



SAME National Foundation Business Plan

As of 30 October 2016



SAME

SOCIETY OF AMERICAN MILITARY ENGINEERS

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Glossary

A/E/C: Accepted abbreviation for the “architecture, engineering and construction” industry

Articles of Incorporation: Process for establishing legal creation and authority to conduct business

Council of Trustees: Senior stakeholders who assist the Foundation with Fund Raising efforts

E&M Fund: SAME’s Education and Mentoring Fund; an investment account of the SAME National Office

F&A: Finance and Administration office of the SAME National Office

Founding Board: Five senior SAME members who organized the Foundation

IPG: Investment Policy Guidance

SAME: Society of American Military Engineers; a professional engineering society; incorporated in 1920 as a 501c(3)



Foundation Overview

- SAME was founded in 1920 as a professional society in the A/E/C industry. The founding members were engineer veterans who returned to the private sector after World War I. The Society was established to maintain a professional association between federal and private sector engineers in order to ensure America's readiness and national security.
- Since its founding, SAME has served the peace and war time engineering related national security needs of the United States. This support includes professional development, leadership development, education, mentoring and scholarship programs . The Society also fosters a continuous professional dialogue between military, private, public, and academic institutions.
- Today, SAME consists of a full time National Office staff of 22 professionals; a volunteer National Board of Direction consisting of 44 voting members; 30,000 volunteer members organized into 17 regions and 105 separately incorporated Posts in the US, Asia and Europe, 63 university level Student Chapters, and 1600 sustaining member engineering businesses.
- In 2011 the Education and Mentoring Fund was established to support the professional development needs of Society members . Annually, SAME Posts award over \$1 million in scholarships.



Foundation Overview

- Today, the National leadership consists of a volunteer President, President-Elect, Immediate Past President, and a salaried Executive Director. This structure resulted from a 2012 national federal ethics opinion that ended the long standing tradition of the serving active duty Chief of Engineering of the Army, Navy and Air Force to preside as the SAME National President on a rotating basis.
- In 2015, the Society conducted a thorough bottom up review of its Strategic Plan. This plan establishes a broader and necessary vision for the Society based on the needs of the profession, the state of America's infrastructure, the need to develop more engineers, and the professional development needs of all military and government civil engineers, but uniformed and civilian engineers at all levels of government.
- In November, 2015, the National Board of Direction adopted *SAME Strategic Plan 2020*, anchored on the Society's upcoming centennial.
- That plan envisioned the establishment of a robust Foundation to serve as a national means of resourcing the professional development and other beneficial purposes identified during the strategic review.



Foundation Overview

The SAME National Foundation will benefit all members, past, present and future, by:

- Memorializing important contributions to SAME by its members with the collection of membership data, service records and the development of a member's SAME Service Record at the request of family or other SAME member.
- Providing a means and method to recognize the passing of SAME members through acts of memorial including coordinating attendance at services by SAME members, floral recognitions when appropriate and providing a members SAME Service Record.
- Providing an effective tax exempt repository for gifts in memoriam, estate planning bequests, and gifts made by individual donors and corporate contributors to SAME for its inherent purposes.
- Providing a secure repository as a Trustee for charitable trust bequests, endowments, trust and estate distributions and gift annuities that are directed in their purpose by individual donors and their own unique philanthropic focus.
- Provide convenient, efficient, and effective ways through which donors can contribute assets to charitable purposes.



Foundation Overview

- Advocate for the development of endowment funds and provide appropriate means by which permanent endowment funds can be built and wisely managed to provide long-term support of an unrestricted corpus fund, sufficient to ensure the on-going operations of the SAME Foundation and SAME through any adverse national, regional or local economic impacts.
- Encourage donors to create funds that will benefit the A/E/C community both now and in the future.
- Develop restricted and unrestricted community endowments which shall be used to develop, facilitate, coordinate and enhance services that meet the changing needs of the A/E/C community.
- Funding programs, services and opportunities aligned with the SAME strategic mission through the use of grant making programs.
- Ensuring the recognition of all SAME Foundation donors through specific programs and opportunities that are developed and managed by the Foundation.



Foundation Net Assets

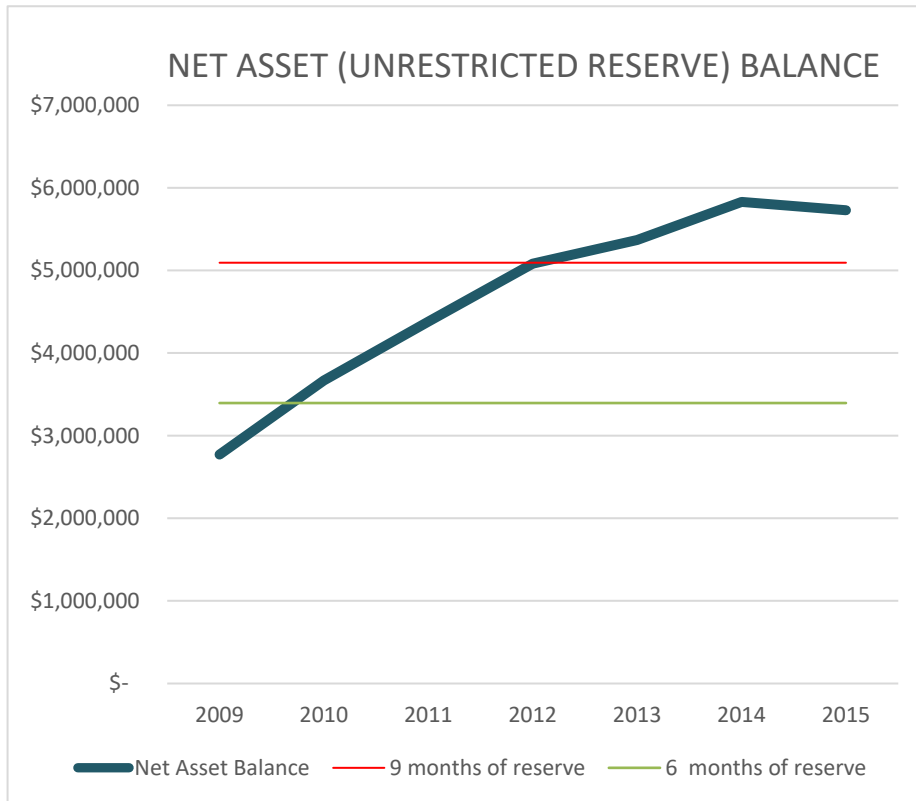
Permanently Restricted Net Assets	\$ 274,000
<i>Principal must be maintained in perpetuity</i>	
Temporarily Restricted Net Assets	8,000
<i>Principal can be spent one donor imposed restrictions have been met</i>	
Unrestricted Net Asset	619,000 *
<i>Board Designated, no donor imposed restrictions</i>	
Total	<u><u>\$ 901,000</u></u>

* Projected Balance. Amount will be further reconciled during audit preparation

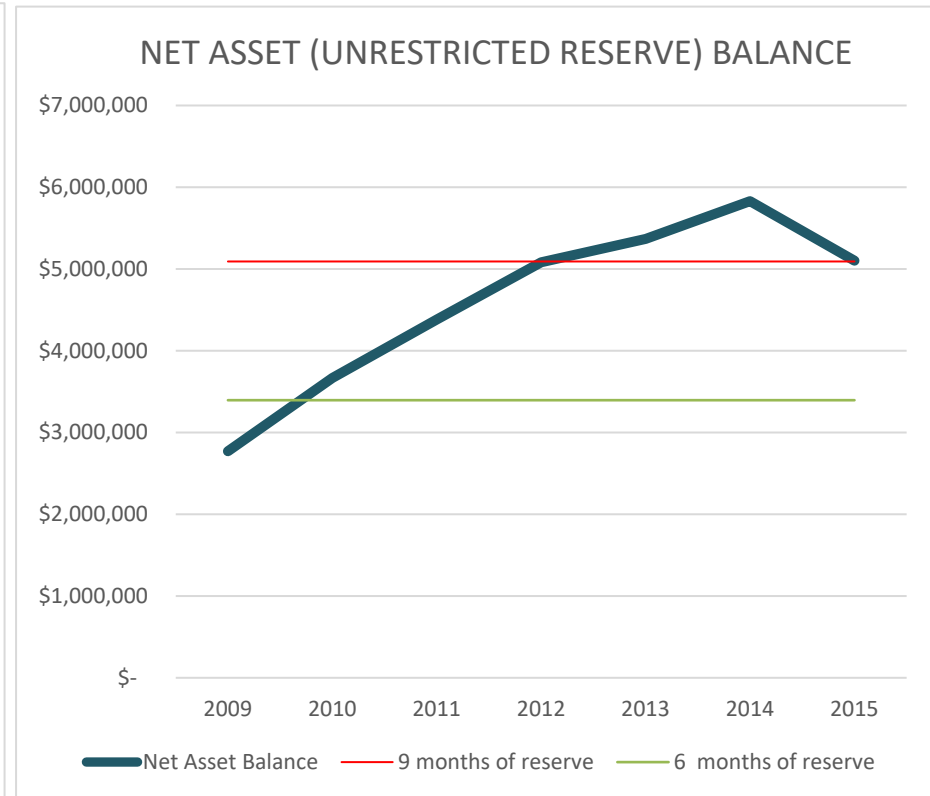


Financial Health

Reserve with E&M Assets



Reserve without E&M Assets



The metric for a healthy association 6-9 months of operating expenses. The 6 and 9 month lines on this chart are based on 2016 expenses.



Foundation Growth Strategy

Action	2016-2020 Revenue Goals
<p>2016: Transfer the SAME E&M Fund to the Foundation Adopt existing Investment Policy (IPG) Continue investment oversight by SAME Investment committee until Council of Trustees is established Establish memorial and legacy donation options for members Establish revenue transfer goals (national SAME events)</p>	<p>\$ 901,000 \$ 400,000</p>
<p>2017: Continue annual solicitation of members for individual donations Conduct Corporate Fund Raising Campaign Establish United Way means of donation Establish Council of Trustees Investigate available grants; initiate action Establish Post participate in the National Foundation</p>	<p>\$ 100,000 \$2,500,000 \$1,000,000</p>
<p>2020: SAME Centennial Goal</p>	<p>\$5,000,000</p>



Financial Implications

National Financial Resources: The implications of transferring the E&M Fund to establish the National Foundation are all positive for the National Office:

- ✓ **Operating Accounts:** The E&M Fund is not relied upon for the National Office annual operating budget or reserve funds.
- ✓ **Operational Reserves:** Even if the E&M Fund assets are moved into the Foundation, SAME's operational reserves are still very healthy.
- ✓ **Revenue Trends:** the National Office top line decreased slightly between 2010 and 2015. In 2015 several revenue initiatives resulted in major gains which allowed the budget to weather unexpected declines in advertising and membership. Annual revenues have been consistently at or near \$6 million.
- ✓ **Realignment of the National Office :** In January, 2016, the National Office was realigned to enhance revenue generating capabilities in support of the SAME Strategic Plan 2020.
- ✓ **Expense trends:** The SAME National Office has sustained a rigorous expense discipline while dramatically increasing investments in the Society over the past 18 months .
- ✓ **Investment Accounts:** SAME has investment accounts valued at approx. \$5.9M
- ✓ that generated \$200,000.00 in interest and dividends in 2015. Though included in the annual operating budget for 2015, those funds were not spent during 2015.
- ✓ **Market Risk:** The current IPG is conservative with a (give investment markers and history over time)



Financial Implications

Investment Account Summary Balances as of December 31, 2015

<u>Custodian</u>	<u>Account Name</u>	<u>Ending Balance</u>
Baird	Operating	\$ 2,202,000
Baird	E&M Fund	501,000
Merrill Lynch	Reserve Account	2,372,000
Pentagon Federal	Savings E&M	392,000
Navy Federal	Money Market	202,000
Pentagon Federal	Money Market	62,000
BB&T	Checking Account	247,000
	TOTAL	\$ 5,978,000



Financial Implications

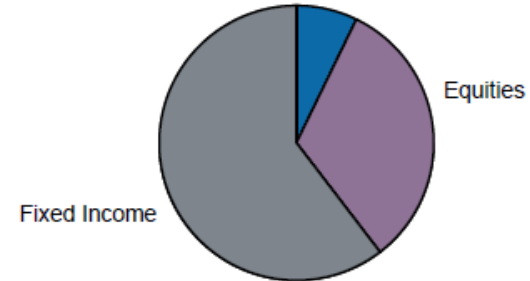
- Some of the E&M Assets were segregated and invested (see Baird and PFCU on previous slide.)
- The Baird assets are being invested in accordance to the attached E&M Fund IPG.
- The Investment Committee recently recommended, and the Executive Committee approved, changing investment companies and revising the IPG.
- The PFCU money is held in tiered CDs with maturities ranging from 03/16 to 06/19.
- SAME investment committee is currently charged with investment oversight. Committee members include:
 - Rich Khalil, SAME Treasurer
 - Mark Handley
 - Heather Wishart-Smith



SOCIETY OF AMERICAN MILITARY ENGINEERS

Baird Investments Performance Executive Summary

Asset Allocation	% of Portfolio	Market Value
Cash & Cash Alternatives	7.2%	\$194,016
Equities	32.4%	875,989
Fixed Income	60.4%	1,630,948
Diversified/Other	-	-
Total Portfolio	100.0%	\$2,700,953



Time Weighted Returns	Inception Date	Quarter-to-Date	Year-to-Date	Since Inception (Annualized)
Society Of Am Military Engineers	10/28/11	-3.31%	-3.17%	3.55%

Account Activity Summary	Quarter-to-Date	Year-to-Date	Since Inception
Beginning Market Value*	\$2,797,070	\$2,706,185	\$1,058,522
Net Flows	(3,540)	83,918	1,379,284
Earned Income	25,560	70,925	298,665
Change in Value**	<u>(118,138)</u>	<u>(160,075)</u>	<u>(35,518)</u>
Total Earnings	<u>(92,578)</u>	<u>(89,150)</u>	<u>263,146</u>
Ending Market Value*	\$2,700,953	\$2,700,953	\$2,700,953



Organizational Plan

Foundation Board

2.1.1 Responsibilities of the Foundation Board. The Foundation Board shall have 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 shall establish the policies and programs of the Foundation, and exercise all such powers of the Foundation and do all such lawful acts and things as are permitted by statute, the Articles of Incorporation and these Bylaws.

2.1.2 Chair of the Foundation Board. The Chair of the Foundation Board shall be a member in good standing of the Society and shall have served on the Society's Board of Direction or the Foundation Board of Directors or the Foundation's Council of Trustees. The Chair of the Foundation Board shall be recommended by the Nominating Committee chaired by the outgoing Chair at least twelve (12) months prior to the close of the term of the Chair. The recommendation of Chair must be approved by agreement of the Chair of the Foundation Board, the President of the Society and the Chair of the Foundation Council of Trustees. The Chair of the Foundation Board shall also serve as President of the Foundation.



Organizational Plan

Foundation Board (continued)

2.1.3 *Composition of the Foundation Board.* The Foundation Board shall consist of up to fifteen (15) Directors but not less than five (5) Directors. All Directors must be members in good standing of the Society throughout their term of membership on the Foundation Board. The Executive Director of the Society shall be a non-voting member of the Foundation Board and shall serve as management interface between the Foundation Board and the Society. The Executive Director of the Foundation, if different than the Executive Director of the Society, shall also be a non-voting member of the Foundation Board. Aside from the Executive Directors, all Directors of the Foundation Board shall be appointed by the agreement of the Chair of the Foundation Board, the President of the Society and the Chair of the Foundation Council of Trustees. Such appointments shall give due consideration to contribution levels given to the Foundation. All Directors shall have the same rights and responsibilities, including, other than the Executive Directors, the right to vote on all matters brought before the Foundation Board.



Organizational Plan

Council of Trustees

2.2.1 Responsibilities of the Council of Trustees. The Council of Trustees shall serve as philanthropic and financial advisors to the Foundation Board. Primary responsibilities of the Council of Trustees include making recommendations and overseeing finances of the Foundation and reporting to the Foundation Board. The Council of Trustees may assist the Foundation with other activities and programs, as well as accepting assignments from the Foundation Board and managing programs pursuant to instructions from the Foundation Board. The Council of Trustees will not have fiduciary responsibilities and shall serve the Foundation in a consulting capacity.

2.2.2 Composition of the Council of Trustees. The Council of Trustees shall consist of a minimum of five (5) members appointed by the Foundation Board, one (1) of which shall be a current Foundation Board member who shall serve as Chair of the Council. Except for the Chair of the Council, who also is a member of the Foundation Board, members of the Council of Trustees shall not be entitled to vote on matters brought before the Foundation Board.



Summary

- The establishment of the ***SAME National Foundation*** is an essential component of the ***SAME 2020 Strategic Plan***. It will:
 - Transform and grow the present E&M Fund to better meet the current and future needs of the Society and its members.
 - Enhance the Society’s professional development and education support capabilities as envisioned by the strategic plan and thereby enriching the value proposition offered to SAME members.
 - Enable Posts that have substantial assets to participate and reap all of the benefits of national fund management.
 - Expand the opportunities for participation in the Society’s contributions to national security.
 - Separate the SAME National Office operating accounts from the philanthropic purposes of the SAME National Foundation, thereby enhancing the probability of fund growth.