ALBUQUERQUE COMMUNITY FOUNDATION
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MEMO

To: Board of Trustees

From: Governance Committee

Date: June 24, 2026

Re: Variance Power – ***Professor Ruth Luckasson and Dr. Larry E. Davis Endowment for Excellence for the National Institute of Flamenco ("NIF")***

The above-referenced fund is an endowment fund (the "Fund") established in 2025. The Fund was established to **support the National Institute of Flamenco's annual Festival Flamenco Albuquerque, with an intent that the Fund be used to support travel costs for artists invited from Spain, or for another urgent purpose determined by NIF**.

Through the Organizational Endowment Loan policy approved by the board in December 2025, Staff has approved NIF to withdraw $13,293, within the thresholds of the policy below:

> ***Organizational Endowment Loan Policy:*** *The Governance Committee authorizes staff to approve a nonprofit organization's request for an extraordinary distribution, structured as a recoverable advance of the minimum of the fund balance or up to $50,000 from its organizational fund, under the agreement that the nonprofit will forgo future spending policy distributions from their fund until the loan amount has been returned to the fund either through new contributions by the nonprofit or reinvested future distributions equivalent to the value of the loan.*

After this transaction, the remaining Fund balance is currently **$25,000.85**. Per the contract, the administrative fees are charged on **an annual basis**. The Foundation charges the Fund 0.85% of the fund balance per year based on the administrative fee schedule.

The last donation to the Fund was made in **October 2025** and the only distribution was made on **June 10, 2026**, representing the above-mentioned loan withdrawal.

NIF has requested an additional $20,000 extraordinary distribution from its endowment fund to address near-term cash flow needs and support operations through the completion of this year's Festival Flamenco. According to NIF leadership, the organization has experienced a challenging financial year, with Festival-related international travel expenses, including airfare and associated costs, approximately $70,000 higher than budgeted. NIF attributes these increased costs largely to broader economic conditions and rising global fuel prices. Collectively, these factors have created cash flow pressures that cannot be absorbed through the organization's current operating resources.

The requested distribution would provide NIF with additional flexibility to manage these short-term financial challenges while continuing to deliver on its mission and commitments related to the Festival.

NIF is requesting a withdrawal of $20,000 from their endowment, reducing the balance of the fund below the required minimum fund balance of $25,000, with the intention of leaving a portion of the endowment intact. NIF hopes to restore the amount that is withdrawn once they are in a stronger financial position, as the current need to access funds is intended to stabilize cash flow and make it through the immediate Festival period.

Per our policy, NIF may either repay the amount advanced or defer future fund distributions until the withdrawal amount has been fully repaid.

Similar variance requests that have been requested and approved over the last several years include:

- Great Southwest Council of the Boy Scouts of American in the spring of 2020 due to loss of revenue from summer camp program
- Hopeworks in the summer of 2025 after citing operational budget constraints

Additionally, NIF has discussed this request with Ruth Luckasson, the donor whose support helped establish the fund. While Ms. Luckasson has no formal role in this request, as the funds involved were contributed by NIF, the organization felt it was important to maintain transparency and communication regarding the proposed distribution.

The **Governance Committee** requests that the **Board of Trustees** use its variance power to approve the National Institute of Flamenco's request to borrow **$20,000 from the *Professor Ruth Luckasson and Dr. Larry E. Davis Endowment for Excellence for the National Institute of Flamenco* for immediate financial needs related to Festival Flamenco Albuquerque which is in line with the intended use of the endowment**.

Disclosures:
- Marisa Magallanez was previously employed by the National Institute of Flamenco from 2007-2019.
- Jose Viramontes served on the National Institute of Flamenco board from 2019 – 2025.