

## ***SOCIETY OF AMERICAN MILITARY ENGINEERS FOUNDATION POST CHARITABLE FUNDS PARTICIPATION POLICY***

One Society—Many Posts—One Foundation: The Society of American Military Engineers (“Society” or “SAME”), its Posts and the Society of American Military Engineers Foundation (“Foundation”) are intended to operate seamlessly. Each complements the others—no conflicts.

Most Society Posts undertake philanthropic endeavors in support of the purposes of the Society and accumulate funds for such purposes (accumulated funds by Posts hereafter referred to as “Post Charitable Funds”). Post Charitable Funds are used by the Posts for purposes such as college scholarships, K-12 STEM support (including SAME camps undertaken in conjunction with the military Services), professional development and mentoring, stipends to Post members and veterans and to provide wounded warrior support and other charitable contributions in furtherance of SAME purposes. This entails fundraising by the Posts, investing and accounting for the funds and determining disbursements. The Post will continue to own these Funds; The Foundation will not assume ownership or control of Post Charitable Funds unless otherwise directed by a Post.

Some Posts have asked that the Foundation provide assistance to the Posts regarding their Post Charitable Funds, primarily with investing the Funds. The Foundation was not initially envisioned to act as a financial service instrument for the Posts. However, the Foundation Board agrees that the Foundation can function in this capacity with the Posts without impinging on the Foundation’s “chartered” purpose as a separate but subordinate to SAME 501(c)(3) entity intended to raise funds largely from sources outside of the Society’s membership.

The intent of this “policy” is to outline how the Foundation can support the Posts with their Post Charitable Funds, allowing for stronger returns, less volunteer time, and more meaningful outcomes, with the Posts retaining ownership and authority in the use of their Post Charitable Funds resources.

This Post Charitable Funds Participation Policy sets forth guidelines to implement the requests from the Posts for financial service support. Every Post will be treated the same in furtherance of this Policy.

### **General Policy**

This Post Charitable Funds Participation Policy provides:

- Whether a Post participates with this program is solely up to each Post
- Post Charitable Funds placed with the Foundation will remain Post funds
- While the Foundation Board may grant exceptions, placement of Post Charitable Funds with the Foundation shall be in the following minimum amounts:
  - Small Posts: \$20,000
  - Medium Posts: \$30,000
  - Large Posts: \$50,000
  
- The Foundation, in effect as custodian, will invest and manage Post Charitable Funds in accordance with the Foundation’s Investment Policy just as the Foundation manages and invests its own funds
- Investment fees and costs will be pro rata shared by the Foundation and participating Posts

- The Foundation will separately track each Post's balance and will report investment returns, expenses and overall balance to each Post on a regular basis
- Posts will continue to include information regarding their Post Charitable Funds on their tax filings with needed information timely provided to the participating Posts by the Foundation
- Participating Posts will continue to direct the disbursement of their own Post Charitable Funds

The operation of philanthropic endeavors by the Posts, such as a scholarship fund or an education and mentoring fund, includes three elemental activities: (1) fundraising (most often through donations but also through successful Post events); (2) funds management, including investment management and accounting for the funds raised and accumulated; and (3) disbursement of funds, often through scholarship awards but also through stipends and expense reimbursements and other charitable contributions. The Foundation can assist the Posts with these elemental activities as set forth below. The Foundation will consider providing other assistance as requested by the Posts provided such activities are consistent with the Foundation's bylaws and legal standing.

### **Fundraising**

It is expected that the Posts that engage the Foundation will fully continue fundraising as each Post alone determines. The Foundation will not fundraise for the Posts, and the Foundation and the Posts will coordinate closely and make reasonable efforts to not compete with one another to seek donations. While the Posts will remain responsible for their own fundraising, there may be occasions when the Foundation can help the Posts with fundraising, and such efforts will be considered in the sole judgment of the Foundation on a case-by-case basis.

### **Post Charitable Funds Transferred to the Foundation**

All Posts are eligible to transfer Post Charitable Funds to the Foundation for investment and management. The transfer of funds to the Foundation is not a donation to the Foundation; those funds are simply transfers for management purposes. As such, the funds will continue to be "owned" by the Posts and included on the Posts' financial statements and tax returns.

The transfer of Post Charitable Funds can include funds of separately established scholarship funds or education and mentoring funds whether established by incorporation or otherwise, as well as other accumulated and accounted for charitable purpose funds.

It is expected that all Post Charitable Funds placed with the Foundation will have been obtained, managed, and accounted for, including tax filings, as required by law and sound accounting and business practices before being transferred to the Foundation.

Should a Post transfer funds with donor-imposed restrictions, it is the sole responsibility of each Post to ensure the funds are maintained and spent in accordance with those restrictions. Posts shall not transfer funds for which restrictions imposed by the donor require the funds to remain in the care and management of the Post. Posts also should not transfer funds that are otherwise needed by the Posts for purposes other than philanthropic giving or accumulating. Posts should not transfer funds that may otherwise be required to support Post operations.

Post Charitable Funds transferred to the Foundation will be included on the Foundation's Statement of Financial Position. The Foundation will internally track the balance of each Post Charitable