

Appendix F USPS FUNDS

F.1 - USPS ENDOWMENT (CENTURY) FUND

The Endowment (Century) Fund is a segregated fund of USPS with the income to be used for safe boating and educational projects. Members, friends, organizations, trusts, corporations, foundations and others may wish to make gifts, donations, legacies, grants and bequests for the use of USPS and its units.

The following provisions shall govern the Endowment Fund:

1) Except as provided in paragraphs 8 and 9 and by the donor, only the income from the fund shall be expended;

2) The planned giving officer, with the approval of the Operating Committee, if required, shall have the power to accept or reject any gift to the fund. A permanent record of any restricted gifts to the fund shall be made showing the name of the donor and any restrictions accepted with the gift;

3) The fund shall be invested separately and not commingled with other assets of United States Power Squadrons;

4) The fund shall be administered by the finance committee of United States Power Squadrons, which shall have the power to invest and reinvest the fund in such assets as the committee deems appropriate. The finance committee shall distribute the fund income for such purposes and in such amounts as recommended by the Operating Committee, or the finance committee with approval by the Operating Committee. The finance committee shall establish such guidelines as the committee deems necessary, to enable the fund to achieve its purposes and to operate efficiently;

5) The fund shall be audited each year by the audit committee of United States Power Squadrons or such independent public accountants as are currently appointed by the Governing Board;

6) A report of the status of the fund and changes in fund balances shall be made available, at least annually, to the membership of United States Power Squadrons;

7) The income from the fund may be used for such projects and purposes that benefit United States Power Squadrons, including its general operations. United States Power Squadrons mem-

bers and committees may apply to the finance committee for grants to accomplish a specific purpose. While the use of the income is unrestricted, it is contemplated that uses will benefit all United States Power Squadrons members and not those of a specific squadron or district. Further, it is contemplated that the fund will not conflict or compete with United States Power Squadrons' Educational Fund [See USPS Educational fund on page F-2];

8) In the event of dire financial circumstances and the inability of United States Power Squadrons to meet its operating budget, upon request of the Operating Committee and with the approval of the Governing Board, a withdrawal of principal shall be permitted so long as such withdrawal does not exceed ten percent of the principal of the fund in any fiscal year valued as of the beginning of the fiscal year. Upon approval of use of the fund principal, a plan for repayment of the withdrawn amount shall be jointly approved by the Operating Committee and the finance committee of United States Power Squadrons;

9) The income and, if not adequate, principal of the fund may be expended for the cost of planned giving activities such as brochures, mailing costs, professional management, et cetera, as approved by the Operating Committee and also with direct expenses and project costs incidental to a donor's expressed purpose in making the donation, if such be the case;

10) The fiscal year of the fund shall be that of United States Power Squadrons. Generally accepted principles of fund accounting shall apply to the fund's activities;

11) Except as provided herein, the fund shall be invested and the income determined according to the Uniform Management of Institutional Funds Act of North Carolina.

F.2 - USPS EDUCATIONAL FUND

USPS Educational Fund is a legal trust, operated by six (6) trustees elected by USPS Governing Board. It is a separate entity, apart from USPS, governed by its own board of trustees. The Internal Revenue Service has determined it to be a "qualified organization" under section 501(C) (3) of the Internal Revenue Code. All contributions to the fund are fully deductible from income, gift and estate taxes. The purpose of the Fund is to promote the development and the furtherance of educational programs and techniques in boating, seamanship, navigation, engine maintenance, marine electronic equipment, sailing, weather, boating safety and other marine activities by issuing grants.

Trustees

The trustees must be current members of USPS. They may serve two consecutive terms of three years. However, those elected to fill the term of a trustee who resigned, may at the end of that term, be elected to serve two consecutive terms. All trustees serve without compensation or travel expenses. However, the trustees employ an administrative assistant who handles the day to day activities. They also employ Dean Investment Associates to administer the investments of the principal fund and Paine Webber as the broker. Also each squadron and district has a fund representative who provides information on the fund and encourages contributions at the local level.

Procedures

All donations received are recorded in the Log of Gifts and Memorials, and unless the donor specifies otherwise the money is placed in the principal account and will not be spent. The fund welcomes gifts and memorials from USPS members, friends, corporations and other foundations. It is a beneficiary of many wills and has received bequests in all amounts. All such bequests, legacies, transfers and gifts are fully deductible for estate and gift tax purposes.

Squadrons making a separate contribution of one dollar or more per member during a year receive a Certificate of Merit and a place on the year's honor roll. The honor roll is published after 30 November and is distributed at USPS annual meeting. All gifts are acknowledged to the donor and an appropriate announcement is sent to any person specified by the donor. Capital gains obtained from investments are reinvested in the principal fund to recover any losses due to inflation

and will continue to be until they exceed such losses.

Grants

Interest and dividends obtained by the investment of the contributions are distributed by a process of grants. To request a grant, a completed and signed USPS Educational Fund Grant Request form must be submitted to the chair of the trustees. After discussion, a vote is taken. If four or more trustees approve, the chair signs the grant, a grant number is assigned and the treasurer makes the moneys available.

Some grants may be awarded outside USPS. When this happens, upon approval, the treasurer sends the recipient a check for the full amount, asks for a full accounting when the work is completed and a refund of funds not spent.

For USPS grants, the treasurer informs USPS headquarters of the grant number, its expiration date and the amount of the grant. Headquarters bills the treasurer as the work progresses and a final bill on the expiration date, or when the work is completed, whichever occurs first.

The grantee must send to the chair a written report of the progress of the project on 15 December, 15 April and 15 August and a final detailed report of the expenditure of the funds when the project is completed. All unused granted funds must be returned to the treasurer by the completion date unless an extension is requested and granted prior to the completion date. All funds granted but not used for a project must be returned to the fund.

NOTE: The trustees have no responsibility or liability with regard to any project for which a grant is authorized.