

DRAFT April 12, 2016

SOCIETY OF AMERICAN MILITARY ENGINEERS

EIN 81-1960637

IRS FORM 1023 ATTACHMENT OF SUPPLEMENTAL INFORMATION

Part IV—Narrative Description of Activities

The Society of American Military Engineers Foundation (applicant here or “Foundation”) was founded to support The Society of American Military Engineers (the “Society”). The Society (EIN 53-0196491) was founded in 1920 following the close of World War I in order to maintain the joint capabilities of the military and the private engineering sector that had been so necessary to the success of the war effort and which were known to be critical to ensure America’s readiness and national security. In 1924, the Society was incorporated for educational and scientific and charitable purposes in the District of Columbia. It subsequently was granted recognition as a 501(c)(3) organization. The Society is approaching its 100th year anniversary. For information regarding the Society, see www.same.org.

The Society is a national (some international chapters as well) organization with chapters (called posts) throughout the country. A national headquarters staff for the Society as a whole is located in Alexandria, Virginia with a paid staff of 23 full time employees headed by the Executive Director.

The Society has a membership base of approximately 30,000, with approximately 1600 firms in the military engineering scope of activity as “sustaining member” firms. The Society recently completed a revamping of its strategic mission through its “SAME Strategic Plan 2020,” a copy of which is attached.

There are currently 105 posts along with 63 university level student chapters. The posts operate somewhat independently. All of the posts are operated by volunteers, each with a board of directors and officers. The posts conduct membership meetings of their membership and educational events. Most posts have established scholarship and education funds. On an annual basis, the posts of the Society award approximately \$1 million in scholarships.

In addition, the national headquarters of the Society established its own Education and Mentoring Fund (“Fund”) in 2011. The Fund has a little under \$1,000,000 of corpus with the Fund’s assets derived from Society member contributions and contributions from the Society itself primarily generated from the profit of specific events conducted by the Society each year.

In 2015, the Society decided to build upon its Fund and to create the separate Foundation as a national means of resourcing the professional development of its membership and related purposes of the Society and to further scholarship efforts. A task force was established to study the matter and report out to the Society, and on March 23, 2016, the Foundation was incorporated in the District of Columbia, the same incorporation jurisdiction of the Society.

The Foundation is intended to separate the philanthropic objectives of the Society from the Society's day to day operations. The Foundation expects to raise money nation-wide from donations and events to provide scholarships for students particularly in the areas of science, technology, engineering and mathematics ("STEM"). It will also provide support and assistance to the Society's posts to operate and manage the posts' scholarship efforts. The Foundation will provide financial assistance to the Society in support of the Society's efforts with the education of young members through its construction camps that the Society runs with the various military engineering services. There currently are four such camps that run annually for a week's time. See <http://www.same.org/Engineering-Construction>. The Foundation will also provide financial assistance to permit the Society's active military duty personnel to remain engaged with the Society's efforts. Lastly, the Foundation will provide a secure and beneficial repository for charitable and other bequeaths from members of the Society and the public at large in furtherance of the purposes and objectives of the Society.

The activities of the Foundation will be undertaken all by volunteers. The paid headquarters staff of the Society will provide administrative support to the Foundation. The Society's national office will serve as office for the Foundation. The Executive Director of the Society will serve as Executive Director of the Foundation. The Foundation will have no payroll of its own in the foreseeable future. It will separately have its own board of directors and a council of trustees, all of whom will be volunteers. The board of directors will essentially run the Foundation. There will be committees of the board including an investment committee, an audit committee, a scholarship awards committee, and an outside accounting firm to be determined. The council of trustees will be advisors to the board on fund raising and program and related financial matters.

Initially, the Foundation will accept the transfer of the Society's Education and Mentoring Fund. The approximate amount of corpus in that fund is \$900,000, most of which is unrestricted. Previous donor imposed restrictions on any funds transferred to the Foundation will be honored. The Society's Board of Direction has approved the transfer of the corpus of the Education and Mentoring Fund to the Foundation.

Specifically, an initial effort will be made by the Foundation to solicit donations from the Society's base of membership. In 2016, the Foundation expects to add to the corpus of the Education and Mentoring Fund an additional \$200,000 from memorial donation opportunities to its membership and the transfer of event profits generated by the national Society. In 2017, a major corporate fund raising campaign will be undertaken with a goal of raising an additional \$1,100,000 largely from the corporate sustaining membership companies that are members of the Society. In 2020, when the Society celebrates its centennial year, the Foundation hopes to have seen its growth to a corpus of \$5,000,000.

To achieve these goals, overall, the opening business plan for the Foundation contemplates:

1. Memorializing important contributions to the Society by its members with the collection of membership data and creating a data base of service records of those members having served this Country in uniform
2. Providing a means and method to recognizing the passing of Society members through acts of memorial, coordinating memorial and burial services at the request of family and providing service records when so requested by family members.

3. Providing an effective tax exempt repository for gifts in memoriam, estate planning bequeaths, and gifts by individual and corporate donors in furtherance of the purposes of the Society itself.
4. Providing a secure repository for charitable trust bequests, endowments, trust and estate distributions and gifts that are given in furtherance of the Society's mission.
5. Providing a means through which donors can contribute assets in furtherance of the charitable purposes of the Society.
6. Advocating for the development of endowment funds and providing appropriate means by which endowment funds can be accumulated and managed to provide long term support of the operations of the Society.
7. Encourage donors to contribute assets and funds that will benefit the engineering-architecture and construction communities that are the backbone of the Society.
8. Funding programs, services and opportunities that are aligned with the Society's strategic mission.
9. Ensuring the recognition of donors through specific programs and opportunities that are developed and managed by the Foundation.

All of these activities will support the charitable, educational and scientific purposes of the Foundation and the Society and it will be a full time endeavor. No activities are anticipated outside the exempt purposes of the Foundation and supported Society.

Part V-- Compensation—Question 3a

Joseph Schroedel is listed in Part V, response to question 1b, as a compensated employee. He is Executive Director and the senior paid employee of the Society. The Society is a controlling organization of the Foundation with the Society Board and Executive Committee appointing the members of the Board of Directors of the Foundation. Mr. Schroedel will serve as Executive Director of the Foundation but without added pay. Thus, his compensation is shown as zero from the Foundation with his full compensation being paid by the Society. He will also serve as ex officio member of both boards of directors. The Foundation will have no payroll or independent contractors or paid officers or directors in the foreseeable future.

Part V-- Conflict of Interest Policy—Questions 5a-c

The Foundation's conflict of interest policies are set forth in paragraph 6.4 of Article 6 of its Bylaws and paragraph 9 (b) of the Articles of Incorporation. The policy set forth in those provisions has been deemed adequate over the 90+ year existence of the Society and should fully protect the Foundation against conflicts of interest. While the policy as expressly written is not as robust as the sample policy contained in appendix A to the instructions, if need be, the Foundation will adopt policies that will further implement the full extent of the sample policy. The Foundation, as well as the Society, have a zero tolerance for conflicts of interest.

Part VI -- Receipt of Benefits—Question 1a

The Foundation will in the near-future provide funds and assistance to others through three programs as follows: (1) scholarships to individuals attending higher education STEM (science, technology, engineering and mathematics) courses of study; initially, the Foundation is announcing a scholarship in memory of those having served in the Vietnam conflict and a scholarship dedicated in memory of the Gulf War; (2) awarding stipends and expense reimbursement for individuals in high school to attend week long construction and engineering camps sponsored by the Society and the engineering branches of the military services (Army, Air Force, Navy, Marine Corps) held once each year; and (3) stipends to cover travel and attendance expenses of military and civilian government personnel to attend special events such as small business conferences or joint education and training programs undertaken by the Society.

Scholarship recipients will be selected by a scholarship awards committee with a zero-conflicts mandate. High school attendees to the construction and engineering camps are selected by the Society's individual posts either by the board of directors or awards committees, and the stipends and reimbursements are available to all selected. The stipends and expense reimbursement of military and civilian government attendance at select Society functions are available to all that attend.

Part VIII—Fundraising Activities—Questions 4a and 4d

While specific fundraising programs have not been prepared, the Foundation will continue efforts of the Society to grow its Education and Mentoring Fund being transferred to the Foundation. A website for the Foundation under development will offer a link for contributions. A "flyer" will be prepared for distribution to Society members informing all of the establishment of the Foundation and its availability for bequests and contributions. Fundraising will be conducted only by and for the Foundation and its volunteers.

With Society membership spread throughout the 50-states, it is anticipated that fundraising will be generated from all 50 states.

Part VIII—Specific Activities—Question 15

The Foundation is a supporting organization to the Society of American Military Engineers, a 501(c)(3). The Society controls the Foundation with appointment authority of the membership of the Foundation's board of directors and officers. In addition, the paid staff of the Society serves as staff to the Foundation without separate or added compensation, and Society offices serve as offices for the Foundation. With regard to programs such as scholarship awards and construction and engineering

camp attendance stipends, the Foundation will implement the efforts previously undertaken by the Society and develop further scholarships and scholarship programs.

Schedule D—Supporting Organizations--Section II—Question 1

The bylaws of the Foundation provide that the Chair of the Foundation's Board of Directors shall be appointed by the Board of Direction of the Society (par 2.1.2) and that all other members of the Foundation's Board of Directors are appointed by the Society's Executive Committee of the Society's Board of Direction (par 2.1.3). The Foundation's bylaws also provide that all Foundation Board members shall be members in good standing of the Society (par 2.1.3).

Schedule H—Organizations Providing Scholarships--Section I—Question 1a, b

The Foundation will primarily offer scholarships to assist students who are pursuing their college degree and members who are pursuing professional development such as training to prepare for professional certification or licensure. We also envision providing stipends to support participation in the other professional development and educational opportunities that we sponsor, such as our summer Construction and Engineering Camps. Those camps are usually planned and executed in cooperation with other universities, construction and engineering firms, and the military engineering organizations.

Schedule H—Organizations Providing Scholarships--Section I—Question 1c

The Foundation does not envision granting loans.

Schedule H—Organizations Providing Scholarships--Section I—Question 1d

The Foundation Scholarship program will be publicized in two primary ways: nationally, through our national magazine, *The Military Engineer (TME)* (online and hard copy which is mailed to every member), our web site, and through communications in conjunction with the many partnerships and programs we have in being nationally (eg. the Army Education Outreach Program); locally, through our 105 local chapters, called posts, that will recommend candidates for national scholarships.

Schedule H—Organizations Providing Scholarships--Section I—Question 1e, f

Solicitation materials and applications will be produced after the scholarships are established.

Schedule H—Organizations Providing Scholarships--Section I—Questions 3

The criteria we will use for eligibility will be very open. We encourage scholarships on both a merit and needs basis in the Society.

Schedule H—Organizations Providing Scholarships--Section I—Question 4a

The criteria we will use for selection will be high school students in good standing who have proven their motivation, academic potential and leadership potential. We will also require letters of reference from adults who know them as well as teachers, counselors or other school officials (teachers, coaches, etc), or activity leaders (scouting programs, extracurricular activities, etc).

Schedule H—Organizations Providing Scholarships--Section I—Question 4b

We intend to initially offer two scholarships per year. Stipend will be determined by the needs of the potential recipients. The value will be set based on an overall budget ceiling that is determined by the programmed disbursement for the year.

Schedule H—Organizations Providing Scholarships--Section I—Question 4c

Scholarship recipients must demonstrate progress toward their intended degree at the end of each year in order to be eligible for continuation. Stipend eligibility is based on active contributions by the recipient.

Schedule H—Organizations Providing Scholarships--Section I—Question 5

The scholarship recipients are assigned a sponsor who holds a Fellow status in the Society. Sponsors are responsible for monitoring progress of scholarship awardees and for assisting them if they need assistance such as tutoring.

Schedule H—Organizations Providing Scholarships--Section I—Question 6

The selection committee will be determined by the Board of Directors on an annual basis.