

## **SDGS FUND MANAGEMENT POLICY**

This Fund Management Policy was adopted by the Board of Directors of the San Diego Geological Society, Inc. (SDGS) to govern the administration and management of all named program funds held by SDGS, a 501(c)(3) nonprofit corporation (the “Organization”).

### **PURPOSE**

The purpose of this Fund Management Policy is to provide the Board of Directors (Board) with protocol for managing existing and new funds and to provide clarity to the determination and management of unsustainable Funds.

### **HISTORY AND STATEMENT OF NEED**

In the fall of 2008, a group of the SDAG past presidents formed a Board of Directors (the Board) to create a non-profit corporation (Dave Bloom, Diane Murbach, Greg Cranham, Monte Murbach, Lowell Lindsay, Mike Hart). This new organization was created as a 501(c)(3) non-profit Corporation (See SDGS Articles of Inc & By-Laws for the Non-Profit: <http://www.sandiegogeologicalsociety.org/>). After the Corporation was created, the SDGS Board formed a committee of the current SDAG officers. On February 7, 2022 SDGS recorded a fictitious business name statement, doing business as (dba) SDAG.

The benefits of a 501(c)(3) Nonprofit Corporation Status are: Profits are exempt from corporate income tax and qualify for other tax exemptions; Proper management of our publication sales and sales tax reporting (Field Trip Guide Books; Short Courses such as the Landslide Training and the Seismic Course); Individuals can make tax deductible contributions (Sponsors or other donations); Can obtain better rates on event liability insurance (Picnic Park events); Personal liability protection for officers and organization as a whole (Field Trips/One Stop Wonders); Allows a legal structure that helps to expand our activities (Educational trips); and Tax-exempt status is required for many public and private grants (Future opportunities). SDGS has a broader "public" scope. SDGS also well reflects on what we do, i.e., Publish geological books, support students with scholarships, lead field trips, and organize other activities of a public and educational nature. SDGS is currently governed by a six-member Board of Directors elected to 2-year terms, three in even years and three in odd years. The Bylaws allow between four and seven Directors.

Current programs supported by the SDGS Organization General Fund include the San Diego Association of Geologists, scholarships and grants through the Student Scholarship Fund (which includes the Walawender Fund), and the Publication Program. In addition, on December 13, 2025, the Organization has established a bequest as the Charles G. Bemis Scholarship Fund that could provide numerous yearly awards over decades.

As the number of Programs and Funds has grown, and with the potential for new Funds, the Board is challenged with establishing criteria for the management of existing Funds, criteria for new and proposed Funds, and the distribution of operating costs equitably across the Funds.

## **OPERATING COSTS**

The Board serves without compensation. The Board incurs administrative costs associated with compliance with federal and state laws and general operational needs. Some of these expenses are for bookkeeping, auditing, information technology, legal, permits and fees, and general services to the Board. The Board operates on a nominal budget which is applicable to the overall management of all of the Funds and Programs. These administrative costs may be borne by all of the donations to Funds to the extent that operating costs exceed the amount of monies available in the SDGS General Support Funds.

## **GENERAL CRITERIA FOR ALL FUNDS**

It is the position of the Board that all Funds should have the following:

1. A FUND CHARTER defining the intended purpose of the Fund. The Fund Charter should identify short- and long-term goals, and whether the Fund can be spent down. The Fund charter must allow for assessment of operational fees to the General Fund. The General Fund fees are composed of fees applied to donations for the year. The General Fund fees are determined by the Board. It is the Board's goal that General Fund fees will be kept to a minimum level sufficient to sustain the Organization's operational support activities.
2. A FUND DIRECTOR - The purpose of a Fund Director is to promote the awareness and financial well-being of the Fund. The Fund Director shall receive Fund notices and updates from the Board regarding the status of the Fund. The sponsor or director of the Fund is expected to realize that change is inevitable over time. It is possible that a Fund may receive donations that are insufficient to cover costs envisioned in the charter, or that insufficient funds for grants is available, or that a Fund's objective, stated in a charter, may become outdated. The Board reserves the right to modify the Fund Charter. If modifications to the Fund Charter are considered to be unachievable, the Fund may be re-purposed to the General Fund or to a Fund which, in the Board's discretion, is compatible with the initial charter's purpose.
3. From a management standpoint, the Organization expects that proposed or new funds and/or charters will have a minimum initial donation of 5 times the proposed annual award or achieve that financial goal prior to the initial award. The Board will review deviations and may waive this expectation with a majority vote.

## **SUNSET PROVISIONS**

Should the Board, in its sole discretion, determine that a Fund is not achieving its stated goals, either from funding inactivity or from program inactivity, a motion to sunset the Fund may be considered.

## **ACTIONABLE FUNDS**

A Fund will be considered actionable under the following conditions:

1. Not achieving, or not making significant progress toward, the stated financial goals. The Board's expectations are that the first financial goal should be met within 10 years.
2. Fund balance has dropped to 5 times the award average over the previous 5 years.
3. Funds with Restricted Balance - The difference between Fund balance and restricted asset limit has reached within five times the award average over the previous five-year period.
4. No charter/grant requests in the last 5 years or no charter requests granted within last 7 years.

### **BOARD'S RESPONSIBILITY FOR ACTIONABLE FUNDS**

1. Advise Fund Director and Selection Committee that the Fund has become actionable and the reasons that it has become actionable, and request an action plan for resolving the actionable issue.
2. If an action plan is not provided by the Fund Director within 6 months, the Board will evaluate any actions that it should do including sunsetting a Fund. The Fund may be closed by a majority vote of the Board. Assets of the actionable Fund may be transferred to a Fund that the Board deems as a compatible interest or the assets may be transferred to General Fund. If Funds don't exist within the Organization that fulfill the donor's intent, the Board may consider transfer to a non-profit that has a compatible function that does meet donor intent.

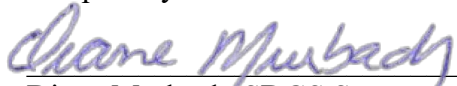
### **FUND ACCOUNTING PROTOCOL**

The accounting terms in this policy are intended to conform to Accounting Codification Standards (ACS) of the Financial Accounting Standards Board (FASB). The purpose of this protocol is to define a standard way for valuing and reporting assets to Fund Directors, the Board, and the public.

All Fund balance calculations for the year will be formally calculated annually and estimated periodically during the year. Balances at the end of the year will include assets at the beginning of the year plus contribution and income (or loss) less direct expenses and indirect pro rata allocations of operating costs. Direct expenses to a Fund will be applied to restricted asset balances.

Investment returns (gains or losses) will be allocated based upon the beginning of the fiscal year Jul (BOY) balance and will, in general, be applied to unrestricted assets. Periodic updates will not include accounting adjustments for General Fund Fees or investment related adjustments.

Adopted by the SDGS Board of Directors on March 18, 2026.

  
Diane Murbach, SDGS Secretary