

2019 USSVCF APRIL ONLINE BOARD MEETING

APRIL 4, 2019

JOHN MARKIEWICZ---At this time I would like to call this Online Meeting of the Charitable Foundation to order. Please take a moment to remember our departed shipmates.

Agenda Items for this meeting:

1. Elect John Andersen to CF Membership and confirm appointment as Executive Director.
2. Increase annual Scholarship funding to \$70,000.
3. Discuss other potential fundraising efforts.
4. Discuss using CF for Tax deductible fund raising at the Base level and rules thereof.
5. Discuss need for CF P&P Manual.

We will dispense with the roll call of Board Members until voting. There are 15 CF Board members and it will take 8 votes for or against to cause a motion to pass or fail. Please make your response and/or votes under each agenda item.

ITEM 1, ELECT JOHN ANDERSON TO CF MEMBERSHIP AND CONFIRM APPOINTMENT AS EXECUTIVE DIRECTOR

Due to personal issues at this time, John Andersen has withdrawn his acceptance of the position of Executive Director and declined to accept the appointment to the position or the Board.

John has agreed to work with me on CF projects etc... in a consultant role for the time being.

That takes care of this agenda item and we will move on to AGENDA ITEM 2.

ITEM 2: INCREASE THE ANNUAL SCHOLARSHIP FUNDING TO \$70000 FOR 2019

WAYNE STANDERFER---I make a motion to increase the Scholarship funding for 2019 to \$70,000

STEVE BELL---In order to get to the discussion and move forward, I second the motion

JOHN MARKIEWICZ---We have a motion and a second. The floor is now open for discussion until 3pm Central Time (4 Eastern).

RAY WEWERS---If Bob Bowman feels we have sufficient funds and Bob Frick sees a real need to increase the funding, I have no issue with this proposal

STEVE BELL---Are we going to use this process each year to determine the amount of Scholarship funding will be provided? I know that Bob Bowman stated we can afford this much for 2019 but my concern is for the future. I am not real big on this amount becoming the precedent and opening the possibility of causing us issues down the road. Please keep in mind that we had a decent influx of contributions to this fund from the book (and we are very appreciative of that) recently but that funding will slow and go away sometime in the future.

WAYNE STANDERFER---To my knowledge the request is for 2019 only

BOB BOWMAN---I reiterate my support for a one-time (2019) increase in Scholarship award funding to \$70K.

The Scholarship Chairman should consult with the CF Treasurer each year to ascertain that we have sufficient funds to continue at the present dollar level or to increase to a higher dollar level as happened this year. Conversely, if the CF Treasurer sees that we do not have sufficient funds to continue at the approved level for future years, he would be fiscally responsible to notify the Board of the need to reduce the level and/or number of Scholarships to an affordable level.

JOHN MARKIEWICZ--- The Scholarship Chairman should consult with the CF Treasurer each year to ascertain that we have sufficient funds to continue at the present dollar level or to increase to a higher dollar level as happened this year. Conversely, if the CF Treasurer sees that we do not have sufficient funds to continue at the approved level for future years, he would be fiscally responsible to notify the Board of the need to reduce the level and/or number of Scholarships to an affordable level.

In my opinion, the Board should only need to be involved to approve an increase or reduction in the number and level of Scholarships. If the Scholarship Chair checks with the CF Treasurer and the CF Treasurer agrees that there are sufficient funds to continue the approved level and that no increase or decrease is needed, it should not need to come before the Board.

STEVE BELL---That answers my question. I agree with that process.

JOHN MARKIEWICZ---While we are on this discussion, I just received the following notice from Fred Borgmann at the National Office a few minutes ago:

"Just received a check for \$4660.00 which is another check from the proceeds of Poopie Suits and Cowboy Boots.
Charles Hood"

This is a significant start towards the second \$10,000 goal that Charles and his brother have set for this year. As you all know they met their goal of the first \$10,000 last year.

JOHN MARKIEWICZ---No further discussion in the past hour, so, I am now closing the discussion phase on this agenda item.

The floor is now open for voting on the motion to increase the Annual Scholarship Funding to \$70,000 for 2019.

Please vote only in response to this post. It will require 8 votes to pass or fail this motion.

I will leave the voting open until 6pm (1800) Central Time, 7pm (1900) Eastern, or until we have 8 votes to pass/fail the motion.

MEMBERS VOTING TO APPROVE ANNUAL SCHOLARSHIP FUNDING TO \$70,000 FOR 2019---NC, SERD, NJVC, CF T, CRD, ERND, NT, WRD, NS, NSVC, AND DCOY

JOHN MARKIEWICZ--We have ten votes in favor with eight votes required to pass. You have passed the motion to increase the annual scholarship funding to \$70,000 for 2019. We will now move on to the next agenda item

ITEM 3: DISCUSSION OF OTHER POTENTIAL FUND RAISING EFFORTS

JOHN MARKIEWICZ---At this time I will brief you on other fundraising efforts for the CF that I am considering or have implemented:

1. As you already know we have had several prints donated to the CF, a couple of which are signed by Medal of Honor recipients. These prints will be displayed at the National Convention this summer in Austin in the Hospitality Room or Vendor Room. We will be conducting a silent auction (a sheet will be placed in front of each print where individuals will place their name, contact info and their bid). The final day the bidding will close and the person making the highest bid shown on the bid sheet will be notified to pick up and pay for their print. All proceeds from this silent auction will go to the Scholarship Fund.

2. John Andersen arranged on Facebook for his birthday that those wishing to make a donation to the Charitable Foundation would be able so to do on Facebook over a two week period. There were a couple of glitches that caused those donations to be

unrecognized as coming from that effort when they reached the National Office and John Andersen is working with Facebook and the National Office to smooth that process out so the donations are recognized for what they are. There are a large number of submarine related pages on Facebook and a large number of USSVI members who are also members on those pages and they all have birthdays. If each of those USSVI members clicked the button to ask for donations to be made to the CF in honor of their birthdays, this could result in a significant number of donations. When John gets the details worked out and smoothed out in a way that we can track the donations received we will put out a POC to the USSVI members explaining how it works and the process that needs to be followed.

3. I am working on a subscription donation program, similar to what the Elks National Foundation uses, wherein we will set up several tiers of donations (a \$100 certificate that can be earned by donating \$10 down and \$10 per month, a \$500 certificate that can be earned by donating \$50 down and \$50 per month and a \$1,000 certificate that can be earned by donating \$100 down and \$100 per month) The donor would get a certificate of recognition for that level of donations once the final payment on the subscription is received. For those who continue in purchasing new certificates once they paid of the old ones we would have a recognition program for their long term total donations (a plaque recognizing their achievement once they reach the \$5,000 level of donations, the \$10,000 level of donations and the \$25,000 level of donations). At the \$50,000, \$75,000 and \$100,000 levels we would give them a special recognition gift to be determined by the CF Board. The participants would be able to designate the fund that they want their donations to be applied. The work still needed to be done on this program is to devise a way to track the subscriptions, donations, awards and to identify someone willing to take on the responsibilities entailed in managing and documenting this long term program.

All members of the CF are encouraged to be thinking of ways we can raise funds for the CF with the idea in mind that we need to develop a steady revenue stream for the CF to provide the funds long term. We have been playing with the CF, with some degree of success, for some years, however, if we seriously want to make the CF a reliable source of funding for our programs, we need to get professional about fundraising and develop a steady revenue stream for our funds.

I will leave this Agenda Item open until tomorrow morning for some discussion. This is not an action item and no motions or voting will be required at this month's meeting. At or about noon Central/1pm Eastern Time I will reconvene and move on to the final two agenda items. I expect to finish up and adjourn the meeting sometime tomorrow afternoon.

BOB BOWMAN---This reply relates to paragraph 3 above - re a subscription donation program. Be aware that the nonprofit version of Quickbooks (that we are

currently using to keep the CF's books) already has features in its Pledges section that relate to this type fund-raising. We haven't dealt with pledges up until now, so I'm not familiar with the limits of its capabilities and limitations, but I'd suggest that we work together on this so we don't end up with a separate book-keeping system for subscriptions. I suspect that most (if not all) of what we'll need is already available in Quickbooks.

RAY WEWERS---I think all the ideas you presented are viable so long as we can resolve the issue that Bob brought up. The birthday idea on Facebook has been used in several instances but I think limited success. I think it might be a good project for the Submarine anniversary and the Navy birthday. Also, how about asking each base to donate \$100 to the CF each year.

LES ALTSCHULER---Potentially Ray might have a good idea having each base donate \$100 to the CF Fund; however it's like pulling teeth just to get every base pay the \$20 towards their liability insurance.

PAUL HISER---What about the idea of running a quarterly raffle?

BOB BOWMAN---Of possible interest.. I spent a couple hours trying to run a test subscription from my personal checking account through the entire audit trail to the CF's books. Found some holes that would need to be filled with detailed instructions for donors, but it looks to me like we could easily get a subscription program up and running by this fall.

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JOHN MARKIEWICZ--- The main purpose of the CF is to fund our various programs through tax exempt and tax deductible donations. The primary job of the Fund Managers and other Board members is to raise the funds needed to fund these programs.

I will now close out this Agenda item and move on.

ITEM 4: DISCUSSION OF USING THE CF FOR TAX DEDUCTIBLE CONTRIBUTIONS AT THE BASE LEVEL

JOHN MARKIEWICZ---Recently we had some issues around a Base using the CF to receive tax deductible donations with the expectation that, once their fundraising was completed and they were ready to proceed with construction, they would be able to

draw out all the money back to the base for their use in the project for which they raised the funds.

This was resolved by the CF Treasurer, the USSVI National Commander and myself explaining the rules, however, I wanted to add this agenda item because the rest of the board needs to be aware of the rules and procedures currently in existence.

As a 501(c)3 Charitable Foundation we are held by the IRS to some rigid standards and accountability becomes very important lest the IRS decides to pull our tax exempt/deductible status.

When a base sets up an account to raise tax deductible funds with the CF, the CF becomes accountable for those funds and for maintaining sufficient documentation to provide an audit trail on the funds. The funds are under the sole control of the CF and any disbursement must be made only after approval of the Fund Manager to pay invoices or receipts submitted that meet the criteria for which the funds were donated. We cannot disburse those funds back to the base but can pay the bills in response to invoices and receipts from the Base or the contractor doing the actual work. The Fund Manager must review the invoices and receipts to determine that they are appropriate for the purpose of the fund and must approve them before the CF Treasurer can pay them.

Some concerns were expressed that if the Base cannot use the CF for tax deductible fund raising how can they do so. The answer is that the Base can receive donations under the USSVI umbrella EIN and 501(c)19 status and individuals donating can claim a deduction if the purpose is an IRS deductible contribution. The 501(c)3 is the only way corporations making donations can claim a deduction.

STEVE BELL---A couple of points to add to what John has stated. This subject is easily connected to the next agenda item. I have found on a couple of occasions that some in our membership just do not have the understanding of this issue or process. One of the reasons is that it is just not clear enough (and not in writing well enough) which causes some to go off with their interpretation of what to do without asking. This procedure really needs to be clearly stated maybe better than what we have now. Documenting it in something like a PPM would be nice.

I have also worked with a memorial that raised money and found that in some cases (ours specifically) that the vendor may need funding for lead time material. This is not difficult not all that unusual, but the vendor can provide an invoice to allow such a payment to be made. I am sure there are similar issues that can occur but the base overseeing the project just needs to understand how to go about business in the proper way. Of course what they need to do is ask before acting, if for no other reason, to make sure their thought process is the correct way of doing business.

I recently had another occasion where a base was looking at raising funds, sent out an e-mail (which I received) and was telling folks how to contribute funds that was incorrect. I shut that down but was told that was how they read it on our website (not what I read but that is not the point, it was their interpretation and they did not follow up). Again, this goes back to having good written guidance available to our membership.

KEN NICHOLS--- I was attending a USSVI Base in Southeast District 3 November 2018 and asked to comment on a contribution made to the Charitable Foundation by this Base . I informed that their contribution was used in several areas / Flooding damage in Louisiana / Hurricane Damage in Texas / California Fire Damage / and matching funds member loss of income / Heart and Lung Transplant /after this information was presented to this Base Commander he felt that their CF Contribution was spent to help USSVI Members . I do not think that enough information is provided to the USSVI Members about the Charitable Foundation . Thank you Ken Nichols
Brotherhood Fund Manage

RAY WEWERS---In the M&C manual in chapter 7, there is a list of the information required to be considered for matching funds. In my first stint as M&C chair, if a base wanted to set up an account in the CF for collection purposes, the base would contact me and I would request Fred to set up an account for that base with the name of the project. As donations came in, I assume Fred or Bob would apply those monies to that project and it was reported in the monthly financial report. At that time, we did not reimburse for labor costs as the M&C manual stated that "direct labor costs" would not be considered (only contracted work). Direct labor costs are still not well defined. Any reimbursements issued were only made to vendors upon receipt of an invoice. This information was forwarded to a 3 man committee , all of whom had to approve the disbursement, By the way, I am still looking for three members to serve on the committee which I would like to reestablish. The maximum matching funds is set at \$2000. I would like input from Fred and Bob Bowman on these proposals after which I will update the Manual on how to proceed for these memorial projects.

JOHN JAQUES---The contributions going to the CF (a 501(c)(3) is the cleanest and least risky way for donations to flow. As a 501(c)(19), I do not know if USSVI meets the 90% war veterans test. The wartime periods defined by the government do not include all of our membership. Remember that qualifying as a 501(c)(19) and allowing the deductibility of contributions is not the same thing. We have potential risk is we tell a donor that a deduction is deductible when in fact it may not.

Does anybody know where we stand on the 90% war veterans test?

STEVE BELL---We are not at the 90% level and doubt we will be anytime soon

JOHN MARKIEWICZ---What I tell folks in other organizations where I do fund raising that are not 501(c)3 is that they should consult their tax preparer or the IRS to determine if their donation would be deductible.

Since, as was mentioned, this Agenda item dovetails nicely into our final Agenda item, I am going to close this out and move on.

ITEM 5: CF P&P MANUAL

JOHN MARKIEWICZ---A couple of years ago the board discussed and decided that we needed to develop a Policy & Procedures Manual for the CF. At that time one of the Board members indicated that he would create one for the board's approval and that is as far as it ever got.

I believe that we still need such a manual. I know that Bob Bowman had been working on position descriptions for the fund managers.

The Board already had approved the creation of such a manual and as we discussed in our previous Agenda Item, it kind of highlighted the real need. What I think we need to do at this point is put together a few individuals to work up this manual with a goal of having it ready for the board to review/approve by the National Convention CF Board Meeting in August.

I would suggest Bob Bowman as CF Treasurer and Ray Wewers as CF Secretary plus one or two other volunteers take this on. How do you all feel about this and are there any volunteers?

Please respond/reply only to this post for this agenda item.

BOB BOWMAN---As all of you know, the CF's Fund Managers have the Board's authority to act on behalf of the entire Board for day-to-day matters of their respective charitable programs. But I write all the checks as they direct. Given this relationship, I have pretty intimate knowledge of how each of the Fund Managers operate.

For a long time (years), I've been concerned that inconsistencies in Fund Manager operations go beyond those the Board should reasonably expect given the different natures of the charitable activities they manage. I concluded that some minimal standardization was desirable, and that a Fund Manager job description would be helpful.

So, in 2016, I developed a shell / generic job description for CF Fund Managers, and presented it at the Board meeting in Reno. My "vision" was that the Fund Managers should "fill in the blanks" in their job descriptions, creating a program description that fits the needs of their respective programs, and that the finished set would then become the CF's Policy & Procedures Manual. When published to the internet, it would not only tell the Board what each fund is and how it operates, it would also satisfy IRS requirements for public disclosure.

At Reno the Board agreed in principal with my presentation, but Al Singleman said he wanted to prepare the CF's Policy & Procedures Manual himself.... so, the issue was closed (as I recall, without a vote).

To my knowledge, we've made no progress since Reno. There's still no consolidated Policy & Procedures Manual, and Fund Manager operations remain inconsistent. It's my opinion that yes, we need the manual badly... for both CF and IRS reasons.

Although preliminary, it appears to me that there is general agreement on the Board. IN regards to a CF P&P, I feel that since the scholarship fund, Kaps4Kids fund, Brotherhood fund and Memorials fund all have posted guidelines for their respective funds, I feel this would just add confusion in the future when the guidelines for one fund are modified. In this case, that fund manager would have to remember to update the CF P&P. I feel it would be too much for one person to try to keep up with all the funds to maintain one document. As is now, each fund manager is responsible to update his manual or guidelines

RAY WEWERS---In regards to a CF P&P, I feel that since the scholarship fund, Kaps4Kids fund, Brotherhood fund and Memorials fund all have posted guidelines for their respective funds, I feel this would just add confusion in the future when the guidelines for one fund are modified. In this case, that fund manager would have to remember to update the CF P&P. I feel it would be too much for one person to try to keep up with all the funds to maintain one document. As is now, each fund manager is responsible to update his manual or guidelines

BOB BOWMAN--I'd like to have the Board's permission / direction to resurrect the 2016 draft, to direct and assist each Fund Manager to fill in the blanks for his program, and to distribute these drafts to the CF Board members prior to the opening of the Convention in Austin... so that the Board members can review and discuss the drafts at the Convention PRIOR to the Pre-ABM meeting on 8/17. The goal would be to have a completed and approved CF Policy & Procedures Manual (with all six program descriptions) in place by the end of the Post ABM Meeting on 8/20. If approved, I will (within the next ten minutes) distribute a fresh copy of the draft job description to all of you via this BBS (in the Charitable Foundation Forum).

RAY WEWERS---I can go with Bob Bowman's idea of a job description for each fund manager and combine them all as P&P with each fund manager responsible for his domain in the manual.

JOHN MARKIEWICZ---I think we need to consolidate into one CF P&P manual, perhaps with a section for each fund containing the description and instructions. The idea would be for each Fund Manager to be responsible for keeping his fund section up to date once we have a consolidated manual.

STEVE BELL---I fully concur that a manual such as a PPM is long overdue and a necessary item. I have seen Bob's "strawman" for the Fund Managers and have given

him a couple of comments on it. I feel that is a really good start on that section. However, he would need for each Fund Manager to complete his "strawman" portion. I don't think it would be that difficult for them to do but they would need to follow his format so that when done it would look like one person wrote it. I would also recommend that our President make an outline (of subjects) for the PPM and put it out to see maybe who would be willing to write those needed sections. I would be willing to take all of those inputs and compile them into one manual for review by this membership. I would also suggest that John get due dates for all submissions in plenty of time so that we can all review the "one" document prior to the convention this summer so that at the convention, we either discuss any controversial issues (if there are any) or just go through the process of approving the subject document.

JOHN MARKIEWICZI concur with Bob Bowman's earlier post below and, unless there are any objections, proceed as he indicated:

"I'd like to have the Board's permission / direction to resurrect the 2016 draft, to direct and assist each Fund Manager to fill in the blanks for his program, and to distribute these drafts to the CF Board members prior to the opening of the Convention in Austin... so that the Board members can review and discuss the drafts at the Convention PRIOR to the Pre-ABM meeting on 8/17. The goal would be to have a completed and approved CF Policy & Procedures Manual (with all six program descriptions) in place by the end of the Post ABM Meeting on 8/20. If approved, I will (within the next ten minutes) distribute a fresh copy of the draft job description to all of you via this BBS (in the Charitable Foundation Forum)."

Each Fund Manager should complete his section and return it by the end of June, we can then consolidate and review in July as needed and present it for final approval at the CF meeting in August.

KEN NICHOLS---I agree that a P&P Manual be prepared and guidelines developed

STEVE BELL---I am a big fan of one document. Plus there should be other "guidance" that should be in there as well as the fund manager information. Items such as how a member/corporation may contribute to the CF, the tax document that is returned to them, and whatever else the President would want in there. I also think with only one document, it is easier for our membership to find and get the information they may need

JOHN MARKIEWICZ---I would say that there should be one section for each of the funds. The fund manager would need to complete the strawman description and the instructions/details regarding his fund that he desires or needs to be included. You could then consolidate the inputs into one manual and we could review it at a meeting prior to the convention and approve it at the convention once the review is completed.

BOB BOWMAN---I have posted the draft job description as a new thread on the Charitable Foundation forum of this BBS. (Same place I use to post monthly financial reports.) It lost some formatting in the posting process, but I think it's still readable.

JOHN MARKIEWICZ---I think that we have enough information and discussion needed as to proceed.

Bob Bowman has proposed that he distribute the Fund Managers descriptions to each of the Fund Managers for completion.

I have proposed that each of the Fund Managers add in whatever instructions/details are needed for each Fund in addition to the description.

Steve Bell has proposed that he consolidate the Fund Managers inputs into a consolidated manual with a section covering each fund.

I believe we have one more online CF Board meeting scheduled prior to the Convention or, if not, we can have a special meeting in June or July to review what we have and what else is needed before we bring it up for final approval at the CF meeting at the Convention in August.

We do not need a motion of vote on this, just an informal agreement to proceed. Please signify your agreement to proceed in response to this post.

KEN NICHOLS---Brotherhood Fund Manager agrees that we proceed with the P&P Manual.

STEVE BELL---I concur and will standby for inputs

BOB BOWMAN--- I am in agreement and am underway.

JOHN MARKIEWICZ---I think that we have enough information and discussion needed as to proceed on Agenda Item 5.

Bob Bowman has proposed that he distribute the Fund Managers descriptions to each of the Fund Managers for completion.

I have proposed that each of the Fund Managers add in whatever instructions/details are needed for each Fund in addition to the description.

Steve Bell has proposed that he consolidate the Fund Managers inputs into a consolidated manual with a section covering each fund.

Bob Bowman, Steve Bell and I will coordinate this by email or phone as needed with the goal of having a consolidated manual to review prior to the Convention in Austin this summer.

Thank you all for your attendance and participation. I will notify everyone by email when our next meeting will convene.

This meeting is now adjourned. APRIL 17, 2019 AT 1237