

NFFS POLICY FOR ESTABLISHMENT AND CONTROL OF FOUNDATIONS.

1.1: Purpose of the Foundation

The purpose of the NFFS Foundation shall be to solicit, receive, invest, manage and allocate funds to address the expansion and growth goals of the NFFS for the purposes of increasing interest, education, and participation in free flight oriented projects and activities.

These goals include:

Short Term Goals

Establish/strengthen model building programs within such organizations as Science Olympiad and Scouting. Get involved with these groups and provide instructional materials such as leader's manuals, videos, CDs, and websites.

Advertise in select periodicals to attract adults into the Free Flight hobby.

Create and maintain how-to websites for beginners of all ages.

Support and maintain beginning free flight programs at the local level.

Provide assistance to local efforts to obtain flying sites.

Long Term Goals

Expand and strengthen the NFFS organization by electing active leaders to the Board of Directors and appointed offices.

Provide leadership training to current officers to enhance their effectiveness.

Hire other staff on a contract or temporary basis to carry out the programs outlined above, including cooperation with the Academy of Model Aeronautics as appropriate.

Eventually, secure a strong enough financial base to hire a full-time Executive Director of NFFS and provide for a national office for NFFS programs and activities.

1.2. Funding the Foundation:

The NFFS Foundation will receive funding from a number of sources.

1. A source of funding will be from the NFFS membership itself. The membership system will be expanded to encourage several different levels of annual or biannual membership. Income from this source, beyond the standard membership fee, will be forwarded to the Foundation for investment. Members who contribute in this way will receive benefits as spelled out in the membership materials and be eligible to claim a specified portion of their membership fees for tax purposes.

2. A source of funding will be from the Frank Zaic Fellowships. The Zaic Fellowship will be conferred in recognition for a contribution of \$1,000 or more. All of the proceeds of these contributions will flow to the Foundation for investment.

3. A source of funding will be from bequests, wills, living trusts, directed to the NFFS Foundation, and the designation of the NFFS Foundation as a beneficiary of IRA, 401k and other retirement plans, life insurance policies and mutual fund accounts. The NFFS expects to receive some financial benefit, as a result of these funding sources. All of these funds will flow to the Foundation for investment.

4. A source of funding will be from application for grants and other forms of financial gifting. Grants and related sources of funding will be sought which will meet the requirements set out in our short and long-term goals and which are in keeping with the

overall direction of the NFFS. Where possible, these funds will be invested by the Foundation.

5. Other sources of funding. It is possible that other sources of funding may be available but not foreseen at this time. The Foundation may seek out such sources, but only with the majority approval of the NFFS Board of Directors.

2.0. Investment of Funds

The Foundation Board of Trustees is responsible for the investment of all funds entrusted to its care. The investments are to be made in a prudent manner that seeks the best available return on this investment consistent with the goal of preserving the principal.

2.1. Definition and Expenditure of Net Income and Principal

1. Net income is defined to mean any interest proceeds or earnings accrued from the investment of principal. Net income may be used to address the above-mentioned goals. The NFFS Board of Directors shall, from time to time, determine what percentage of the interest earnings shall be spent in pursuit of the stated goals. In order to access the available interest accumulation, a majority of the NFFS Board of Directors must agree to the expenditure.

2. Principal is defined as funds receiving from various donor programs, including from numerous membership categories, from contributions to the Zaic Fellowship, and from wills and bequests. Other similar and related sources are also included. (see 1.2.3)

3. The Board of Trustees or the Board of Directors of the NFFS may not use the principal except if and when the Foundation is dissolved. (see 7.0)

3. Expenditure of any Foundation funds for purposes other than the stated goals shall not be permitted except for the following: Expenses directly related to the management of the Foundation are permitted. Such expenditures include postage, printing and related office expense, and limited travel or similar out of pocket expenses, and professional services such as accounting and tax preparation. If investment costs occur, these expenses may also be paid. All such expenditures shall be recorded for annual review by the NFFS Board of Directors.

3.0. Foundation Board of Trustees

The Foundation will be governed by a Board of Trustees. The trustees are empowered to solicit, receive, invest, and manage funds to facilitate the NFFS goals. The duties shall be as indicated in these policies.

1. Membership: The Foundation Board of Trustees shall be appointed by the NFFS Board of Directors by majority vote at a regular or special meeting of the NFFS Board of Directors.

2. Eligibility: To be eligible for membership on the Board of Trustees, candidates must have been NFFS members for a minimum of five years. Ideally, a candidate would have served in an elected or appointed office and/or have served in a leadership capacity of the NFFS.

3. Term of Office: Each member of the Board of Trustees shall serve for a term of up to 8 years. The specific term of office will be announced at the time of appointment.

4. Number of Board Members: The NFFS Board of Directors will have the power to set the number of trustees from time to time.

5. Officers: The Foundation Board of Trustees shall appoint from its membership a chairman, who shall serve a two year term. The Foundation Board of Trustees shall appoint from its membership a recorder, who shall serve a two-year term. The Chairman and recorder may serve for a maximum of two terms.

6. Duties of the Chairman: The chairman will act as the spokesperson for the Foundation and interact with the Board of Directors of the NFFS as needed and will make the annual report to the Board. The Chairman will also initiate solicitation and allocation of funds. The Chairman will organize and chair the annual meeting of the Board of Trustees.

7. Duties of the Recorder: The recorder shall record the minutes of any and all meetings of the Board of Trustees, keep a record of all correspondence and file these documents in a permanent record. The record will be shared with the NFFS Board of Directors upon request, and will be presented to the Board of Directors annually at a meeting designated by the Board of Directors.

3.1 Removals or Replacement of Board of Trustees Members.

Trustees may be removed from office at anytime at the discretion of a majority of the NFFS Board of Directors. In all cases when a Trustee is removed from office, the provisions for replacement shall be those as established in Article 3 above.

3.2. Consultants.

1. The Board of Trustees shall have the power to hire or appoint a consultant for the purposes of investing assets of the Foundation. Before determining who should be hired for this role, the Board will survey NFFS members for anyone who is both qualified and interested in serving in this capacity. If, in the opinion of the Board, no such candidate exists, the Board is permitted to seek a consultant from outside the membership. Decisions shall be made by a majority of the Board.

2. The Board of Trustees shall also have the power to hire or appoint a consultant for the purposes of reporting tax information to appropriate taxing agencies. Before determining who should be hired for this role, the Board will survey NFFS members for a person who is both qualified and interested in serving in this capacity. If, in the opinion of the Board, no such candidate exists, the Board is permitted to seek a consultant from outside the membership. Decisions shall be made by a majority of the Board.

4.0. Meetings in General and the Annual Meeting

The Board of Trustees will have an annual meeting with dates to be determined by the Board itself. The meeting may be conducted by paper mail, electronically, by conference call, or in person. Special meetings of the Board of Trustees may be called at any time deemed necessary by either the Chairman of the Board, by a majority of the Board of Trustees, or by the NFFS Board of Directors.

4.1. Agenda

The Board of Trustees will include on the agenda of the annual meeting reporting on addressing the adopted goals, any and all financial records, contributions to various causes, and election of officers. Other agenda items may be added by consent of the membership or by instruction of the NFFS Board of Directors.

5.0. Rights of Inspection

Inspection of Books of Account -- The books of account of the NFFS Foundation shall be open to inspection at all reasonable times and for any proper purpose as requested by the

NFFS Board of Directors or by any member of the Board of Directors. An electronic copy of the financial statement of the Foundation will be posted on the NFFS website on a regular basis, updated at least twice each calendar year.

6.0. Modification of Policy

The NFFS Board of Directors under the following conditions may modify this policy:

1. If the Board of Directors determines or the Board of Trustees requests changes in the policy, and;
2. The change(s) is conveyed to the Board of Trustees when action has been taken to instruct the Board of Trustees regarding the change. Such change will be conveyed in writing to the Chairman of the Board of Trustees.

7.0 Dissolution of the Foundation.

The NFFS Foundation may be dissolved at any time by majority vote of the NFFS Board of Directors. At the time of dissolution, the complete assets and debits of the Foundation will become the exclusive property of the National Free Flight Society to be used as determined by the Board of Directors. The Foundation Board of Trustees shall cease to exist at the time of dissolution. Members of the Board of Trustees, who are owed expenses, if any, and any outstanding bills and contracts shall be paid by the NFFS in amounts as determined by the Board of Directors. (see the By-Laws of the NFFS for Dissolution of the NFFS).

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