



## **STEWARDSHIP OF GIFTS**

**Policies and Procedures for  
Gift Acceptance, Donor Recognition and Gift Management**

**September 3, 2019**

# Table of Contents

<b>I. Introduction</b> .....	1
<b>II. The Team</b> .....	2
The Foundation Board .....	2
Stewardship Committee .....	2
Investment Committee .....	3
Development Committee .....	3
SAME National Staff .....	3
<b>III. General Gift Acceptance Policies</b> .....	4
Restricted and Unrestricted Gifts .....	4
Major Gift Considerations .....	5
Endowment .....	5
Custodial Post Funds .....	6
<b>IV. Policies for Specific Types of Gifts</b> .....	6
Outright Gifts of Marketable Securities .....	6
Outright Gifts of Closely Held Securities .....	6
Outright Gifts of Tangible Personal Property .....	6
Lifetime Gifts from Retirement Plans .....	7
Gifts of Real Estate .....	7
Deferred Gifts .....	8
Gifts by Will .....	8
Gifts by Living Trust .....	8
Charitable Remainder Trusts .....	9
Charitable Lead Trusts .....	9
Deferred Gifts from Retirement Plans .....	9
Gifts of Insurance .....	9
Charitable Gift Annuities .....	10
Pledges .....	10
Donor Advised Funds and Community Foundation Donor Funds .....	10
Challenge Grants and Gifts .....	11
<b>V. Donor Recognition</b> .....	11
Thank you/Acknowledgement Letters .....	11
On-Line Gifts .....	12

Additional Thank You Notes .....	12
Further Recognitions.....	12
Added Recognitions by Gift Amounts.....	12
Giving Categories by Donation Amount .....	12
Individual and Corporate Donations in Excess of \$100,000 .....	13
Anonymous Donors .....	13
<b>VI. Special Situation Donation Recognitions.....</b>	<b>14</b>
Stewardship Events .....	14
Inaugural Foundation Donors .....	14
Corporate Major Founding Donors.....	14
Memorial and Tribute Gifts .....	14
Matching Gifts .....	15
Deceased Donors .....	15
Customized Stewardship and Engagement Plans .....	15
Naming Opportunities.....	15
<b>VII. Summary of Policies for Management of Donations .....</b>	<b>16</b>
Basic Principles.....	16
<b>VIII. Conclusion.....</b>	<b>17</b>

# THE SAME FOUNDATION STEWARDSHIP OF GIFTS

## Policies and Procedures for Gift Acceptance, Donor Recognition and Gift Management

September 3, 2019

### I. Introduction

The Society of American Military Engineers Foundation (sometimes referred to hereafter as the “Foundation” or “SAME Foundation”), was established on March 23, 2016. The Foundation received its 501(c)(3) recognition on November 1, 2016 as a “support organization” to the Society of American Military Engineers (hereafter “SAME” or “Society”), supporting the educational and scientific purposes and missions of SAME. The Foundation is the philanthropic arm of SAME. The strategic plan of the Foundation is embedded within the strategic plan of the Society. The Foundation’s ultimate mission is to support this Nation and its enduring national security.

The compelling purpose of the Foundation is *Fostering Engineering Leadership for the Nation*. The Foundation strives to achieve this through the development of engineering leadership, support to STEM education and outreach, support to active duty, retired and transitioning military engineers and support to the security of the Nation.

The Foundation encourages and accepts gifts for its annual fund, endowment, campaigns and initiatives that further its compelling purpose. As a 501 (c)(3) organization, donations to the SAME Foundation are deductible as allowed by law. The Foundation will provide efficient and perpetual stewardship of donated gifts to ensure permanency and efficiency in accordance with donor intent; and to build a spirit of philanthropy among those sharing and otherwise supporting the purposes of the Foundation.

It is the intention of the SAME Foundation to provide donors with an exceptional experience that includes meaningful gratitude, interactions, and pertinent information on the use of their gifts. As stewardship ambassadors, the Foundation Board embraces a philosophy intended to sustain and nurture the SAME Foundation’s relationship with its donors. It is the goal that donors are appreciated in a way that widely surpasses a typical charitable giving experience and creates a lasting and positive relationship between the Foundation and donors. This relationship will inspire loyalty and generous giving that is mutually rewarding for both the donors and the Foundation.

Every donor, whether an individual or corporation or any other entity, should be proud to be a much-appreciated part of the SAME Foundation. Donors are the bedrock and lifeblood of the Foundation. It is the donors to whom the success of the Foundation belongs. The Foundation is a vital national resource, one that is deserving of our emotional and financial support.

These policies and procedures set forth the stewardship guidelines of the Foundation in three parts. The first part addresses types of gifts that may be accepted by the Foundation. The second part addresses the recognition of donors. The policies and procedures close with a summary of the donorship management and overall stewardship guidelines.

The policies and procedures will be revised as recommended by the Stewardship Committee and approved by the Board of Directors of the Foundation.

## **II. The Team**

**The Foundation Board:** The SAME Foundation is governed by a volunteer Board of Directors (hereinafter sometimes the “Board”). The Board consists of no less than five members and no more than 15 members, all of whom must be members in good standing of SAME. The Foundation Chair is appointed by the Board of Direction of SAME, and all other members of the Foundation Board receive appointment from the Executive Committee of the SAME Board of Direction. Other than the Board, the Foundation has no members.

The Foundation has three officers. The Board is led by a Chair who also serves as the President of the Foundation (hereinafter “Foundation Chair”). In addition to the President, there is a Vice President and a Secretary-Treasurer, both of whom are elected by and from the membership of the Foundation Board.

The Foundation Board has fiduciary, legal, strategic and fundraising responsibilities, including the responsibilities of planning, developing and implementing the cultivation, solicitation and stewardship of Foundation supporters and funds, and determining and implementing appropriate development and fund management policies. The Foundation Board establishes the policies and programs of the Foundation and exercises all such powers of the Foundation to do all lawful acts and things as are permitted by statute, the Foundation’s articles of incorporation and its own bylaws.

The Board operates functionally through committees to further the Foundation purposes. The chairs of the functional committees are appointed by the Foundation Chair. One of those committees is the Stewardship Committee.

Another committee, the Investment Committee, establishes the investment objectives and guidelines and oversees the investment portfolio of the Foundation pursuant to an investment policy set by the Foundation Board.

The Executive Director of the Foundation is the Executive Director of SAME, who also serves ex officio as a member of the Foundation Board. The Foundation Board and its committees are administratively supported by the staff of the national office of SAME.

**Stewardship Committee:** Stewardship of donations is the responsibility of the entire Board of Directors of the SAME Foundation and cannot be delegated. In order to execute and monitor this responsibility, the Stewardship Committee was established by the Foundation Board. Its

functions are to (1) oversee the chain of receiving and delivering gifts to the Foundation, (2) oversee the use of donor funds, (3) oversee the reporting of the disposition of gifts and their use to donors, (4) coordinate with the Foundation Board's Investment Committee as to the appropriate investment of funds held by the Foundation, and (5) coordinate with the Foundation Board's Development Committee on event, program and fundraising planning.

The Stewardship Committee consists of three members of the Board appointed by the Chair of the Foundation Board, one of whom will serve as Chair of the Stewardship Committee. The Chair of the Foundation's Investment Committee shall serve as an advisor to the Stewardship Committee when called upon by the Stewardship Committee. The Committee will safeguard the interests of the donors as well as the interests of the SAME Foundation and SAME.

The Stewardship Committee is responsible for evaluating and approving potentially complex gifts, including such things as real estate, valuable personal property, pledges and bequests before such gifts may be accepted. This oversight is intended to ensure consistency with the purposes of the Foundation, applicable laws, rules, and regulations and this set of policies and procedures. The Stewardship Committee is charged to maintain a positive and consistent experience for all donors.

The Stewardship Chair reports to the Foundation Chair and will typically serve as point of contact to resolve and otherwise mediate gift acceptance, recognition and stewardship matters with donors. The Stewardship Chair is also the primary liaison between the Foundation and SAME on all matters regarding funding priorities and gift funds usage. The Stewardship Chair will assist with meetings among the Foundation Board, the SAME Board, SAME membership, organizations with affiliation agreements with SAME, and the SAME national staff on all donorship matters as appropriate.

**Investment Committee:** The investment committees of the Foundation and of SAME serve jointly as a combined committee on behalf of both the Foundation and the Society. The Foundation's Investment Committee reports periodically to the Foundation Board. The Investment Committee works with the Stewardship Committee on investment aspects of complex donations being considered for acceptance by the Foundation or complex investments of already contributed donations.

**Development Committee:** Foundation fundraising efforts are advanced in furtherance of fundraising plans presented by a Development Committee and approved by the Foundation Board. Coordination of fundraising efforts within the Foundation is primarily the responsibility of the Stewardship Committee, the Investment Committee, and the Development Committee of the Foundation Board.

**SAME National Staff:** SAME national staff members work closely with the SAME Foundation to ensure that gifts are acknowledged in an accurate, timely and meaningful manner, are appropriately recorded and that benefits to donors are fulfilled. SAME national staff see that stewardship reports, other communications, and event invitations are provided to donors to ensure that donors are engaged and informed about the use of their gifts and understand the impact of their philanthropy. SAME national staff members also work with SAME Foundation

leadership, including the Foundation Chair, to provide personalized stewardship and engagement plans for the Foundation's most generous donors and prospective donors. While not a complete list, specific tasks to be undertaken on behalf of the Foundation by Society national staff include:

- Maintaining the books and records of the Foundation including the recording of donations
- Recording gifts and pledges of SAME members, corporate and individual, in membership databases
- Recording gifts and pledges of non-Society members in databases
- Assisting with obtaining and recording matching gifts
- Ensuring integrity of data in the databases, including donor data, contribution amounts, cumulative contributed totals by individuals and corporations and other donors
- Maintaining contact information, salutations, data standards, and uniformity of all donors
- Preparing gift acknowledgement letters
- Recording donor communication preferences, if any
- Recording and ensuring donor requests for anonymity
- Recording stewardship recognitions in the donor databases such as acknowledgement letters sent dates
- Preparing donor reports in advance of Foundation Board meetings and otherwise as needed when requested by the Foundation Chair
- Producing year-end giving statements for donors as requested by the Foundation Chair
- Providing lists of donors for post and national event recognitions
- Preparing pledge reminders
- Maintaining the Foundation's webpages (currently at [www.same.org/foundation](http://www.same.org/foundation) )
- Maintaining a calendar of proposed Foundation Board meetings
- Providing gift and fund financial reports for Foundation and SAME leadership
- Producing gift financials for stewardship reports to donors
- Monitoring expenditures and revenues on behalf of the Foundation in coordination with the Foundation Chair
- Managing on-line gifts including return receipts
- Assisting with fundraising mailings and events
- Assisting with design and production of fundraising materials
- Assisting with planning and carrying out stewardship donor recognition events
- Preparing and filing Foundation tax returns and annual reports

### **III. General Gift Acceptance Policies**

**Restricted and Unrestricted Gifts:** An unrestricted gift is one where no restrictions are placed by the donor on the use of the gift, including by time or to a specific use. "Unrestricted" gifts are

donations the Foundation may use for any purpose. Unrestricted gifts are critical as they allow the Foundation to apply the funds where they are most needed. General gifts to the Foundation (not to a specific project or purpose) will be considered unrestricted.

While unrestricted donations are preferred, the Foundation will seek and accept unrestricted and restricted contributions for its planned giving campaigns, special campaigns and endowment. "Restricted" donations are ones for which the donor may limit the use of the gift to a particular purpose or project. An example is a gift to a specific STEM event, such as the annual USAir Force Academy Engineering and Construction Camp.

Restrictions on proposed gifts will be reviewed by the Stewardship Committee prior to acceptance of such gifts. All gifts to the Foundation with restrictions must be in furtherance of the Foundation's mission and goals. All restricted gifts, including restricted gifts in the form of endowment funds, must be recorded in and governed by a contemporaneous writing that is approved by the Stewardship Committee, and executed by both the donor and the Foundation. With the acceptance of a restricted gift, the Foundation will ensure that the restrictions are honored.

The Financial Accounting Standards Board (FASB) sets standards for nonprofits such as is the Foundation for the recording of restricted gifts. The Foundation Board may establish minimum amounts for accepting restricted contributions.

There is a process for removal of restrictions, normally by request to the donor. Any request for removal of restrictions shall be undertaken under the guidance of the Stewardship Committee.

**Major Gift Considerations:** Conditional proposed donations in excess of \$100,000 will be reviewed by the Stewardship Committee and then by the Foundation Board before acceptance. It is anticipated that major donors may have significant continuing roles with the Foundation's efforts for a defined period of time. They may provide volunteer time as well as funds. Such agreements with major donors will be reduced to writing by the Stewardship Committee to capture the intent and understandings of the parties. If any terms need to be addressed or revised with the donor, the Chair of the Foundation will be the point of contact with the donor.

**Endowment:** The Foundation has established an Endowment account. Endowment assets are accumulated assets for which the corpus is intended to be preserved. The intent is to build a lasting financial reserve for the Foundation. The Endowment of preserved assets are vital to the future of the Foundation. Continued growth of the Endowment is a priority.

The Endowment assets are included with the Foundation's investment portfolio, which is diversified under the supervision of the Investment Committee. Limited spending authority (e.g. 4-5%) from earnings of the Endowment may be approved annually by the Foundation Board.

Donors may contribute to the Endowment, and the Foundation Board may add funds to the Endowment from time to time at the discretion of the Foundation Board. The Endowment may be funded with outright gifts and with deferred gifts such as bequests, life insurance policies, retirement plan designations, charitable remainder trusts and similar vehicles.



Deferred gifts may be revocable or irrevocable. All deferred gifts to the Foundation will be credited to the Endowment, unless otherwise directed by the donor. These include gifts by will or living trust, life income instruments, gifts from retirement accounts, and life insurance.

Unrestricted Endowment gifts at all levels are preferred, allowing the Foundation to use the income where it is most needed. Restricted Endowment gifts may restrict the use of earnings from the gift corpus. The Foundation also seeks restricted Endowment gifts that support its mission and priorities. Restricted Endowment gifts must first be approved by the Stewardship Committee before acceptance by the Foundation. The annual distribution from a restricted Endowment gift will support the program designated by the donor.

Unless otherwise agreed to by the Stewardship Committee and the donor, restricted Endowment contributions will be utilized for the intended purpose only when they are funded with cash (or cash equivalents) equaling at least 50% of the anticipated total gift commitment.

**Custodial Post Funds:** Post funds placed with the Foundation belong to the posts. Those funds do not belong to the Foundation. The policies and procedures governing Post funds in the custody of the Foundation are governed by a separate Post Funds Policy. Stewardship beyond investment is the responsibility of the posts. It is the responsibility of the posts to honor any restrictions upon the use of those funds. Post funds will not be placed in the Foundation's Endowment.

#### **IV. Policies for Specific Types of Gifts**

**Outright Gifts of Marketable Securities:** The Foundation's policy is to convert non-cash donations immediately to cash so that proceeds may be pooled with its other Foundation assets for cost-effective investment and use.

Securities will be valued at the average of the high and the low selling price on the date the asset leaves the control of the donor and is in the control of the Foundation. As a rule, all securities will be sold upon receipt. Rare exceptions may be made by the Stewardship Committee.

**Outright Gifts of Closely Held Securities:** Closely held securities may be accepted only after approval by the Stewardship Committee. The fair market value of the gift must be determined through an independent qualified appraiser retained by the donor. Prior to acceptance, the Foundation will explore methods of immediate liquidation of the securities through redemption or sale. No commitment for repurchase or sale of closely held securities will be made prior to completion of the gift as the transaction might be viewed by the IRS as a sale rather than a gift with adverse tax consequences for the donor. This same policy applies for initial public offering (IPO) gifts.

**Outright Gifts of Tangible Personal Property:** Gifts of tangible personal property should have a use related to the Foundation's tax-exempt purposes and must be approved by the Stewardship Committee before acceptance. Such gifts shall be sold or used for the benefit of the Foundation,

and the Foundation will follow IRS requirements in connection with disposing of gifts of tangible personal property and filing appropriate tax reporting forms. The Stewardship Committee typically will accept a gift of tangible personal property only if it is valued by an independent qualified appraiser at \$10,000 or more, is not perishable, can be immediately offered for sale “as is” to the general public through a broker or company identified before the gift is accepted, and appears to be readily marketable without significant cost to the Foundation.

**Lifetime Gifts from Retirement Plans:** Under current law, individuals over age 70 ½ may direct tax-free lifetime transfers of up to \$100,000 a year from their Individual Retirement Accounts directly to the Foundation and other qualifying charitable organizations. Such amounts qualify as required minimum distributions from their IRAs, are not includable in the IRA owner’s gross income, and are not tax deductible as a charitable contribution.

**Gifts of Real Estate:** The Foundation may accept outright gifts of real estate including personal residences, vacation or commercial property only if approved by the Stewardship Committee. The Foundation typically will not accept an undivided interest in real estate, i.e. a certain percentage or fraction of any given right in a property.

The Stewardship Committee will consider outright gifts of real estate under conditions determined by the Stewardship Committee, which may include such things as (1) a site visit; (2) an appraisal furnished by the donor conducted by an independent qualified appraiser within the past 60 days; (3) a title search provided by the donor revealing no clouds on the donor’s claim of title to the property; and (4) a level one environmental survey provided by the donor clearing the real estate of environmental issues.

Time shares, unimproved vacation lots, and property that has been listed for sale without success for an extended period generally are not acceptable gifts, since the Foundation must be able to sell the property immediately in keeping with its policies.

If the gift is accepted, applicable General Warranty Deed and other contractual documents will be prepared by the donor’s attorney at donor expense, unless otherwise approved by the Stewardship Committee.

Other factors the Stewardship Committee may consider:

- Will the Foundation receive at least \$25,000 after liquidation of the real estate and payment of all fees and expenses?
- Can the donated real estate be immediately offered for sale to the general public through a broker or dealer identified before acceptance?
- Is the real estate readily marketable “as is”? That is, is there a reasonable prospect of the real estate being sold (a) within six months, (b) without significant investment by the Foundation, (c) without improvement, (d) without development, and (e) without litigation?

The Foundation does not encourage donors to make gifts of real property under which the donor retains a life interest, e.g., the donor has the right to use the property for his or her lifetime or for a set number of years. Before accepting such a retained life estate agreement, the Stewardship

Committee will require assurances from the donor that the asset transferred does not represent a major portion of the donor's wealth. The Stewardship Committee will also expect to be satisfied that the possible future ramifications of the transaction have been fully disclosed to and understood by the prospective donor.

No retained life estate agreement can be entered into by the Foundation with a donor without the approval of the Stewardship Committee.

**Deferred Gifts:** A deferred gift is a present decision to make a future gift. Deferred gifts include bequeaths by will where the donor makes a provision now in his or her will to the benefit of the Foundation, but the gift is not received until after the donor's death. This is more typically referred to as "planned giving."

The Stewardship Committee will consider setting minimum ages and the number of lifetime beneficiaries to help ensure that the terms of each planned, deferred gift make financial sense for the Foundation and are consistent with best practices.

Bequests received as a result of a donor's will, trust, life insurance designation, or retirement plan beneficiary designation will be credited in accordance with the donor's instruction. Absent any restriction, undesignated bequests will be credited as follows: the first \$50,000 will be credited to unrestricted funds in the fiscal year during which the Foundation is notified of the donor's death and the dollar amount is received by the Foundation. Funds in excess will be credited to unrestricted Endowment.

In no event will representatives of the Foundation prepare wills or trust documents for donors and will not pay attorneys for these services for donors because of apparent conflicts of interest and potential charges of undue influence.

Donors of revocable deferred gifts (e.g., bequests and charitable remainder trusts) and irrevocable gifts (lead trusts) may be recognized together or separately from donors of outright gifts in donor listings. If recognized together, for example, donors of deferred gifts may be identified with an asterisk.

Deferred gifts will be reduced to writing by the Stewardship Committee. The Foundation will provide a written agreement on deferred gifts for the donor to acknowledge. Additional documentation would include a commitment in writing from the donor or his or her attorney or a copy of the bequest intention, the trust document, life insurance policy, or IRA beneficiary listing. The document should state the assumed fair market value of the gift.

**Gifts by Will:** Bequests by will are to be honored as directed if at all feasible. Designations for a specific program, activity or use must be approved by the Stewardship Committee. Complex designations by will are subject to approval by the Stewardship Committee. As a matter of policy, gifts by will that are not specifically designated will be included in Endowment.

**Gifts by Living Trust:** Bequests by living trust of donors 68 years and older may be credited and recognized as pledges at fair market value at the discretion of the Stewardship Committee.

For donors between 50 and 68 years, bequests may receive credit based on actuarial value calculations (i.e., discounted based on age). Bequests from donors of less than 50 years of age will not be included in fundraising totals. All bequest distributions will be counted and recognized at fair market value on the date of receipt by the Foundation.

**Charitable Remainder Trusts:** A charitable remainder trust (CRT) donation involves the transfer of cash or appreciated property such as securities to a trustee (either during lifetime or testamentary) by which non-charitable beneficiaries will receive income from the trust for a term of years or for life. After the death of the last beneficiary, or at the end of the term of years specified, the Foundation (and possibly other charities named in the trust document) will receive the “charitable remainder” or a portion thereof.

A CRT is an irrevocable life income trust, but the designation of the beneficiary is not irrevocably pledged. The donor selects the trustee (e.g., themselves, a bank, or attorney) and the charitable beneficiaries, which may change over the term of the trust. Donors will also determine the amount of income to be paid annually from the trust to the life or term beneficiaries. The Stewardship Committee will determine whether to accept CRT beneficiary status, giving consideration to the size of the gift and the number of beneficiaries including the ages of the other beneficiaries if individuals.

**Charitable Lead Trusts:** A donor may transfer to a trustee cash or securities to be invested with the earnings going to the Foundation for the term of the trust, and the original gift returning to the donor or his/her family after a period of years. When the term expires, the gifted asset value returns to the donor where it produces new income for the donor or to other non-charitable beneficiaries. The minimum gift to fund a lead trust with the Foundation as beneficiary will be \$25,000.

Lead Trusts are irrevocable legally enforceable deferred gifts that make contributions to the Foundation over time. The Foundation will report the face value of the payment stream as a pledge in the year that it’s given and will record annual income as pledge payments as they are received regardless of the trust length.

**Deferred Gifts from Retirement Plans:** Expected retirement gifts are revocable and will be included as donations only as received by the Foundation.

**Gifts of Insurance:** With Stewardship Committee approval, the Foundation may accept irrevocable gifts of life insurance policies if the Foundation is designated as both the owner and the sole beneficiary of the policy. The insurance policy may be paid in full or be a policy that still requires annual payments by the donor. If there are premiums to be paid, the donor must agree in writing to pay the premiums directly. The Foundation will not make future payments on donated life insurance policies and will not accept gifts for the purpose of purchasing insurance on the donor’s life.

As owner of a donated policy, the Foundation may choose to cash it in for surrender value and receive immediate funds or hold the policy until the donor’s death. This will be at the discretion of the Stewardship Committee.

For recognition purposes, donors age 70 and over may be recognized as donors at the full maturity value of the policy. All others may be recognized at the cash surrender value or the amount of the premiums paid, whichever is greater, as determined by the Stewardship Committee.

**Charitable Gift Annuities:** A charitable gift annuity is a contract between a donor and the Foundation. In exchange for a donor's irrevocable gift of cash or securities, the Foundation can agree to provide fixed income payments for life to the donor, and, if desired, one other annuitant. Payments to the donor are based on a percentage of the gift value as determined by the age(s) of the annuitant(s). The Foundation will use rates established by the American Council on Gift Annuities. At the end of the annuity, the balance will be placed in Endowment, unless otherwise directed by the donor. The minimum amount for a gift annuity is \$10,000 and the minimum age at the time annuity payments commence is 60 years.

**Pledges:** A pledge to the Foundation is an agreement to contribute cash or other assets in the future. All pledges must be reduced to a written agreement prepared by the Stewardship Committee and signed by both the Foundation Chair and the donor.

Pledges can be unconditional or conditional. An unconditional pledge is a promise by a donor to give where no future performance is required by the Foundation. When a donor commits to a pledge without reservation, the Foundation will record the pledge as revenue and as an account receivable. A conditional pledge involves a future action that must be met by the Foundation in order to receive the asset. Examples of conditional pledges are challenge gifts and pledges that are non-binding on the donor's estate. The Stewardship Committee will review all conditional pledges before they are accepted. Conditional pledges should be recorded as revocable gifts.

Pledges of \$100,000 and more may be fulfilled over a designated period of time usually not to exceed five years. The term may be extended by agreement between the donor and the Foundation, at the recommendation of the Stewardship Committee. Pledges under \$100,000 should be fulfilled in less than five years. Prepayment or accelerated payment of pledges may be discounted at the discretion of the Stewardship Committee in consultation with the Foundation Chair.

**Donor Advised Funds and Community Foundation Donor Funds:** A donor advised fund (DAF) is a fund set up by a donor with a contribution of cash, stock or other assets that is controlled by a sponsoring charitable fund organization (e.g. Fidelity Charitable, Goldman Sachs Charitable Gift Fund, Schwab Charitable) that manages the donor's account. Donors tell the sponsoring organization which nonprofits they would like to donate to from their accounts. The donation of the assets into the DAF is irrevocable, and the sponsoring organization controls the funds. However, they normally follow the disbursement "requests" of the donor. The advantage to the donor is that the donation of the assets to the DAF triggers an immediate tax deduction for the value of the assets, even though the payout of the assets by the sponsoring organization occurs over time. In some cases, the DAF can even be passed to heirs.

There are three different types of DAF's, including the commercial financial house examples

above. Another is a community foundation DAF. Community foundations focus on charity needs geographically and offer family philanthropic advice.

The Foundation will accept gifts from donor-advised funds. These contributions will be recognized as both gifts from the individual donor (soft credit) and organizational funder, such as Fidelity, Goldman Sachs, Schwab etc. (hard credit). However, the IRS code does not permit more than incidental benefits to be provided to individuals who give from such related funds and foundations.

A donor may make an additional independent contribution to receive benefits, and the Foundation will issue a receipt stating that goods and/or services were received and indicate both the tax deductible and non-deductible portions of the gift.

The Foundation will not accept donations from a DAF as payment of pledges of the original donor to the DAF. The Internal Revenue Code prohibits funds from a DAF (Sec. 4967 (a)) or a private foundation (Sec. 4941 (d) (1)) from being used to satisfy an individual's "legally binding" pledge obligations to the Foundation. A pledge is considered legally binding if the Foundation gives "consideration" for the pledge to the donor. Such consideration may take the form of donor recognition, naming rights, or other benefits to the donor that are more than incidental

**Challenge Grants and Gifts:** Challenge grants and gifts are donations made by others, such as a grant-making organization, a corporate body or even an individual or group of individuals, often to "match" a certain amount of funds otherwise raised. Challenge grants and gifts to the Foundation must be presented to and approved in advance by the Stewardship Committee.

## **V. Donor Recognition**

Donor recognition is extremely important. The Foundation Chair may immediately contact donors to express gratitude ahead of official acknowledgement otherwise from the Foundation. The Foundation Chair may expand upon or add to any thank you and recognition defined below as the Foundation Chair deems appropriate. The Foundation Chair may determine that any donation may be recognized by special telephone call in addition to written recognitions described below. At a minimum, the following written recognitions will be provided to donors.

**Thank you/Acknowledgement Letters:** Every donor will receive from the Foundation Chair (1) a thank you letter of acknowledgement of every gift within a reasonable period of time following receipt, (2) a thank you donor packet containing information about the efforts and status of efforts being undertaken by the Foundation in support of the Foundation purposes, and (3) a brief questionnaire requesting confirmation of name recognition and communication preferences.

Acknowledgement letters will include the dollar amount of the donation and the purpose of the gift as appropriate. For donations other than dollars, the letters will include a description of the gift and its value following IRS guidelines. IRS Form 8283 for in-kind gifts valued at \$5,000 and above will be provided as well to the donor.

When a pledge is to be fulfilled over a period with more than one payment, the IRS acknowledgement letter will include a confirmation of the full intended gift and also the amount or value of the first payment. Subsequent IRS acknowledgement letters will be provided following each subsequent payment and will include reminders of pledge balance remaining. For pledges of \$1,000 and above, when the final pledge payment is processed, in addition to IRS acknowledgement letters, a final pledge payment letter shall be sent to the donor under signature of the Foundation Chair.

**On-Line Gifts:** On-line donations submitted to the Foundation through the Society or Foundation websites will be acknowledged by return email receipt managed by SAME staff and will be followed by thank you/acknowledgement letters.

**Additional Thank You Notes:** The Stewardship Chair or the Foundation Chair may determine that specific donations warrant additional personalized thank you notes. All members of the Foundation Board may be called upon to prepare and send such notes.

**Further Recognitions:** Except for anonymous donors, individual and corporate and other entity donors will be recognized once a year in the Society's Military Engineer Magazine following the close of each year. For this recognition, such listings will be by donor level with the donor level only (based upon cumulative donations) shown. This same listing may be published on the Foundation's webpages, updated on a periodic basis by Society national staff.

All donations in excess of \$100,000, whether from an individual or a corporation, will qualify the donor for admission to the *Major General William Black Society*. Major General William Black was the first President of the Society of American Military Engineers. Donors in this category of \$100,000 or greater will receive a thank you acknowledgment letter from the Foundation Chair and the President of the Society. The letter will confirm the amount of donation and stated purposes of the donation, if purposes are specifically proposed. The letter will also confirm the terms of understandings between the Foundation and the donor. If donor participation in an effort supported by the Foundation is anticipated, such as providing mentors for the Foundation supported SAME summer camp program, that too will be the subject of the letter.

For gifts of \$1 million and greater, the Foundation Chair, in consultation with the SAME President, may authorize public announcement of the gift with donor approval. Typically, this will include a press release and associated publicity to promote the gift to the public. Similar publications may be made for gifts under \$1 million only when approved by the Foundation Board.

**Added Recognitions by Gift Amounts:** All donors will be classified to a Foundation category based on value of gifts. The categories for gift-giving will be published annually and will be maintained on a continuing updated basis on the Foundation's webpages. The categories by gift value are set forth below.

**Giving Categories by Donation Amount:** The following recognition categories are hereby

established for individual and corporate donors:

- Major General William Black Society – \$100,000 and above
- Diamond Donors – giving value at \$10,000 to \$99,999
- Emerald Donors – giving value at \$5,000 to \$9,999
- Platinum Donors – giving value at \$2,500 to \$4,999
- Gold Donors – giving value at \$1,000 to \$2,499
- Silver Donors – giving value at \$500 to \$999
- Bronze Donors – giving value at \$100 to \$499
- Donor – giving value to \$99

Giving values will be based upon charitable donation guidelines imposed by the Internal Revenue Code for substantiation of charitable deductions. The levels will be determined on a cumulative donation basis so that, for example, by additional donation, a Silver Donor can move into the category of Platinum Donor or greater donor level. Individual donors will receive a lapel pin for donations at the Gold and higher donor levels. Corporate donations less than \$100,000 will be recognized by a certificate, signed by the Foundation Chair.

**Individual and Corporate Donations in Excess of \$100,000:** Members of the *Major General William Black Society* will also receive:

- An SAME plaque recognizing their contribution to the Foundation to be presented at the Joint Engineer Training Conference (“JETC”)
- An invitation to a *Major General William Black Society* luncheon to be held in conjunction with the annual JETC
- Four complimentary tickets to the annual Golden Eagle Awards dinner
- A lapel pin identifying the individual as a member of the *Major General William Black Society*
- Recognition by inclusion on a plaque in the SAME National Office of all *Major General William Black Society* members

**Anonymous Donors:** When a donor indicates they wish to remain anonymous, it may be for a particular gift or it may be for a lifetime and beyond. A flag will be set up in the donor database by SAME national staff to mark the donor and gift as anonymous. Such donors and gifts will be reported only as “anonymous” including within the giving categories above.

Written donation acknowledgements will be provided to these donors, but the donor and gift will not be recognized publicly. If there is any question about the donor’s intent for anonymity, the Stewardship Chair shall contact the donor for clarification.

In all events, donor information including names, contact information and gift amounts will not be released outside SAME and the Foundation. Donors will be provided an ‘opt out’ option should the donor not wish to appear in any publicized report of Foundation donors.



## **VI. Special Situation Donation Recognitions**

**Stewardship Events:** Events, both large and small, to cultivate and thank donors are an integral component of a development and donor relations program. As these events are planned by the Foundation, donors including prospective donors will be invited to attend. The Stewardship Committee, in conjunction with the Development Committee and with the assistance of SAME national staff, will be responsible for organizing special stewardship events to recognize donors.

All donors will receive invitations to attend donor gatherings at the annual JETC and the annual Small Business Conference (SBC) each year.

The SAME Foundation Board, with assistance from SAME national staff, will schedule stewardship and cultivation actions and will also develop new events, locally, regionally and nationally for special programs and campaigns. Examples include events at JETC, Joint Engineering Training Symposiums, the Annual Small Business Conference, and DoD Briefings. Regional events may be planned in areas where the largest Posts are located with a large population of SAME members. Events at post levels too may be planned.

For gifts of \$1,000 or more, the Foundation will seek added recognition of donors at Post level events, with coordination provided by SAME national staff.

**Inaugural Foundation Donors:** All donors to the Foundation, including individuals and corporate donors, beginning from the inception of the Foundation on March 23, 2016 to the closing of the 2020 Joint Engineer Training Conference (JETC 2020) on May 29, 2020 will be recognized as Inaugural Foundation Donors. Following the close of JETC 2020, the Inaugural Foundation Donor category will close.

Other than donors wishing to remain anonymous, a near-final list of Inaugural Foundation Donors will be published prior to the start of JETC 2020. The final list will be publicly released a month following the close of JETC 2020. Recognitions listing the names of all Inaugural Foundation Donors will be published and maintained in perpetuity. The list will include anonymous donations, listed as “anonymous.”

**Corporate Major Founding Donors:** Founding corporate donors who become part of the *Major General William Black Society* by the close of JETC 2020 will be recognized by the Foundation with continuing special recognition in perpetuity accorded to those donors. Irrevocable pledges to be paid in the future will be included as part of such donations.

**Memorial and Tribute Gifts:** Donors making a gift to the Foundation or requesting gifts from others in honor of or memorializing an individual will receive special recognition letters from the Stewardship Chair. Opportunity will be given to those suggesting memorial gifts to provide names and addresses of individuals that may have an interest in contributing a memorial or tribute gift. The Stewardship Chair, with assistance of SAME national staff, will provide letters to such individuals. Family, friends and next of kin will be provided letters acknowledging receipt of donations as appropriate. Such letters will not contain gift amounts.

**Matching Gifts:** The Foundation Chair will remind donors of matching gift programs and will facilitate the processing of matching gift requests with the assistance of the SAME national staff. In the event of a matching gift, the Stewardship Chair or designee will notify the originating donor that a matching gift has been received.

**Deceased Donors:** Should the Foundation become timely aware of the passing of a donor, the Stewardship Chair, Foundation Chair and SAME President will jointly determine a course of action that may include a note of sympathy, flowers and attendance at services. The Stewardship Chair will manage this protocol on a case by case basis. Generally, a surviving spouse will be accorded the same level of recognition as a donor. Unless otherwise instructed, a surviving spouse will continue to receive the same communications that the deceased would have received.

**Customized Stewardship and Engagement Plans:** There may be situations where a special stewardship arrangement with a donor is in order, for example, at the request of a donor. The Stewardship Chair and Foundation Chair may approve of such a plan in special circumstances. The development of such a plan will be without cost to the Foundation. Such a customized plan of stewardship may become permanent and should be monitored and maintained by the Stewardship Chair at least annually.

**Naming Opportunities:** The Foundation Chair along with SAME may provide a variety of naming opportunities including positions, spaces and facilities, named awards, and programs pursuant to uniform rules and practices to be developed by the Foundation. This will help safeguard important donor relationships while also limiting negotiation. The key material terms of naming rights agreements will be memorialized in a written gift agreement between the Foundation and the donor. These policies will help set parameters for negotiating those terms and may be incorporated in part or in their entirety into the gift agreement. These policies will apply to all donors, including individuals, corporate donors and donor foundations.

Naming rights require a minimum level of investment to be approved by the Foundation Board and SAME Board. The amount of donation for the naming of spaces within an existing building will depend upon visibility, importance, and perceived philanthropic value. The cost of naming also will consider the competitive donor marketplace and the donor's giving history. For program naming, it is expected that the distribution from the gift will equal half or more of the annual cost of the program.

A donation pledge must be 50% fulfilled prior to the installation of any agreed upon naming signage. In all cases, there must be written documentation that makes the pledge binding upon the donor's estate. There must also be a written commitment to complete payment within the pledge period.

Historically, naming rights at many organizations have been offered in perpetuity, with the legacy of a one-time gift often outlasting the donor's relationship to the organization or outlasting the purpose of the gift. Sunset clauses, which are growing in popularity with many organizations, formally limit the length of a naming right to a pre-specified period of time, which recognizes future economic needs and gives the organization the opportunity and flexibility to

acknowledge major gifts without tying up valuable naming opportunities in perpetuity. In keeping with now-current common practice, a maximum 20-year period is recommended for naming opportunities, including spaces, programs and awards. The gift agreement between the donor and the Foundation may provide for an additional gift from the original donor or donor's family or to offer the naming right to a new donor at the end of the defined term.

Recognizing that some donors may be interested in more than 20 years, extended durations may be considered, commensurate with gift size. Such exceptions shall have to be approved by the Foundation Board and the SAME Board.

Naming rights may be rescinded by the Foundation for donor failure to fulfill a pledge; circumstances that would be embarrassing or harmful to the Foundation or SAME's reputation and values; or if the named program or space ceases to exist, is no longer useful, or is impractical. Should the purpose of a restricted gift cease to exist, the Foundation and donor or donor's heirs will in the naming agreement agree to repurpose the gift to related purposes.

## **VII. Summary of Policies for Management of Donations**

**Basic Principles:** The Foundation Chair, with advice from the Investment Committee, will ensure that gifts are invested and spent wisely in accordance with donors' wishes; that they do not impose unacceptable risks or costs to the Foundation or SAME; and that gift acceptance and recognition are in keeping with federal and state laws, Internal Revenue regulations, and best practices (e.g., guidelines of the Council for Advancement and Support of Education (CASE) and the Association of Fundraising Professionals (AFP)). All donations will be wisely invested pursuant to the Foundation Investment Policy.

In administering donative funds, the following specific principles will be followed by the Foundation:

- All donors to the SAME Foundation will receive a thank you letter along with the information needed to meet the current requirements set forth by the IRS to substantiate a charitable donation.
- All donations will be used exclusively for their intended purpose in accordance with the donor directives.
- A determinate % of investment gains and returns on restricted gifts may be designated as unrestricted by the Foundation Board.
- The investment, safeguarding and disbursement of restricted gifts will be made and controlled by the Foundation Board.
- The Foundation Board will provide full transparency for its operations, by providing audited annual reports with respect to the Foundation as a whole; and with respect to endowed funds, and selected capital and program funds.
- The Foundation Board will strive to develop and maintain positive and supportive relations with SAME and its leadership and will not make any public pronouncements on the policy decisions of SAME and/or the Foundation.
- These policies will be shared with prospects and donors as appropriate, will be

- applied consistently, and will enable the Foundation Board to solicit and accept gifts confidently and smoothly.
- The Foundation Board reserves the right to refuse or to return gifts that are inconsistent with the Foundation's purpose or that otherwise may be deemed inappropriate or harmful to the Foundation's reputation.
  - The Foundation Board will provide donors and their professional advisors with accurate information that will help them meet their philanthropic, financial and tax objectives. Donors will be urged to consult their own financial, legal, estate planning and tax advisors when considering a gift, and the Foundation will not act as an advisor to a donor in any of these respects.
  - The goal is that gifts to the Foundation be received and deposited within normally 24-hours through the SAME national office. The policy is to process and acknowledge gifts within a week of receipt.
  - The Society national staff will maintain records of all donations by individual and by corporate donors, including cumulative running totals of donations to the Foundation. This will include Society members and non-members.

### **VIII. Conclusion**

Donors are the lifeblood and bedrock of the Foundation. It is the donors who drive the successes of the compelling purpose of the Foundation in *Fostering Engineering Leadership for the Nation*. Every donor is proud to be a much-appreciated part of the SAME Foundation.

It is the intent of the Foundation Board to work with every donor to ensure that each donor is satisfied that their donative intent is being met and that expectations are exceeded.

Lastly, this set of Policies and Procedures for Gift Acceptance, Donor Recognition and Gift Management may be revised from time to time. Revisions will be made under the direction and supervision of the Stewardship Chair and approved by the Stewardship Chair and the Foundation's Board of Directors. Comments, questions and proposed revisions to the Policies and Procedures should be directed to the Stewardship Chair.