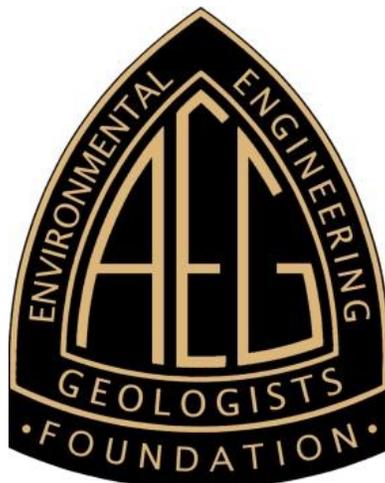


AEG FOUNDATION



CHARTER

GREATEST NEED FUND MEMORIAL FUND

FLEXIBLE FUNDS THAT AUGMENT CURRENT PROGRAM GRANTS, BUILD PROGRAM FUND BALANCES FOR FUTURE USE, AND FUND SPECIAL OPPORTUNITIES

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THE PURPOSE OF AEG FOUNDATION FUND CHARTERS

An AEG Foundation Fund Charter is a document adopted by the Foundation's Board of Directors. It describes (as applicable)

- the history of a fund,
- donor intent,
- the purposes for which the fund may and may not be used,
- the Board's goals for the fund,
- administrative operating criteria, and
- financial operating criteria.

A Fund Charter demonstrates the Board's commitment to prudent management of the Foundation's resources and compliance with applicable accounting and legal standards. Within the framework of AEG Foundation governance, a Fund Charter is a policy document that may be amended or interpreted by the Board through a simple majority vote. A Fund Charter may refer to other documents that further describe the history, nature, and operations of a fund. Formal Resolutions of the Board that apply to a particular fund are attached to the Fund Charter as appendices.

This revised Charter for the Greatest Need/Memorial Fund of the AEG Foundation was duly adopted by the Board of Directors of the AEG Foundation on February 29, 2012.

By:

William K. Smith, Secretary

FUND CHARTER GREATEST NEED FUND MEMORIAL FUND

INTRODUCTION

The Greatest Need and Memorial Funds provide a way for donors to make unrestricted donations that will generally be used to support the grants awarded by the Foundation or to build balances in program funds, but can be used for any purpose determined by the Board. By virtue of the published description of these funds, donor intent is deemed to make an unrestricted donation. For accounting and budgeting purposes, the Memorial Fund is considered a part of the Greatest Need Fund.

In the terminology of Accounting Standards Codification (ASC), the Greatest Need and Memorial Funds and earnings therefrom are Unrestricted Net Assets.

FUND HISTORY

The Greatest Need Fund is one of the first six funds created by the Foundation. It was established in 1993 and called the “General [non-designated] Fund.” The general purpose was to support foundation administrative needs and provide the Board with a non-designated asset it could use to support current expenditures and grants or supplement the corpus of other funds. Unrestricted contributions in memory of a person were placed in the Greatest Need Fund, and for ease of administration, the Foundation often listed a “Memorial Fund” in its giving literature. Tribute donations, made to honor a person on a special occasion, are placed in the Greatest Need Fund.

From time to time, the Foundation has had a fund named the Memorial Fund. The Memorial Fund as presently constituted is an unrestricted fund that accepts contributions in any amount made in memory of individuals. Through 2005, if memorial contributions total at least \$500, the memorialized person’s name was added to the Foundation’s “Honor Roll.” Beginning January 1, 2006, the minimum amount became \$1,000 for contributions to place a name on the Foundation’s Honor Roll.

Contributions to the Greatest Need and Memorial Funds varied over the years. Contributions were generally small, although some memorial contributions aggregated to, or were lump sums, of \$500. One of the larger memorial contributions, made in memory of Stephen L. Garrison, aggregated to \$1395.

PURPOSE AND SCOPE

Background

The minutes for the Foundation Board meeting of September 22, 2000, state (Item 2c) “It was decided that funds without donors or substantial donations will be utilized for Foundation expenses. When the funds expire, the named fund will be dropped from the dues check-off list.” This decision applied to the Johnston, Gardner, and Eckel funds. In effect, these fund balances were defined by the board as Unrestricted Net Assets. This decision was made final by the Board in April 2005. In 2006, upon regularization of the Foundation’s accounting procedures to conform to Statement of Financial Accounting Standards No. 117 [later replaced by ASC], the Board reconsidered the matter and decided to re-institute the Johnston Fund in part of its original function (operational support) and to define the Greatest Need Fund, including the Memorial Fund, as an unrestricted source of funding that would be used to meet current program needs, balance program fund resources, and fund special opportunities or needs.

Charter Purposes

In adopting this Fund Charter by motion at the AEG Foundation Board of Directors meeting on June 28, 2006, the AEG Foundation Board modernized and restated the scope of the Greatest Need Fund to include the Memorial Fund and its purpose as:

The Greatest Need Fund includes the Memorial Fund and is an unrestricted fund that is used principally to augment grant awards of program funds, to augment fund balances of program funds, and to meet special funding opportunities that are within the purview of the AEG Foundation.

An unrestricted fund for this purpose is essential because it provides the Foundation Board with a source of flexible funding that can enhance and balance grant program awards and program fund earning power as well as be used to meet special opportunities.

MANAGEMENT PROTOCOLS FOR THE GREATEST NEED AND MEMORIAL FUNDS

Recognizing the value of structured management of the funds, the Board initially adopted this Fund Charter and protocols for the management of the Greatest Need and Memorial Fund assets by a motion approved at its June 28, 2006 meeting. The Board further revised the fund management protocols at its February 29, 2012, meeting. This revision does not change the charter purpose.

Greatest Need and Memorial Fund Management Protocols

1. Unless otherwise specified by the donor, contributions to the Greatest Need and Memorial Funds are classified as Unrestricted Net Assets in accordance with Accounting Standards Codification (ASC). Earnings from contributions are classified as Unrestricted Net Assets, unless otherwise specified by the donor. The Fund may accept contributions with time or purpose limits consistent with this Charter. The Foundation's gift acceptance policy will apply. The Board may from time to time reclassify assets of the Fund in accordance with ASC, consistent with donor intent.
2. Identifiable costs directly related to the operation of the Greatest Need and Memorial Funds may be expensed to the respective Fund.
3. The Board may assess an operational support fee to assist in funding the Foundation's general administrative and fundraising functions.

GOALS ADOPTED BY THE BOARD OF DIRECTORS

Long-Term Use of the Greatest Need and Memorial Funds

The Board believes that the Fund Purpose and Scope made a part of this Fund Charter is consistent with the Foundation's mission and authority. The Board believes that the Greatest Need and Memorial Funds can and should serve the Foundation's need for flexible asset management, balancing and enhancing grants, augmenting grant program fund assets, and meeting special opportunities or needs.

Fund Balance Goals

To provide operational flexibility, the Board sets the long-term minimum fund balance goal of \$10,000.00.

SCHEDULE FOR REVIEW OF CHARTER, FUND OPERATIONS, AND GOALS

The board may maintain this charter unchanged or make revisions at any time. This fund charter shall be reviewed by the Board of Directors at least every five years on a schedule to be determined by the Board. The Programs Committee shall prepare a review report with recommendations for consideration by the Board at that time.

APPENDIX ONE BACKGROUND NOTES

Tepel, Robert E., 2006, President's Report for Agenda Item 10b, April 9-10, 2006, meeting of the AEG Foundation Board of Directors, "AEG Foundation Program Funds: Donor Intent and Fund Operating Restrictions."

General Notes

Tepel (2006) reports that "Donations totaling \$1,395 were made in memory of Steve Garrison through 9-15-95. The Treasurer's report attached to the Minutes for 5 October 1995 note: *"To date donations in memory of Steve Garrison total \$1,395.00, of which 1,275.00 was specified for undesignated funds. President Williams... (contacted Dorothy Garrison) to determine in which Foundation fund the undesignated donations should be placed. In essence, her desire was to place these funds in the undesignated category."* There is no further mention of any restrictions on the remaining \$120. The minutes of October 5, 1995 indicate that Dotty Garrison, in another telephone conversation with Foundation President Williams, suggested that the \$1,395 be used to finance "the Teacher's Workshop in view of Garrison's interest in education." There are no later records available that indicate the actual disposition or disbursement of the funds donated in memory of Steve Garrison. The most reasonable classification of the entire \$1395.00 would be as an Unrestricted Net Asset.

APPENDIX TWO BOARD RESOLUTIONS AND MOTIONS

- 06/28/2006 Original Fund Charter approved by AEG Foundation Board of Directors.
- 04/15/2007 Management protocol 7 allows Board to reallocate fund assets to program or operating funds.
- 04/09/2011 Charter review schedule changed to at least every five years.
- 2/29/2012 Changes to Fund Management Protocols.