Uniform Prudent Managements of Institutional Funds Act (UPMIFA)

As a living document, the IPS will be periodically reviewed and modified as objectives or other factors change. Any changes in the IPS shall be in writing and communicated to all interested parties.

## **PARTIES AND DUTIES**

**KAF Board of Directors:** The KAF Board of Directors (Board) holds legal title to the Endowment Funds and has a fiduciary and legal obligation to ensure that the Funds are managed and administered in accordance with the purpose of the endowment. The Board is responsible for directing and monitoring the investment management of the fund assets. As such, the Board is authorized to delegate management and/or investment decisions to professional expert(s) in various fields. The Board must act prudently in selecting the professional expert(s), establishing the scope of the delegation and reviewing their actions.

**Investment Committee:** The Investment Committee (IC) shall consist of at least four persons and is to include at least one member of the Board. Members of the IC shall be appointed by the Board for a minimum term of 3 years with the ability to extend on an annual basis. The IC assists the Board in establishing the investment policy, objectives, and guidelines; selecting investment options and managers; reviewing those options and managers; measuring and evaluating investment performance; and other tasks as deemed appropriate. The IC shall analyze the risk and return of potential investments (including stocks, bonds and alternative investments such as hedge funds or private equity) to determine the best mix and to obtain the total desired return on investment. On a quarterly basis, the IC should conduct a review of the portfolio, analyzing the tasks/metrics outlined in this Investment Policy Statement and provide guidance to the Board. The portfolio can then be adjusted to maintain the stated investment allocation and any change in circumstances.

**Investment Manager:** At such time as deemed appropriate, the Board may select an Investment Manager who shall be responsible for the effective management of the resources represented by the Endowment Fund in compliance with the terms as set forth in the Investment Policy Statement. The investment manager has discretion to purchase, sell, or hold the specific securities that will be used to meet the Fund's investment objectives.

**Custodian:** The Custodian shall physically maintain possession of securities owned by the Endowment Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movements of assets into and out of the Fund accounts.

## **STATEMENT OF OBJECTIVES**

In order to maintain KAF in perpetuity and meet its needs, the endowment fund will employ a strategy that emphasizes a balanced return, relying on both current income and growth of principal (from capital appreciation, dividends, and interest income).

### **Performance Objectives**

The objective of the portfolio, to provide moderate appreciation and current income, should be pursued over a timeframe of at least 3-5 years through a program designed to maximize return without exposure to undue risk, as defined herein. In accordance with this Investment Policy, the target total return is 6% annualized over the above timeframe, which is 4% greater than the anticipated rate of inflation as measured by the Consumer Price Index (CPI). On a quarter-to-quarter basis, the actual returns will fluctuate and on average could be expected to exceed the benchmark about half the time.

The target rate of return for the Fund has been based upon the assumption that future real returns will approximate capital market assumptions provided by the Custodian. The Board understands that variations to these capital market assumptions are expected and specific asset classes may be more susceptible due to increased vulnerability to any single economic, political or regulatory development.

Understanding that a long-term positive correlation exists between performance volatility (risk) and return objectives in the securities markets, the following short-term objective has been established: The fund shall be invested in a portfolio designed to minimize the likelihood of low negative total returns, defined as a one-year return worse than -12%.

### **General Investment Principals**

1. Investments shall be made solely in the interest of the Fund and its beneficiaries.
2. The Fund shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.
3. Investment of the Fund shall be so diversified as to mitigate the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
4. The Board may employ one or more Investment Managers of varying styles and philosophies to attain the Fund's objectives.

### **Risk Tolerance and Diversification**

This Fund places highest emphasis on meeting its distribution obligations. As such, the Board regards distribution in dollar terms from year to year as inflexible. While distribution is inflexible, and therefore relatively consistent and predictable, expected investment returns from "riskier" portfolios are not consistent and predictable. Therefore, in order to reduce the likelihood of under-performance and excessive deterioration of real principal during such periods, this Fund must tend toward a more "balanced" investment strategy than might be the case if grant making from year to year were more flexible. To achieve the desired investment strategy, an allocation to high-quality fixed income will be maintained in the portfolio in an attempt to mitigate volatility from equity market exposure.

### **General Spending Principals**

1. Donations to the Fund (designated the "Principal") shall be held in perpetuity and not be spent for any reason.
2. The objective of the Fund is to keep the Principal intact so it can grow in value over time.
3. Restricted gifts shall be managed at all times in accordance with the written donor-imposed restrictions.
4. A portion of the annual investment income of the Fund can be used for programs, operations, or purposes specified by the donor(s) to the endowment.

## **ASSET CLASS GUIDELINES**

The Board believes long-term investment performance, in large part, is primarily a function of the mix of asset classes within the portfolio. History shows that while interest-generating investments, such as bond portfolios, have the advantage of relative stability of principal value, they provide little opportunity for real long-term capital growth due to their susceptibility to inflation. On the other hand, equity investments, such as common stocks, generally have a higher return potential but have the disadvantage of much greater year-by-year variability of return and potential for loss. As a result, the following investments were selected in order to provide a diversified asset allocation.

### Equities

The equity asset class should be maintained at risk levels appropriate for the risk/return expectations given herein, with the objective of exceeding a nationally recognized index measuring performance of the designated sector over a full market cycle (generally 3-5 years) net of fees. Investment vehicles may include mutual funds and exchange traded funds (ETFs). The following definitions shall apply for the purposes of this policy:

- U.S. Equities – Stocks of U.S. based companies the primary shares of which are traded on a major U.S. stock exchange
- International Equities – Stocks of non-U.S. based companies, the primary shares of which are traded on exchanges outside the U.S. American Depository Receipts (ADRs) are considered International Equities.
- Emerging Market Equities – Stocks of non-U.S. based companies that are expected to experience significant growth. Investing in these countries has potential for greater returns, but also carries greater risk, than typical domestic investing companies.

### Fixed Income

Investment in fixed income securities will be managed both actively and passively to pursue opportunities presented by changes in interest rates, credit ratings and maturity premiums. Investment vehicles may include mutual funds and exchange traded funds (ETFs). The following definitions shall apply for the purposes of this policy:

- U.S. Government / Corporate Bonds – Fixed income securities denominated in U.S. Dollars issued by the U.S. Government, U.S. Government Agencies, or U.S. Government Corporations.
- High Yield Corporate Bonds – Bonds issued by U.S. Corporations whose credit rating is below BBB/Baa.
- International Bonds – Fixed income securities denominated in currencies other than U.S. Dollars. Issuers may be both governments and corporations.
- Mortgage-Backed Securities (MBS) – A debt security backed by an underlying pool of mortgages.
- Municipal Bonds – Bonds issued by local governmental subdivisions such as cities, towns, or counties.

### Global Real Estate

Includes publicly traded Real Estate Investment Trusts (REITs) which cover the commercial real estate market across the global economy. Investment vehicles may also include exchange traded funds (ETFs).

### Cash and Cash Equivalents

Cash reserves shall be invested in short-term (less than one year) fixed income instruments, as deemed appropriate. These instruments include direct and general obligations of the U.S. Government and U.S. Government agencies, interest-bearing demand or time deposits,

certificates of deposit and money market portfolios of FDIC or SIPC member institutions. Investment vehicles may include mutual funds and exchange traded funds (ETFs).

#### Liquidity Requirements

In order to meet the distribution objectives of the fund, an allocation to cash will be maintained. To reduce the risk of liquidating during adverse market conditions, funds earmarked for distribution will be liquidated no later than 6 months in advance.

#### Prohibited Assets and Transactions

- Private Placements
- Options
- Short Selling
- Margin Transactions
- Individual Stocks

### **INVESTMENT GUIDELINES**

The Board will ensure that investment management of the assets of the Fund shall be in accordance with the following guidelines:

<b>ASSET CLASS</b>	<b>REPRESENTATIVE INDEX</b>	<b>MINIMUM WEIGHT</b>	<b>MAXIMUM WEIGHT</b>	<b>TARGET WEIGHT</b>
US Equity	S&P 500	<b>30%</b>	<b>60%</b>	<b>45%</b>
International Equity	MSCI EAFE	<b>5%</b>	<b>20%</b>	<b>15%</b>
Fixed Income	Barclay's Aggregate	<b>20%</b>	<b>50%</b>	<b>35%</b>
Cash & Equivalents	90 Day US T-Bill	<b>3%</b>	<b>10%</b>	<b>5%</b>

### **SPENDING GUIDELINES**

Given the infancy of the Endowment Fund, distributions are not anticipated at this time. Unless donor restrictions state otherwise, all income and appreciation shall be reinvested in an effort to grow the Fund's balance. Doing so allows for steady and predictable distributions in the future. The current target balance to commence distributions from the fund is approximately \$500,000. When distributions commence, they will be made with approval of the Board after review of a specific proposal that is consistent with the purposes of the Kayenta Arts Foundation and/or donor-specified objectives of the endowment gift. The spending decisions should be governed by expected total return (income and appreciation), general economic conditions, and effects of inflation or deflation. Funds available to spend shall be derived from dividends, interest and realized capital gains from investment of the Principal. Distributions resulting in the balance being less than the aggregate deposits into the fund shall not be permitted. It is the intent of the Board to preserve the Principal of the Fund. The funds available for distribution during any one year will be limited to a percentage of the market value of the Fund that is based on a 3-year rolling average, and the amount should be at least 3%, but may not exceed 5%.

### **GIFT ACCEPTANCE GUIDELINES**

All donations made to the Endowment Fund are subject to the approval of the Board prior to acceptance. Donations made without donor restrictions will be deemed "unrestricted" and managed in accordance with the guidelines established within this Investment Policy Statement. Donations made with donor-restrictions will be deemed "restricted" with the wishes of the donor honored. If it is determined that the restrictions imposed by the donor cannot be honored, the gift may not be accepted by the Board.

Cash gifts made to the Fund will be immediately invested upon receipt per the strategy detailed in this Investment Policy Statement. Gifts made in-kind (marketable securities, real estate, etc.) will

be divested upon receipt and invested per the strategy detailed in this Investment Policy Statement.

### **INVESTMENT MANAGER SELECTION**

The Board's selection of investment manager(s) must be based on prudent due diligence procedures. A qualifying Investment Manager must be a registered investment advisor under the Investment Advisors Act of 1940, a regulated bank or a regulated insurance company. The Board requires each Investment Manager provide, in writing, their acknowledgment of fiduciary responsibility to the fund, where practicable.

### **REVIEW AND MONITORING**

The Board and IC are expected to monitor the portfolio at least quarterly, with consideration given to asset allocation, fees, performance, investment manager selection and liquidity needs.

#### Rebalancing

Neither the upper nor the lower limits of the asset allocation guidelines are intended to require portfolio activity for the sole purpose of complying with the guidelines; however, deviation from these guidelines will be treated as discussion topics at the quarterly meetings with rebalancing considered at least annually. The recommended target allocation will be maintained with an annual rebalance so that the fund may be able to achieve its long-term goals.

#### Investment Manager Performance Review and Evaluation

As part of the review process, performance reports generated by the IC shall be compiled and communicated to the Board for their review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Board intends to evaluate the portfolio(s) over at least a three year period, but reserves the right to terminate a strategy for any reason.

Investment Managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results. An Investment Manager may be placed on Watch and a thorough review and analysis of the investment manager will be conducted.

The decision to retain or terminate an investment manager cannot be made by a formula. It is the Board's confidence in the investment manager's ability to perform in the future that ultimately determines the retention of a manager.

#### Measuring costs

The Board will review at least annually all costs associated with the management of the fund's investment program.

### **INVESTMENT POLICY REVIEW**

The Board will review this IPS at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same. It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the IPS.

This statement of investment policy is adopted on <<date>> by the KAF Board of Directors whose signatures appear below.

---

---

---

---

---

---

---

---