021286

Introduced by McDavid

First Reading 3-19-12 Second Reading 4-2-12

Ordinance No. 021286 Council Bill No. B 82-12

AN ORDINANCE

authorizing an agreement with Community Foundation of Central Missouri and Greater Horizons for establishment of the Conley Fund; and fixing the time when this ordinance shall become effective.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBIA, MISSOURI, AS FOLLOWS:

SECTION 1. The City Manager is hereby authorized to execute an agreement with Community Foundation of Central Missouri and Greater Horizons for establishment of the Conley Fund. The form and content of the agreement shall be substantially as set forth in "Attachment A" attached hereto and made a part hereof as fully as if set forth herein verbatim.

SECTION 2. This ordinance shall be in full force and effect from and after its passage.

PASSED this 2nd day of April, 2012.

ATTEST:

City Clerk

Mayor and Presiding Officer

APPROVED AS TO FORM:

City Counselor

AGREEMENT

This Agreement is entered into on this 19 day of April, 2012 between the City of Columbia, Missouri (hereinafter referred to as the "City"), a constitutional charter city of the State of Missouri, and Community Foundation of Central Missouri, a nonprofit corporation of the State of Missouri, and Greater Horizons, a nonprofit corporation of the State of Missouri, (hereinafter referred to as the "Community Foundation").

The parties agree as follows:

1. City hereby transfers cash or other property to establish the Conley Fund ("Fund") with Greater Horizons ("Greater Horizons"), through its affiliate, the Community Foundation of Central Missouri. Once Community Foundation of Central Missouri becomes its own charitable tax-exempt entity, this Fund shall be a Fund of the Community Foundation of Central Missouri (Greater Horizons and the Community Foundation of Central Missouri shall collectively be referred to as the "Community Foundation").

2. Community Foundation is authorized to accept charitable contributions to the Fund subject to the terms set forth herein.

3. City intends that the income and principal from the Fund be used for the following charitable purpose(s): to be utilized by the City of Columbia, Missouri, through the public health and human services department, to help deserving low income residents obtain necessities of life.

4. An Advisory Committee, appointed by City's city manager, shall consist of the directors of City's finance department, public health and human services department and law department (or any successor department of these departments), or the designees of the directors of City's finance department, public health and human services department and law department (or any successor department of these departments). The Advisory Committee shall be accountable to the Board of Directors of the Community Foundation. The Advisory Committee shall recommend grant distributions from the Fund for the above specified charitable purpose(s), monitor the City's uses of grants distributed from the Fund and recommend to the Board of Directors of the Community Foundation such other actions as it deems appropriate under such rules of procedure as the Advisory Committee may adopt. Community Foundation may act upon receiving and approving the written recommendation of the Chairperson of the Advisory Committee.

5. City also wishes to apply for grants for this Fund from outside funding sources. City acknowledges that because the Fund is administered by Greater Horizons, City shall not apply for any grants using Greater Horizons' charitable status without obtaining prior approval from Greater Horizons. If Greater Horizons

agrees to allow City to apply for grants using its charitable status, Greater Horizons shall review all correspondence with funders or potential funders and shall review and sign all grant applications and grant reports for the Fund before they are mailed to funders or potential funders. City agrees to provide grant applications and grant reports to Greater Horizons at least 30 days prior to their due date. In addition, City acknowledges that in return for Greater Horizons' oversight of the grant process, an additional fee, as determined by Greater Horizons, may be assessed against the Fund. Once Community Foundation of Central Missouri becomes its own charitable tax-exempt entity, then the City will obtain approval from the Community Foundation of Central Missouri prior to applying for any grants using Community Foundation of Central Missouri's charitable status.

6. City hereby acknowledges receipt of the Administrative Fee Schedule, attached hereto as Exhibit A, and accepts the terms of said schedule. City further understands the fee schedule is subject to modification and may be increased or decreased at the sole discretion of Community Foundation's Board of Directors. City agrees to be bound by the most current schedule of fees published by Community Foundation. If the City considers any fee increase to be unreasonable, it may require the Community Foundation to return the balance of the Fund to the City to be used in accordance with the will of John C. Conley.

7. City has received copies and accepts the terms of the "Procedures for the Establishment and Operation of Funds," attached hereto as Exhibit B, and Sections 28 through 40 of the Bylaws of Greater Horizons, attached hereto as Exhibit C. City understands that the Community Foundation, through its duly authorized committees, reserves the right to make the final decision regarding distributions from the Fund.

8. If there are no persons on the Advisory Committee who are available to advise and consult with Community Foundation due to death, resignation, or incapacity to serve, then the Community Foundation shall appoint successor advisors. In the event that the Board of Directors of Community Foundation determines that continued distributions for the above specified charitable purpose(s) have become unnecessary, obsolete, incapable of fulfillment, impractical or inconsistent with the community's charitable needs, Community Foundation shall return the balance of the Fund to the City of Columbia to be used in accordance with the will of John C. Conley or, if that is not possible, for any public purpose.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have hereunto executed this agreement the day and year first above written.

CITY OF COLUMBIA, MISSOURI

By: _____
Mike Matthes, City Manager

ATTEST:

_____
Sheela Amin, City Clerk

APPROVED AS TO FORM:

_____
Fred Boeckmann, City Counselor

COMMUNITY FOUNDATION OF CENTRAL MISSOURI

By: _____
John D. Baker, Executive Director

GREATER HORIZONS

By: _____
Deborah Wilkerson, CEO and President

GREATER HORIZONS℠

ADMINISTRATIVE FEES
TO SUPPORT
GREATER HORIZONS'
MISSION-BASED OPERATIONS

This administrative fee schedule applies to funds at Greater Horizons. The fees, used exclusively to support Greater Horizons' mission, are your contribution to a public charity dedicated to helping donors whose charitable interests reach far and wide.

ANNUAL ADMINISTRATIVE FEES ON THE MARKET VALUE OF FUND ASSETS

.50% on the first $500,000
0.30% on the next $500,000
0.15% on the next $2 million
0.05% on the next $4 million

Funds with assets in excess of $7 million will be charged a flat fee of 0.125% on the total assets. The minimum fee is $250 per year. The fees stated above are the annual fees; fees are charged to the fund monthly based on the average fair market value of assets. For newly established funds, the minimum annual fee is prorated over the remainder of the year.

Funds may be charged for extraordinary direct expenses incurred on behalf of a specific fund, such as commissions for the sale of contributed stock. Greater Horizons may request additional fees for extraordinary services such as special grant processing and review (which may apply pursuant to a contract with Greater Horizons or after the death of the founder(s) of the Fund if no advisors are serving) or other non-standard services.

GREATER HORIZONS
PROCEDURES FOR ESTABLISHMENT AND OPERATION OF FUNDS AND AFFILIATED ORGANIZATIONS

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Adopted 2005
Revised 7/12/2006, 11/28/2006, 11/14/2007, 11/12/08 and 11/11/09

PROCEDURES FOR ESTABLISHMENT AND OPERATION OF FUNDS AND AFFILIATED ORGANIZATIONS

GREATER HORIZONS has established the following procedures in order to carry out its mission:

Connecting donors to the priorities they care about and to the needs of the community, increasing charitable giving and providing leadership on critical community issues.

PART A. RULES GOVERNING ALL FUNDS AND AFFILIATED ORGANIZATIONS

Section 1. *Types of Donors, Funds, Affiliated Organizations and Split-Interest Arrangements*

A Donor may establish with Greater Horizons one or more Funds, Affiliated Organizations and Split-Interest Arrangements. A Fund is an integral part of Greater Horizons; grants are made from each Fund to carry out the charitable purposes specified by the Donor. Affiliated Organizations and Split-Interest Trusts are not Funds and generally constitute separate legal entities. Affiliated Organizations are generally grant-making charitable organizations and Split-Interest Arrangements are ways to make a deferred gift to establish a Fund. Included within these categories are:

a. Eligible Donors

Greater Horizons will accept contributions from the following types of Donors:

1. Individuals and family members
2. Companies/Corporations/Professional Corporations and Firms
3. Nonprofit Organizations
4. Private Foundations
5. Various Branches of Government
6. Collective private groups of concerned citizens and associations
7. Bequests and Trusts

b. Funds

1. Donor Advised Funds
2. Designated Funds
3. Nonprofit Organization Funds
4. Field of Interest Funds
5. Scholarship Funds
6. Unrestricted Funds

c. Affiliated Organizations

1. Affiliated Trusts, Corporations, Foundations and Funds
2. Supporting Organizations

d. Split-Interest Arrangements

1. Charitable Gift Annuities
2. Charitable Remainder Trusts
3. Charitable Lead Trusts
4. Retained Life Estate

Adopted 2005
Revised 7/12/2006, 11/28/2006, 11/14/2007, 11/12/08 and 11/11/09

Section 2. ***Acceptance of Contributions***

a. General Policies and Approval

Requests to establish Funds, Affiliated Organizations or Split-Interest Arrangements with Greater Horizons will be reviewed by the staff (and by the Board of Directors (or a designated committee) if the staff determines such a review is necessary) for consistency with Greater Horizons' charitable purposes and specific charitable needs. The senior management officers of Greater Horizons (i.e., President and Senior/Executive Vice Presidents) have the authority to approve the establishment of individual Funds and affiliated relationships/agreements/contracts. With respect to supporting organizations, the senior management officers have the authority to recommend approval of a particular supporting organization relationship to the Board of Directors, but the Board of Directors (or a designated committee) shall have the final authority to formally approve the relationship by appointing the requisite number of directors to the supporting organization's board.

b. Review and Approval of Contributions

All contributions are subject to the review and approval by Greater Horizons prior to acceptance. Greater Horizons' staff generally has the authority to accept contributions of cash and marketable securities (those that are actively traded and sellable on the open market). A senior management officer of Greater Horizons (i.e., President or Senior/Executive Vice President) before acceptance will review contributions of all other assets that are not readily marketable. Contributions of illiquid assets include but are not limited to closely held securities, limited liability corporations (LLC's), limited partnerships and tangible personal property and require prior approval per gift acceptance policies as established and approved by the Board of Directors (or a designated committee). Contributions of real estate shall be handled by the Real Estate Charitable Foundation, a supporting organization of the Greater Kansas City Community Foundation, and are subject to the review and approval by the board of directors of the Real Estate Charitable Foundation. Contributions that would violate the excess business holdings rule for donor advised funds under the Pension Protection Act of 2006 are generally prohibited, but may be accepted in special circumstances if reviewed and approved by a senior management officer of Greater Horizons.

c. Written Acknowledgment of Acceptance of Contributions

Greater Horizons will provide written confirmation at the time of acceptance of any contribution that is required by the IRS to be documented by an acknowledgment for the Donor's tax return. Greater Horizons, in its discretion, may also provide written confirmation of contributions that are not otherwise required by the IRS to be acknowledged. Contributions not accepted will be returned as soon as practical. The confirmation will include the dollar amount of the contribution of any cash gifts and marketable securities such as publicly traded stocks, bonds and mutual fund shares. Acknowledgement of private securities and other illiquid assets will only include a description of the gift but will not include a dollar value of the donated asset. Donors should obtain a qualified independent appraisal prior to making such a contribution. (The IRS generally requires a donor to obtain a qualified appraisal for illiquid assets no earlier than 60 days before the date of the gift and no later than the due date (including extensions) for the return where the donor first claims a deduction for the gift.)

d. Donor's Counsel

Greater Horizons encourages each prospective Donor to have the terms of all proposed agreements reviewed by the Donor's legal and/or financial advisors. The Donor is advised that it is the Donor's responsibility to obtain any necessary appraisals, file appropriate tax returns, and defend against any challenges to claims of tax benefits.

e. Minimum Initial Contributions

Generally, there is no minimum amount to establish a named Fund.

The minimum amounts to establish a Split-Interest Arrangement are:

1.	Charitable Gift Annuity	$50,000
2.	Charitable Remainder Annuity Trust	$100,000
3.	Charitable Remainder Unitrust	$100,000

The minimum amounts necessary to establish an Affiliated Organization will be mutually agreed upon by the Board of Directors (or its designated committee) and the Donor or the governing body of the Affiliated Organization.

f. Additional Contributions

Additional contributions of cash and actively traded marketable securities to an established Fund may be made in any amount at any time. Gifts of other assets (illiquid assets) require advanced approval per gift acceptance policies approved by the Board of Directors (or a designated committee) (see Section 2.b. above). However, federal tax laws prohibit additional contributions to a charitable remainder annuity trust or a charitable gift annuity. In these cases, a new trust or annuity agreement will be necessary.

g. Contributions are Irrevocable

Any contribution made to Greater Horizons, once accepted, represents an irrevocable charitable contribution to Greater Horizons. Contributions to Greater Horizons are not refundable.

h. Donor Restrictions on Use of Property

Federal tax laws provide that a Donor to Greater Horizons may not impose any "material restriction" (a term defined in the Treasury Regulations), which prevents Greater Horizons from freely and effectively employing the contributed assets, or the income derived there from, in furtherance of its charitable purposes. Any restriction (beyond the specified charitable purposes stated in the instrument of transfer) sought to be imposed by a Donor is subject to review and approval by Greater Horizons.

i. Policy to Sell Contributed Property

The general policy of Greater Horizons is to sell all contributed property as soon as practical after receipt so as to minimize market risk. For non-publicly traded securities or other assets for which no readily liquid market exists, Greater Horizons will exercise discretion as to the timing and price of sales. Closely held stock or other assets for which no readily liquid market exists that are retained for any reason and that are valued in excess of $1,000,000 (or, in the aggregate, are of material value compared to the other assets of Greater Horizons), shall be revalued using a qualified appraisal every three (3) years from the date of the gift to Greater Horizons. The cost of the qualified appraisal shall be an expense of the Fund, Affiliated Organization or Split-Interest Arrangement holding such asset. Any costs incurred by Greater Horizons necessary for the disposition of securities and other assets (i.e., legal and appraisal fees) and for the management of such assets prior to disposition will be an expense of the Fund. Exceptions to this general policy will be made only in unusual circumstances and only with the prior approval of a senior management officer of Greater Horizons (i.e., President or Senior/Executive Vice President) and in accordance with policies as established and approved by the Investment Committee.

j. Tax Deduction vs. Net Proceeds from Sale of Contributed Property

An individual for income tax purposes can deduct a charitable contribution only in the year in which the contribution is actually paid or ownership has transferred (excess contributions above adjusted gross income

percentage limitations may be carried forward for up to five additional years). Tax laws generally provide rules on how the value of the contribution deduction is to be determined. Gifts to Greater Horizons are deductible at the highest "public charity" level allowed by law. Please see the Appendix for a further explanation of tax laws governing charitable contributions.

The value of the contribution for tax deduction purposes may vary from the net proceeds realized by Greater Horizons upon the sale of the contributed property. Donors are encouraged to consult with their professional tax advisors to determine the appropriate value for tax deduction purposes.

k. Confidentiality

All agreements with Donors and all information concerning Donors and prospective Donors shall be held in strict confidence by Greater Horizons, subject to legally authorized and enforceable requests for information by government agencies and courts. All other requests for or releases of information concerning a Donor will be honored or allowed only if permission is obtained from the Donor prior to release of such information.

Section 3. ***Investment Policies***

Greater Horizons' investment program shall seek to provide competitive market returns with reasonable levels of risk. The officers of Greater Horizons so empowered or the Investment Committee shall direct the investments of these Funds consistent with the objective. Copies of Greater Horizon's investment program and policies are available to any interested party upon request.

Generally, if a particular investment portfolio is not recommended by the Donor, Donor Advisor(s) or Advisory Committee as provided below, Funds shall be invested in Greater Horizons' money market pool. If a Donor, Donor Advisor(s) or an Advisory Committee is interested in having all or a portion of a Fund invested in a particular investment portfolio provided by Greater Horizons, then the current Donor, Donor Advisor(s) or Advisory Committee may make an appropriate recommendation to Greater Horizons in accordance with the policies and procedures approved by the Investment Committee. Such recommendations are advisory, and Greater Horizons will exercise independent authority over the investments of the principal and income of each Fund. Segregated asset accounts may be permitted, with advanced approval. The Fund holding such accounts shall pay the direct costs of such arrangements, including additional administrative costs.

Section 4. ***Administrative Expenses***

Each Fund, Affiliated Organization and Split-Interest Arrangement will be charged its equitable share of Greater Horizons' expenses in accordance with the current administrative fee schedule as approved by the Board of Directors (or a designated committee). If an expense is directly associated with a specific Fund, Affiliated Organization or Split-Interest Arrangement, then the expense will generally be directly charged to the applicable fund. The current Greater Horizons fee schedule is available to any interested party upon request.

Section 5. ***Charitable Purpose***

For purposes of these Procedures, a "charitable purpose" is an educational, religious, scientific, literary, public or other purpose permitted to be carried on by organizations described in Sections 170(c)(1) and 170(c)(2)(B) of the Internal Revenue Code of 1986, as amended.

Section 6. ***Educational Program***

Greater Horizons' mission and activities and the needs of the community will be well served by active promotion and community education concerning such activities and needs. Greater Horizons shall conduct an educational program by publicizing these procedures and the specific charitable needs to be supported by its Funds and Affiliated Organizations. The education program may be conducted as part of a larger effort of

Greater Horizons to educate the public concerning the scope of the charitable activities and services of Greater Horizons.

Section 7. ***Amendments***

The Procedures for Establishment and Operation of Funds and Affiliated Organizations may be amended by a majority vote of the Board of Directors (or a designated committee) at any regular or special meeting.

PART B. FUNDS

Section 1. ***Types of Funds***

Funds are categorized by their charitable purpose and by how the assets are administered.

a. Categorization by Charitable Purpose

1. *Donor Advised Funds*: the Donor, Donor Advisor(s) or Advisory Committee may recommend charitable grant recipients from time to time.

2. *Designated Funds*: this type of fund is created to ensure that support will be provided to one or more specific charitable organizations named by the Donor(s).

3. *Organization Funds*: this type of fund is established by nonprofit charitable organizations to help manage endowment assets and/or special project funds.

4. *Field of Interest Funds*: this type of fund allows the Donor to support an area of charitable interest, defined broadly (such as education) or narrowly (such as advanced vocal music training). A Donor can also select a defined geographic area or specific community to benefit from grant distributions.

5. *Scholarship Funds*: Donors can support worthy students at an institution (high school, college, technical), students in a particular field of study, students from a particular geographic area, or students who have attended a specific high school or school district, provided that the students are selected through an objective and non-discriminatory competitive selection process.

6. *Unrestricted Funds*: Donors may choose an unrestricted fund that allows Greater Horizons to determine where annual grant distributions will do the most good.

b. Categorization by Administration of Assets

1. Integral Funds, where the assets are managed by Greater Horizons (the general rule); and

2. Component Funds, where the Donor has designated a trustee, custodian, or agent to have custody of and administer the assets in the Fund and Greater Horizons has accepted this arrangement.

   As is required by the federal tax regulations, the financial reports and audited financial statements will treat all Integral and Component Funds as funds of Greater Horizons.

Section 2. ***General Policies***

Each Fund, whether administered directly by Greater Horizons or through a separate trust, custodial account or agency agreement, shall be considered part of (and legally owned by) Greater Horizons and shall be governed by its Articles of Incorporation, Bylaws and by these Procedures. Funds will generally be administered directly by Greater Horizons but a Donor may request to have a Component Fund. Regardless of the form of administration, Greater Horizons is vested with ultimate authority and control over the principal and income of each Fund.

Section 3. ***Donor May Select Name of Fund***

Each Fund will be named as the Donor wishes. However, Greater Horizons reserves the right to reject names that it finds objectionable.

Section 4. ***Distributions***

a. Grants Shall Follow Donor's Intent

Grants will be made from each Fund consistent with the instructions given by the Donor at the time that the Fund was established. If, however, (1) the Donor's instructions are contrary to the Articles of Incorporation, Bylaws or Procedures, or (2) the "variance power" (described below in Sections B.5; B.8(b); B.9(b); B10(b); and B.11(b)) is exercised, then the Donor's instructions shall be modified to a degree that is necessary for compliance with these Procedures. To the extent practicable or feasible, the Board of Directors shall distribute amounts for purposes that are consistent with the Donor's charitable interests. Greater Horizons is vested with ultimate authority and control over the principal and income of each Fund.

b. Grants Will Normally Identify the Name of the Fund

Unless otherwise requested by the Donor Advisor, any distribution shall identify the name of the Fund from which it is made.

c. Grants Must Not Provide a Financial Benefit to Donor

Greater Horizons will not make a grant that provides a financial benefit to a Donor, Donor Advisor, Advisory Committee member, any person in whose honor a Fund is created or named, or any related party to such a person (for purposes of this Manual, a "related party" shall include (i) any family member of such person (i.e., such person's spouse, ancestors, children, grandchildren, great-grandchildren, brothers, sisters and any of their spouses) and (ii) any entity in which such a person or a combination of such persons owns more than 35% of the combined voting power, profits interest or beneficial interest). (The preceding sentence does not apply to grants made out of an Organization Fund to the Organization for which the Fund was established.)

Distributions from Greater Horizons may not be used in whole or in part for any pre-existing legally binding pledge or for any private benefit such as dues, membership fees, benefit tickets or tables at fund-raising dinners, or goods and services bought at charitable auctions.

Greater Horizons may make grants that provide a Donor, Donor Advisor(s), Advisory Committee member or related party with name recognition and such other benefits that the Internal Revenue Service has recognized as not providing the Donor with a financial benefit.

d. Other Limits on Distributions

Additional rules apply to funds classified as "donor advised funds" under the Pension Protection Act of 2006. The legal definition of a donor advised fund under this law is a fund or account that (i) is separately identified by reference to contributions of a donor or donors; (ii) is owned and controlled by a "sponsoring organization" (i.e., Greater Horizons); and (iii) the donor (or any person appointed or designated by the donor – a "donor advisor") has, or reasonably expects to have, advisory privileges with respect to the distribution or investment of amounts held in the fund or account by reason of the donor's status as a donor. This definition could include funds that Greater Horizons has classified as Donor Advised Funds, Designated Funds or Field of Interest Funds.

Greater Horizons will not make any grant, loan, compensation or similar payment (including expense reimbursement) to a Donor, Donor Advisor, Advisory Committee member, any person in whose honor a

Fund is created or named or any related party from any fund that is classified as a donor advised fund under the law.

Effective January 1, 2007, Greater Horizons will also not make any grant to an individual from any fund that is classified as a donor advised fund under the law.

Also effective January 1, 2007, if a distribution is proposed from any fund that is classified as a donor advised fund under the law to a non-charitable entity or to a Type III supporting organization that is not "functionally integrated" with Greater Horizons as defined by law, then such distribution will not be allowed until it has been reviewed by a senior management officer of Greater Horizons (i.e., President or Senior/Executive Vice President) and, if required by law, procedures are in place so that Greater Horizons can exercise "expenditure responsibility" over such distribution. Expenditure responsibility generally requires Greater Horizons to exert all reasonable efforts and establish adequate procedures to (i) see that the distribution is spent solely for the charitable purpose for which it is made, (ii) obtain full and complete reports from the distributee regarding the use of such distribution and (iii) make full and detailed reports regarding such distribution to the Secretary of the Treasury.

e. Donor Generally Cannot Control Timing of Grants

The ultimate right to direct the timing and amount of all distributions of income or principal from any Component Fund is vested in the Board of Directors. As is required by federal tax regulations, a Donor may not reserve the right to direct the timing of distributions from the Fund. However, a Donor can specify in the instrument of transfer:

1. That some or all of the principal (as opposed to income or specific assets) may not be distributed for a specified period of time.
2. That distributions are limited to income only.
3. That distributions should be made annually (or more frequently).

If distributions are limited to income, and unless otherwise specified in the instrument of transfer, income shall be annually computed based on the current spending policy of Greater Horizons (i.e. currently 5% of the average past three year-end Fund asset balances).

f. Board May Identify Specific Charitable Needs of the Community

In fulfilling that part of Greater Horizons' mission of providing leadership on critical community issues, the Board may enumerate specific charitable needs and specific organizations that it deems are most deserving of support.

Section 5. ***Variance Power And Monitoring Function***

a. Greater Horizons to Follow General Donor Intent if Variance Power is Exercised

If the Board of Directors exercises the variance power described in Section B.8(b), B.9(b), B.10(b), or B.11(b) to modify a Designated Fund, Organization Fund, Field of Interest Fund, or Scholarship Fund, or if the privilege of the Donor, Donor Advisor(s) or Advisory Committee and other persons designated to make recommendations from a Donor Advised Fund has been terminated in accordance with Section B.7, then the Board of Directors shall convert the Fund into its choice of either an Unrestricted Fund or a Field of Interest Fund. To the extent practicable or feasible, the Board of Directors shall distribute charitable grants from the converted Fund for purposes that are consistent with the original Donor's charitable interests.

b. Fund To Keep Donor's Name If Variance Power Exercised

Generally the Fund shall retain the name given by the Donor unless the Board of Directors, in its discretion, has chosen to deposit all of the Fund's assets into the General Fund.

c. Greater Horizons to Monitor Beneficiary's Performance of Terms of Grant.

In addition to the Monitoring Functions hereinafter stated, the Board of Directors through the Board Committees and the Staff may periodically review the effectiveness with which agencies that receive grants from Funds and Affiliated Organizations are performing their responsibilities in the utilization of these grants toward attainment of Greater Horizons' and the Donor's objectives. Where necessary, the Board shall initiate corrective action.

Section 6. ***Advisory Committees of Funds***

a. General Rules

A Donor or the Board of Directors may appoint an Advisory Committee for a Donor Advised, Designated, Nonprofit Organization or Unrestricted Fund.

With respect to a Field of Interest Fund, the Donor may recommend an Advisory Committee (which may include the Donor) to be appointed by Greater Horizons in which case the senior management officers of Greater Horizons (i.e., President and Senior/Executive Vice Presidents) shall have the authority to appoint the Advisory Committee on behalf of the Board of Directors of Greater Horizons.

The rules governing an Advisory Committee for a Scholarship Fund are set forth in Section B.11(a)3 below.

The Advisory Committee may make recommendations to the Board of Directors concerning grants from the Fund and any other matters that it deems of importance. Generally, each Advisory Committee should select one person who will have the authority to transmit the Advisory Committee's recommendations to Greater Horizons.

b. Usually Majority Vote Is Required

Unless contrary instructions have been made by the Donor or by Greater Horizons, whenever two persons are designated to make recommendations they shall act by unanimous consent; whenever more than two persons are so designated, then a recommendation by a majority of such persons shall constitute an effective recommendation for consideration by Greater Horizons. Otherwise, each committee may operate under such procedures as it finds appropriate.

c. Authority to Act as Agent of Greater Horizons Restricted

Greater Horizons generally encourages Donors to solicit contributions to Greater Horizons and its Funds. However, no person has the authority to act as the agent of Greater Horizons unless he or she has received express written authority from Greater Horizons. In particular, Greater Horizons does not authorize any volunteer or advisor to accept contributions on its behalf, to commit Greater Horizons resources to any activity, or to engage in fundraising activities in the name of Greater Horizons or on behalf of any of its Funds without written permission from the Board of Directors or an authorized employee.

Greater Horizons is generally supportive of charitable activities that benefit the residents of this region. The restrictions in this section are necessitated, in part, because of compliance with tax and other laws that require disclosure of benefits associated with charitable contributions as well as contemporaneous written acknowledgements to certain Donors of contributions (the failure for which could subject Greater Horizons and its Funds to fines and penalties). We need to be informed about activities being done in the name of Greater Horizons (and its Funds) and to monitor any obligations associated with those activities.

d. Fund raising

Greater Horizons will not sponsor any fund raising or other events for any Fund, and will not be responsible for the collection of any amounts from any parties but will only be responsible for the proper disbursement

of funds actually received. Any advertising, promotional or other materials must be consistent with this policy.

Donors, Donor Advisors and Advisory Committees must observe the following fundraising policies of Greater Horizons:

1. If the fundraising activity is designed to benefit a particular organization that is already incorporated with its own tax-exempt status, then all fundraising activities shall be conducted under that organization's tax-exempt status and taxpayer identification number. Any net proceeds can then be transferred from the separate tax-exempt entity to a Fund at Greater Horizons.

2. If the fundraising activity is designed to benefit an unincorporated organization or program, the Advisor(s) or Advisory Committee must contact Greater Horizons before initiating any fundraising activity to discuss potential IRS requirements and insurance liability. The general procedure for holding special events such as a benefit, ball, banquet or athletic event shall be as follows:

    a. obtain written approval from Greater Horizons to conduct the event in advance of the planned fundraising activity;

    b. obtain advance approval from Greater Horizons for all publicity and solicitations for the event to assure compliance with IRS regulations; and

    c. complete an application for special event liability insurance. This application form is provided by Greater Horizons and will be sent to our insurance company, which will determine the insurability of the fundraising effort and the insurance premium to be paid by the Fund.

Failure to follow these procedures could subject Greater Horizons, Donors, Donor Advisors or Advisory Committee members and the particular Fund involved, to penalties, fines and liability.

e. Divorce/Separation of Current Donor Advisors

This policy generally will only affect current Donor Advisors whereby either husband and/or wife (spouse) may request grant distributions from a Fund.

In the event a husband and wife serve as the only members of an Advisory Committee to a Fund, and a legal action for divorce, separation or annulment is pending between the husband and wife, Greater Horizons may, upon receiving notice of such action:

1. suspend processing any grant distribution recommendation for such Fund(s) unless and until the husband and wife both agree in writing to approve the grant distribution recommendation, or

2. suspend processing any grant distribution recommendations for such Fund(s) unless and until the husband and wife have jointly agreed in writing to an alternative procedure, acceptable to Greater Horizons, to provide for the future administration of such Fund(s). Subject to the approval of Greater Horizons, the husband and wife may jointly authorize Greater Horizons to bifurcate any Fund(s), designating husband or other successor Advisor to serve as the Advisory Committee to one of the successor Fund(s) and designating wife or other successor Advisor to serve as the Advisory Committee to the other successor Fund(s) created as a result of bifurcation.

In the event that husband and wife cannot jointly agree as provided above and no divorce decree, order of legal separation, order of annulment, property settlement agreement, agreement of the parties or other legal order has been entered or approved which would otherwise resolve the issue to the satisfaction of Greater Horizons, Greater Horizons may, in its sole discretion, bifurcate any Fund(s) so affected into equal shares and designate husband to serve as the Advisory Committee to one of the successor Fund(s) and designate wife to serve as the Advisory Committee to the other successor Fund(s) created as a result of bifurcation.

However, Greater Horizons shall not take such action until at least six months have transpired since the date upon which the action for divorce, separation or annulment was filed with the court of record.

Section 7. ***Special Rules for Donor Advised Funds***

a. Establishment and Purpose

A Donor may establish a Donor Advised Fund whereby the individual Donor(s) and/or designated Advisors, retain a lifetime privilege to recommend charitable grant recipients to Greater Horizons. Corporate Donor Advised Funds may continue to advise on charitable distributions as long as the Corporation continues to operate.

b. Distributions from Donor Advised Funds

Donors and/or Donor Advisors may make written recommendations of grants to tax exempt charitable organizations described in Section 501(c)(3) of the Internal Revenue Code, other than private non-operating foundations. Charitable organizations must be public charities as described in Sections 509(a)(1) or 509(a)(2) of the Internal Revenue Code, supporting organizations described in Sections 509(a)(3) of the Internal Revenue Code or operating private foundations. As provided in the Internal Revenue Code and Regulations, the Board of Directors has the absolute right to direct all distributions of income and/or principal from Donor Advised Funds.

c. Minimum Grant Amount from Donor Advised Funds

The Board of Directors may designate a minimum grant amount for Donor Advised Funds.

d. Eligible Advisors During the Donor(s)' Lifetime

Recommendations for distributions shall be subject to the following rules:

1. Generally the Donor(s) may designate any adult (i.e., at least age 18) person(s) to have the privilege of making recommendations throughout the lifetime of the Donor or his or her spouse, unless earlier terminated by resignation or incapacity. Donor(s) may designate additional and/or alternative Advisors at anytime during the Donor(s)' lifetime.

2. A Donor other than an individual, such as a corporation, partnership or trust, will not be subject to a time limit for its privilege to make recommendations.

e. Successor Advisors After the Death of Donor(s)

1. The Donor(s) may designate one or more adult (i.e., at least age 18) person(s) to have the privilege of making recommendations throughout their lifetimes, unless earlier terminated by resignation or incapacity. If more than one person is named, then the successor Advisors shall operate under the rules governing Advisory Committees described in Section B.6.

2. Subject to the terms of the instrument of transfer, each successor Advisor to the Fund that was designated by the Donor may likewise designate a successor Advisor to act in his or her place (who in turn may designate a successor Advisor to act in his or her place, and so on).

f. Option to Split Funds for Successor Advisors

If a Donor has designated successor Advisors and if the charitable interests of the successor Advisors are sufficiently diverse, then Greater Horizons may, with the consent of the successor Advisors and subject to the terms of the Donor's instrument of transfer, divide the Donor Advised Fund into multiple Donor Advised Funds and limit each successor Advisor's advisory privilege to a separate Fund.

g. Conversion of Donor Advised Fund After Advisory Privilege Ends

Upon termination of the advisory privilege, a Donor Advised Fund will be converted at the discretion of Greater Horizons to an Unrestricted Fund or a Field of Interest Fund as provided for in Part B, Section 5.

Section 8. ***Special Rules for Designated Funds***

a. Establishment and Purpose

A Donor may establish a Designated Fund for one or more public charities described in Sections 509 (a) (1) or (a) (2) of the Internal Revenue Code or supporting organizations described in Sections 509 (a) (3) of the Internal Revenue Code. Examples include a school, not-for-profit hospital, social service agency, performing arts organization, or a religious organization.

b. Monitoring Function and Variance Power

Greater Horizons shall monitor the performance of the designated charitable organization to determine that it is using payments for charitable purposes consistent with Greater Horizons' purposes and the Donor's intention at the time the contribution was made. If the Board of Directors determines that continued payments for the designated organization have become unnecessary, obsolete, incapable of fulfillment, impractical or inconsistent with the community's charitable needs the Board may, in its discretion, select an alternative public charity with a similar mission and charitable purpose of the original Designated Charity as specified in the instrument of transfer or convert the Designated Fund to an Unrestricted Fund or Field of Interest Fund. The Fund shall then continue in accordance with the provisions of Section B.5.

Section 9. ***Special Rules for Organization Funds***

a. Establishment and Purpose

A Donor is a Nonprofit Charitable Organization as described in Sections 509(a) (1) or (a)(2) of the Internal Revenue Code, which specifies the establishing organization as the grant recipient of the Fund. An Organization may establish an Organization Fund for one or more public charities described in Sections 509 (a) (1) or (a) (2) of the Internal Revenue Code or supporting organizations described in Sections 509 (a) (3) of the Internal Revenue Code. Examples include a school, not-for-profit hospital, social service agency, performing arts organization, or a religious organization.

b. Monitoring Function and Variance Power

Greater Horizons shall monitor the performance of the designated charitable organization to determine that it is using payments for charitable purposes consistent with Greater Horizons' purposes and the Donor's intention at the time the contribution was made. If the Board of Directors determines that continued payments for the designated organization have become unnecessary, obsolete, incapable of fulfillment, impractical or inconsistent with the community's charitable needs the Board may, in its discretion, select an alternative public charity with a similar mission and charitable purpose of the original Designated Nonprofit Charitable Organization as specified in the instrument of transfer or convert the Organization Fund to an Unrestricted Fund or Field of Interest Fund. The Fund shall then continue in accordance with the provisions of Section B.5.

Section 10. ***Special Rules for Field of Interest Funds***

a. Establishment and Purpose

A Donor or Greater Horizons may establish a Field of Interest Fund from which payments are made for a specific charitable purpose (field of interest). The specified purpose may be broad, such as support of

education, health care or arts and humanities; or narrow, such as the prevention of child abuse. Field of Interest Funds may also be established for specific geographic areas such as neighborhood, section of city, county or metropolitan area. Any proposed Field of Interest Fund that is intended to provide aid to individuals who have suffered loss as a result of a catastrophic disaster shall be reviewed and approved in advance by Greater Horizons' corporate counsel to ensure compliance with additional Internal Revenue Service rules governing disaster relief funds. In short, disaster relief funds must have a sufficiently large or indefinite pool of grantees and recipients must be selected based on a written and objective determination of need that is reviewed by an independent selection committee that is controlled by a staff member of Greater Horizons in a manner similar to that described for Scholarship Funds below.

b. Monitoring Function and Variance Power

The Board of Directors shall periodically evaluate all Field of Interest Funds. If the Board determines that continued payments for the specified charitable purpose have become unnecessary, obsolete, incapable of fulfillment, impractical, or inconsistent with the community's charitable needs, the Board in its discretion, may change the field of interest of the Fund or convert it to an Unrestricted Fund. The Fund shall then continue in accordance with the provisions of Section B.5.

Section 11. ***Special Rules for Scholarship Funds***

a. Establishment and Purpose

A Donor or Greater Horizons may establish a Scholarship Fund from which grants are made for travel, study or other similar purposes to support one or more worthy recipients, provided that the recipients are selected through an objective and non-discriminatory competitive selection process.

Scholarships must be awarded in accordance with a selection process that is consistent with Greater Horizons' tax-exempt status and consistent with the allowance of tax deductions for individuals making contributions to Greater Horizons. In addition, the selection process must include the following:

1. A sufficiently broad pool of potential grantees. The pool of scholarship applicants must be sufficiently broad so that the making of grants to the members of the group will be considered as furthering a charitable purpose and not merely benefiting private interests. However, if the scholarship program requires the selection of an exceptionally qualified individual to carry out its purposes and the pool of such individuals is small, the Fund shall include documentation of the efforts made to determine qualified members of the class of potential recipients. Any proposed limitation on the pool of grantees that is based on race or any other characteristic that the Internal Revenue Service might deem to be counter to public policy and inconsistent with Greater Horizons' tax exempt status shall be reviewed by Greater Horizons' corporate counsel.

2. Objective and non-discriminatory selection criteria. The criteria used in selecting scholarship recipients shall be objectively related to the purpose of the scholarship and applied equally to all applicants. Criteria might include, but need not be limited to: prior academic performance, recommendations from professors, financial need, or evidence of an applicant's motivation, character, ability and potential. The specified criteria may be broad, such as attending any institution of higher learning at the discretion of the student, or narrow, such as a specific major at a specified named institution. Scholarship Funds may also be established for specific geographic areas such as a neighborhood, section of city, county or metropolitan area. Scholarships may be awarded for students to attend a specific institution (elementary through high school, college, technical); students in a particular field of study or major; students from a particular geographic area; or students who have attended a specific high school or school district.

3. A sufficiently independent selection committee. The Donor may designate Greater Horizons to serve as the selection committee to review scholarship applications and select recipients. Alternatively, the Donor may recommend an Advisory Committee (which may include the Donor)

to be appointed by Greater Horizons in which case the senior management officers of Greater Horizons (i.e., President and Senior/Executive Vice Presidents) shall have the authority to appoint the Advisory Committee on behalf of the Board of Directors of Greater Horizons. The Advisory Committee will review scholarship applications and select scholarship recipients, in which case the manager of scholarship funds for Greater Horizons shall control the Advisory Committee by having the equivalent of a supermajority vote on the Advisory Committee. The manager of scholarship funds for Greater Horizons shall have the ultimate authority to select the scholarship recipients and the Donor, Donor Advisor(s) and any persons related to the Donor or Donor Advisor(s) shall not directly or indirectly control the Advisory Committee. Donors who recommend Advisory Committees for Scholarship Funds shall strive to recommend individuals who are familiar with the community and who have expertise relevant to the selection process.

b. Employer-Sponsored Scholarship Funds

Any proposed Scholarship Fund that will be sponsored by an employer and awarding scholarships to employees or family members of employees shall be reviewed and approved in advance by Greater Horizons' corporate counsel to ensure compliance with additional Internal Revenue Service rules governing such scholarship programs.

c. Other Permitted Grants to Individuals

In addition to scholarship grants for study at an educational institution described in Section 170(b)(1)(A)(ii) of the Internal Revenue Code (i.e., an educational institution which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students at the institution), Scholarship Funds may also provide for (1) grants to individuals that constitute a prize or award if the recipient is chosen from the general public and without any action on the recipient's part, the recipient is not required to render substantial services as a condition of receiving the prize or award and the prize or award otherwise complies with Section 4945(g)(2) of the Internal Revenue Code; or (2) grants to individuals that are made for the purpose of achieving a specific objective, producing a report or other similar product, or improving or enhancing a literary, artistic, musical, scientific, teaching or other similar capacity, skill or talent of the recipient as provided in Section 4945(g)(3) of the Internal Revenue Code.

d. Monitoring Function and Variance Power

The Board of Directors shall periodically evaluate all Scholarship Funds. If the Board determines that continued payments for the specified charitable purpose have become unnecessary, obsolete, incapable of fulfillment, impractical, or inconsistent with the community's charitable needs, the Board in its discretion, may change the scholarship criteria of eligibility or convert it to an Unrestricted Fund. The Fund shall then continue in accordance with the provisions of Section B.5.

e. Conflict of Interest

No scholarship award shall be made to a Donor's family member including direct ancestors and direct lineal descendents, spouse, and other relatives including brothers, sisters, nieces, nephews, aunts, uncles, cousins, and their respective spouses and children. Non-donor Advisory Committee members shall also adhere to the same policy regarding scholarship recipients awarded to Advisory Committee family members.

Section 12. ***Special Rules for Component Funds***

The tax regulations provide that in order for a trust to be treated as a component part of a community foundation (rather than a separate trust), the following requirements must be met:

a. The terms of the trust instrument and the Donor's instrument of transfer must subject the trust to the operation of the Articles of Incorporation and Bylaws of Greater Horizons;

b. Greater Horizons must have the power to modify any restriction or condition on the distribution of assets for any specified charitable purpose or to any specified organization if, in the sole judgment of the Board of Directors, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served;

c. Greater Horizons must have the power to replace the trustee for breach of fiduciary duty under state law;

d. Greater Horizons must have the power to replace any participating trustee for failure to produce a reasonable return of net income over a reasonable period of time;

e. The Donor may not impose any "material restriction" (as that term is defined in the Treasury regulations) with respect to the transferred assets; and

f. Greater Horizons must accept the contribution.

PART C. AFFILIATED ORGANIZATIONS (OTHER THAN SUPPORTING ORGANIZATIONS)

Section 1. *Establishment and Purpose*

a. Definition and Tax Status

A trust, foundation, corporation or fund may become an Affiliated Organization by receiving services from Greater Horizons that further its charitable interests. Unless it becomes a Supporting Organization of Greater Horizons (described below in Part D), it will retain its independent tax status (for example, as a private foundation or as a public charity).

b. Process for Affiliation.

A trust, foundation, corporation or fund may become an Affiliated Organization by applying to the Board of Directors. The Board, or its designated committee, will review the application to assure that the organization's purposes are consistent with the charitable purposes of Greater Horizons and its specific charitable needs. Specific details of the Affiliation are negotiable between the Board of Directors of Greater Horizons and the Trustees of the organization or trust seeking to affiliate with Greater Horizons. Once accepted, the Affiliated Organization will continue to retain control over charitable disbursements.

Section 2. *Services Available*

The scope of services shall be mutually agreed upon by the Board of Directors and the Trustees, Directors or Advisors (hereafter Trustees) of the Affiliated Organization or Trust of Greater Horizons. These services may include reviewing and investigating requests for funding, recommending a course of action on such requests, originating programs for consideration by the Trustees, making disbursements, monitoring and evaluating grants, and preparing reports.

Section 3. *Termination of Affiliation*

Either the Board of Directors of Greater Horizons or the Trustees of the Affiliated Organization may terminate the affiliation relationship upon such notice as is prescribed in the affiliation agreement.

PART D. SUPPORTING ORGANIZATIONS

Section 1. *Establishment and Purpose*

a. Definition and Tax Status

A supporting organization is:

1. A charitable corporation or trust
2. Classified by the IRS as:
   (a) a Section 501(c)(3) charity, and
   (b) as a public charity (rather than a private foundation) because it supports a publicly supported charity, such as a community foundation.

The tax laws provide that a supporting organization will be a public charity, even if all contributions have come from related parties or even if it has not received any contributions over a period of years (either situation would normally cause a charity to be a private foundation).

b. Technical Requirements Under The Tax Laws

In order to be a supporting organization of Greater Horizons under Section 509(a)(3) of the Internal Revenue Code, the establishing Donor seeking supporting organization status must prove to the IRS that it:

1. Is organized to support Greater Horizons,
2. Is not controlled by "disqualified persons",

   Disqualified persons include substantial contributors to the supporting organization (donors who gave more than 2% of the organization's total contributions), members of that person's family and businesses controlled by the person. By law, they cannot have 50% or more of the voting power of the governing body or a veto power over the actions of the organization since that would constitute "control."

3. Is operated, supervised, or controlled "by" or "in connection with" Greater Horizons.
   (a) "by" means that Greater Horizons appoints a majority of the governing body of the supporting organization,

   -or-

   (b) "in connection with" is a much more complicated procedure by which the supporting organization must show that:
      i. Greater Horizons appoints at least one member of the governing body of the supporting organization, and
      ii. Through its operations, the supporting organization does either one of the following:
         1. Engages in activities that Greater Horizons would otherwise do itself but for the supporting organization, or

2. Distributes 85% or more of its income to or for the use of Greater Horizons in such a way that Greater Horizons is "attentive" to the supporting organization.

c. Tax Advantages of Supporting Organization

1. Avoid Private Foundation Taxes and Administrative Requirements

By being rid of its private foundation status, a supporting organization is free from private foundation excise taxes and administrative requirements of a non-operating private foundation.

2. Greater Tax Benefits for Donors

A donor to a supporting organization can frequently claim greater tax benefits than if the same property was given to a private non-operating foundation:

i. A larger tax deduction for gifts of real estate or closely held stock (fair market value vs. cost basis).
ii. A larger deduction can be claimed each year, if the donor is subject to the annual charitable deduction limitation.

Section 2. ***Policies Applicable to a Supporting Organization***

The terms of the relationship to become a supporting organization of Greater Horizons and the benefits and services that one organization may provide to the other shall be mutually agreed upon by the governing bodies of both organizations. In general, this relationship requires the active oversight and involvement of Greater Horizons. Consequently, the following information must be obtained from the supporting organization:

1. Copies of the organization's articles of incorporation and bylaws, if in corporate form, or trust instrument, if in trust form, and tax exemption letter from the Internal Revenue Service.
2. Copies of all board meeting notices and minutes of the board meetings;
3. Notification when any board member appointed by Greater Horizons finishes his or her term, resigns or otherwise ceases to serve;
4. Financial reports at least quarterly (unless all of the supporting organization's assets are already held at Greater Horizons);
5. Copies of all account statements upon request of Greater Horizons (if the supporting organization's assets are not all held at Greater Horizons);
6. Copies of the annual 990 reports to the Internal Revenue Service; and
7. Information concerning all grants so that the grants can be processed through Greater Horizons.

In return, Greater Horizons' role is to provide the supporting organization with the following primary services (additional services may be separately negotiated):

1. Appointment of the requisite number of members to the supporting organizaton's board as required by the organization's governing document(s);
2. Periodic financial statements;
3. Access to on-line tools provided to donors by Greater Horizons;
4. Information upon request regarding grant-making opportunities; and
5. The processing of all grants.

The tax laws require that organizational documents (articles of incorporation or trust instrument) of the supporting organization must (1) specify that Greater Horizons will be the supported organization and (2) specify charitable purposes that are supportive of, and not broader than, those of Greater Horizons. In addition, the supporting organization's activities must support Greater Horizons. This does not mean that the supporting organization must pay all (or any) of its income to Greater Horizons. It may, instead, make grants to other charities and for charitable programs that are in furtherance of Greater Horizons' charitable purposes. However, as discussed above, Greater Horizons generally requires a supporting organization to process all grants through Greater Horizons.

Section 3. ***Termination of Relationship***

Either the Board of Directors or the Governing Body of the supporting organization may terminate the relationship upon such notice as is prescribed in the agreement between Greater Horizons and the supporting organization. Termination may cause the supporting organization to lose its public charity tax status and be reclassified as a non-operating private foundation.

PART E. SPLIT-INTEREST ARRANGEMENTS

Section 1. ***Establishment and Purpose***

a. Overview of Advantages To Donors

Split-interest arrangements are sometimes referred to as "deferred gifts". They generally pay income to a Donor (or someone else who is named by the Donor) over the person's life and then distribute the assets to a charity upon death.

Such gifts produce estate tax savings when made as part of an estate plan. Lifetime gifts provide several tax benefits that make them very attractive to Donors who have appreciated property:

1. Estate tax savings, since the property will not be included in the Donor's taxable estate at the time of death (if it is, then there is an offsetting charitable deduction).
2. An income tax deduction for the present value of the remainder interest that will ultimately pass to the charity after the income interest has expired.
3. Probably of greatest importance, an annual income flow (which may be paid in more frequent intervals) to the Donor(s) during the Donor(s)' lifetime(s) that is not reduced by any capital gain tax that would have been imposed had the Donor sold the property.
4. No capital gains tax liability is incurred upon the transfer of appreciated property the deferred gift vehicle.
5. The Donor can diversify investments without incurring capital gains tax liability.
6. Provides great asset protection for the Donor and spouse.

b. Definitions

1. Charitable Gift Annuities (Immediate or Deferred)- A contract with Greater Horizons to receive a fixed dollar amount each year over a person's life; the annuity contract must meet the tax requirements of Section 514(c)(5) of the Internal Revenue Code. Payments are generally based upon the American Council on Gift Annuities approved tables in effect at the time that the gift is made.

   The rate of return the Donor(s) receives depends upon the age (and, if applicable, the age of the spouse) at the time of the gift. The older the Donor, the higher the rate of return will be. Payments may be made annually or in more frequent intervals. The remaining proceeds are distributed to a named charitable Fund established by the Donor at Greater Horizons. (See Part B, Section 1)

2. Charitable Remainder Annuity Trust - A trust that pays a fixed dollar amount (at least 5% of the value of the property contributed to the trust). Payments are made annually (or more frequently) to one or more income beneficiaries for life (or for a fixed term of years -- maximum 20). The remaining proceeds are distributed to a named charitable Fund established by the Donor at Greater Horizons. (See Part B, Section 1)

3. Charitable Remainder Unitrust - A trust that pays a fixed percentage (at least 5%) of the value of the trust's assets each year (as valued at the beginning of each year) to one or more income beneficiaries

for life (or for a fixed term of years -- maximum 20). The remaining proceeds are distributed to a named charitable Fund established by the Donor at Greater Horizons. (See Part B, Section 1)

4. Charitable Lead Trust - This is the inverse of a charitable remainder annuity trust or unitrust. Income is distributed to Greater Horizons, into a named charitable Fund established by the Donor, (over a period of years or the lifetime of the Donor) and the remainder is usually distributed to members of the Donor's family. Such a trust can be a useful part of an estate plan to keep a rapidly appreciating asset (such as real estate or stock) within a family.

   Currently, Greater Horizons does not trustee charitable lead trusts. However, Greater Horizons will be will be pleased to work with the Donor to help find an appropriate trustee.

5. Retained Life Estate - Donors may leave their principal residence, vacation home or farm to a named charitable Fund established by the Donor or to an existing Fund at Greater Horizons and retain the right to live in the house or farm for the Donor's lifetime (the life of a surviving spouse can also be added). The Donor receives a sizable charitable income tax deduction the year the property is donated through the Retained Life Estate. The amount of the tax deduction is dependent on the age(s) of the Donor and the value of the home or farm. A gift of a personal residence now, with retained life residency for the Donor and/or spouse, gives the Donor the same estate tax benefits as a gift by will plus an immediate income tax deduction.

6. Testamentary Trust Transfer - Any of the above gift plans can be placed in a testamentary plan as provided in a living trust, will, or other testamentary device.

Section 2. ***Greater Horizons as Trustee; Minimum Contributions; Other Conditions***

a. Greater Horizons as Trustee of Split-Interest Gifts

Greater Horizons offers Charitable Gift Annuities to Donors. Greater Horizons can also serve as trustee for charitable remainder annuity trusts and charitable remainder unitrusts. Historical investment performance on a total return basis is available to any interested party upon request.

b. Minimum Contributions

1.	Charitable Gift Annuity	$50,000
2.	Charitable Remainder Annuity Trust	$100,000
3.	Charitable Remainder Unitrust	$100,000

Greater Horizons will not trustee Charitable Lead Trusts. However, Donors may designate a named charitable Fund at Greater Horizons as the income beneficiary of the lead interest.

c. Other Conditions

1. Charitable Gift Annuities

Under the tax laws, the entire remainder interest of a charitable gift annuity must be distributed to Greater Horizons. A Donor may recommend that the proceeds be used to establish a Donor-Advised, Designated, Organization, Field-of-Interest Scholarship or Unrestricted Fund or be added to any existing Fund. In the absence of such a recommendation, the proceeds will generally be used to establish (or be added to) a named Unrestricted Fund.

2. Charitable Remainder Trusts

In order for it to serve as the trustee, Greater Horizons must be named as the beneficiary of the remainder interest of a charitable remainder annuity trust or a charitable remainder unitrust. A Donor

may establish or add to an Unrestricted, Designated, Field-of-Interest, Scholarship or Donor-Advised Fund with the remainder proceeds of the charitable remainder trust. In the absence of such a designation, the proceeds will generally be used to establish (or be added to) a named Unrestricted Fund.

3. Policies Concerning Contributions

The general rules described in Part A (concerning contributions to Greater Horizons) generally apply to contributions to split-interest arrangements (particularly Section A.2 which gives Greater Horizons the authority to reject assets that are hard to sell or carry potential liabilities).

4. Independent Review by Legal Counsel

A Donor is advised to consult independent legal counsel concerning contributions to Split-Interest Arrangements including the drafting and review of all documents establishing the split-interest gift.

APPENDIX

TAX LAWS THAT GOVERN CHARITABLE CONTRIBUTIONS

Section 1. *Timing of Income Tax Deductions*

The tax laws generally provide that a contribution is deductible in the year that the property is delivered to Greater Horizons. Delivery is considered made under the following circumstances:

(1) Unconditional delivery or mailing of a check to Greater Horizons which subsequently clears in due course will constitute an effective contribution on the date of delivery or, if the check is received in the ordinary course of the mails, on the date of mailing.

(2) Unconditional delivery or mailing of a properly endorsed stock or bond certificate will constitute an effective contribution on the date of delivery or, if such certificate is received in the ordinary course of the mails, on the date of mailing.

(3) If a contribution is made subject to compliance with certain conditions, then the contribution is not effective until Greater Horizons agrees to comply with such conditions.

(4) Except as provided in paragraph (5), if a Donor delivers a stock certificate to his bank, broker, other agent or the issuing corporation for transfer to Greater Horizons, or instructs his bank, broker, other agent or the issuing corporation to transfer stock to Greater Horizons, then the gift is effective on the date the stock is transferred on the books of the issuing corporation.

(5) If stock is registered in a nominee name by a bank, broker or other agent and such bank, broker or other agent agrees to hold the stock in such nominee name on behalf of Greater Horizons, so that the stock will not be transferred on the books of the issuing corporation, then the gift of such stock is effective on the earlier of the date on which such bank, broker or other agent (i) acknowledges in writing that it holds the stock on behalf of Greater Horizons, or (ii) makes the appropriate entry in its books and records to reflect that it holds the stock on behalf of Greater Horizons.

(6) Delivery to Greater Horizons will be effective upon receipt by a senior management officer of Greater Horizons (i.e., President or Senior/Executive Vice President), or the employee or agent authorized by any such officer to accept the contributions.

Section 2. *Evidence of Deduction Required*

a. Any Contribution Of $250 Or More

Donors will not be able to claim a charitable deduction for any gift of cash or property of $250 or more to any charity unless a "contemporaneous written acknowledgement" from the charity can be produced; cancelled checks will not suffice. To meet the requirements, the receipt (1) must contain certain information and (2) must be received within certain time limits.

1. Contents of Acknowledgment

The acknowledgment must state (a) the amount of cash and a description (but not value) of any property contributed and (b) whether the charity had provided any goods or services in exchange for the property described in clause (if so, then it must state the value of the goods and services).

2. Time Limits

An acknowledgment will generally be considered to be "contemporaneous" if you obtain it before you file your tax return for that year.

b. Appraisals Required For Gifts Of Property Over $5,000; Exceptions for Cash and Publicly Traded Securities

Donors who contribute property (other than publicly traded securities) valued at more than $5,000 in any year must substantiate the value with "qualified appraisals" from "qualified appraisers". The $5,000 threshold is increased to $10,000 in the case of non-publicly traded stock. The requirement does NOT apply to contributions of cash or publicly traded stock. By law, the cost of the appraisal must be born by the Donor.

The Donor must attach a copy of IRS Form 8283 ("Non-cash Charitable Contributions") to the tax return in the year of the contribution. A charitable organization (including a community foundation) that receives such property must sign a copy of the appraisal report (IRS Form 8283), which should then be attached to the Donor's income tax return.

If Greater Horizons sells the property listed on IRS Form 8283 within three years of receipt, it is required by law to disclose the sale price to the IRS and to the Donor on IRS Form 8282.

Section 3. ***Amount of Income Tax Deduction***

Generally the Donor can deduct the amount of cash or the fair market value of the long-term capital gain property contributed to Greater Horizons. Usually the best results are for gifts of appreciated long-term capital gain stock and real estate because a Donor can generally deduct the entire fair market value for gifts of such property to Greater Horizons.

Section 4. ***Annual Deduction Limitations***

a. Individuals

1. General Rule.
The maximum amount of the deduction depends on (1) the type of property contributed (either ordinary income or long-term capital gain property), (2) the nature of the charitable organization (public charity or private foundation), and (3) the amount of adjusted gross income ("AGI") shown on the IRS Form 1040. Deductions for amounts in excess of these annual limitations can usually be carried forward for five additional years.

2. Specific Rules. The annual deduction limitations for INDIVIDUALS are:

Type of Charity	***Cash and Ordinary Income Property***	***Long-term Capital Gain Property (Stock & Real Estate)***
Public Charity (including a Fund in Greater Horizons)	50% of AGI	30% of AGI
Private Foundation	30% of AGI	20% of AGI

Amounts that exceed the deduction percentage limitation may be carried forward for five additional years.

b. Corporations

1. General Rule. Corporations may generally deduct up to 10% of their taxable income.

2. Special Rules.
   a. S Corporations - the charitable deduction passes through to the corporation's shareholders.
   b. Limited Liability Companies – the charitable deduction passes through to the members of the limited liability company if it is being treated as a partnership for tax purposes.
   c. Personal Holding Companies - Sometimes the annual percentages that apply to individuals apply instead of the 10% limitation.
   d. Insurance Companies - Special rules apply.
   e. Foreign Corporations - Deductions are affected by Section 882(c).
   f. Corporations Subject to the Accumulated Earnings Tax - A deduction can be taken for all charitable contributions made that year without regard to the 10% limitation.

c. Trusts and Estates

Estates and trusts are eligible for an unlimited income tax charitable deduction, provided that the contribution came from income rather than corpus and was made pursuant to the governing instrument.

The above Appendix is intended to provide a general overview of charitable tax law. The above does not constitute tax or legal advice. Donors should consult their professional tax advisor and/or legal counsel before making a charitable gift to Greater Horizons.

Articles 28-40 of Greater Horizons Bylaws, amended 2004

GIFTS TO THE FOUNDATION

28. General. Donors may make gifts to the Foundation by naming or otherwise identifying the Foundation, whether or not a trustee, custodian or agent is designated to receive the property contributed. Gifts shall vest in the Foundation upon receipt and acceptance by it (whether signified by a Foundation officer, employee, or agent).

29. Administration. The Foundation has the power and authority to receive, hold, sell, invest, reinvest and distribute property contributed by donors as well as other property of the Foundation. The Foundation will apportion its assets to separately named funds ("directly-held funds") that carry out the charitable purposes specified by its donors and by the Board. Alternatively, a donor may designate one or more trustees, custodians, or agents to have custody of and administer the investment of a gift, and, if more than one, the portions of the gift to be held and administered as to investment by each. Each such fund shall be administered by the Foundation as a "component fund" (a component part of the Foundation as described in Treasury Regulation Section 1.170A-9(e)(11)(ii), or any successor regulation or Code provision). All gifts to component funds shall be subject to the powers of removal vested in the Board and contained in Subsections 10 (g) and (h) of these Bylaws. In the case of failure of a donor to designate a trustee, custodian or agent of such portions, or failure of a designated trustee, custodian or agent to accept custody of a gift, the property will generally be administered by the Foundation although the Board may designate one or more of the trustees, custodians or agents to have custody of and administer the investment of the gift, and if more than one, the portions to be so held and administered by each. The Foundation may enter into agreements with trustees, custodians or agents having custody of funds of the Foundation, specifying additional terms of such custody. No gift shall be separately invested or held unless the donor so directs, or it is necessary in order to carry out any other direction by the donor as to purpose, or in order to prevent tax disqualification, or it is required by law.

30. Acceptance of Terms. Each donor, by making a gift to the Foundation, shall be deemed to have accepted and agreed to all the terms of the Articles of Incorporation and the Bylaws, and shall be further deemed to have agreed that the fund so created shall be subject to the provisions for presumption of donors' intent, for modification of restrictions or conditions, and for amendments and termination, and to all other terms of the Articles of Incorporation and Bylaws of the Foundation and to the terms of any trust, custodian, or agency agreement between the Foundation and trustees, custodians, or agents having custody of the funds of the Foundation, each as from time to time amended.

31. Separation of Non-Charitable Purposes. If a gift is made to a trustee in trust to make income or other payments to the Foundation, followed by payments to any individuals or for non-charitable purposes, it shall not be treated as a component fund, but rather only the payments to the Foundation shall be regarded as component funds, subject to its Articles of Incorporation and these Bylaws, and then only when the Foundation becomes entitled to their use. If a gift is made to a trustee in trust to make income or other payments for a period of a life or lives or term

of years to any individuals or for non-charitable purposes, followed by payment to the Foundation, it shall be treated similarly until such non-charitable interests expire and the fund becomes a component fund of the Foundation. The Board may take such actions as it from time to time deems necessary or desirable to further the Foundation's interest in any such funds, whether components or non-components, or protect its right to receive payments from such funds. The Foundation has the power and authority to act as the trustee or the administrator of a trust. The Foundation also has the power and authority to administer charitable gift annuities as described in Internal Revenue Code Section 514(c)(5).

32. **Directions in the Instrument.** Any donor may, with respect to a gift made by such donor to the Foundation to establish a directly-held fund or a component fund and within such limits of policy as the Board from time to time may establish, give directions in the instrument of gift or transfer as to (i) field of charitable purposes or particular charitable organizations or purposes to be supported, (ii) manner of distribution, including amounts, times, and conditions of payments and whether from principal and/or income, and (iii) a name as a memorial or otherwise for a fund given, or addition to a fund previously held, or anonymity for the gift. Notwithstanding the foregoing, any such directions which at any time would cause, or be a material factor in causing, the Foundation to be deemed a "private foundation" as described in Internal Revenue Code Section 509, or to be deemed not to be a qualified charitable organization described in Internal Revenue Code Section 501(c)(3) or 170(b)(1)(A)(vi), shall be null and void, but in either such event, to the extent permitted by law and approved by the Board of Directors, any such directions shall be deemed to have been modified or supplemented so as not to affect the status of (i) the Foundation, (ii) any fund or trust held or administered by the Foundation as a "component part" as described in Treasury Regulation Section 1.170A-9(e)(11)(ii), or (iii) any other fund or trust held or administered by the Foundation.

33. **Names of Funds; Memorials**. A donor who establishes a directly-held fund or a component fund may assign any name to the fund. In the absence of contrary instructions from its donors, directions for naming a fund as a memorial or otherwise may be satisfied either by keeping under such name accounts reflecting the interest of such fund in each common investment or by commingling the funds with others but referring in the Foundation's literature and other commemorative communications to the amount of the gift at the time it was received by the Foundation.

34. **Presumptions**. Each fund of the Foundation shall be presumed to be intended (i) to be used only for charitable purposes, (ii) to be productive of a reasonable rate of return over a reasonable period of time which is to be distributed at least annually or, if accumulated, is to be accumulated only in a reasonable amount and for a reasonable period for a charitable purpose or purposes, and (iii) to be used only for such of those purposes and in such manner as not to disqualify the gift from deduction as a charitable contribution, gift, or bequest in computing any federal income, gift, or estate tax of the donor or his estate and not to disqualify the Foundation from exemption from federal income tax as a qualified charitable organization described in either Internal Revenue Code Section 501(c)(3) or Section 509 (a)(1) and shall not be otherwise applied. If a direction by the donor, however expressed, would, if followed, result in use contrary to the intent so presumed, or if the Board is advised by counsel that there is substantial risk of such result, the direction shall not be followed but shall be modified by the Board so far as necessary to avoid such result, except that if the donor has clearly stated that compliance with

the direction is a condition of the gift, then the gift shall not be accepted unless an appropriate judicial or administrative body first determines that the conditions and direction need not be followed. Reasonable charges and expenses of counsel for such advice and proceeding shall be proper expenses.

35. Charitable Purposes and Organization. For purposes of these Bylaws, "charitable purposes" includes educational, religious, scientific, literary, public and other purposes permitted to be carried on by organizations described in Internal Revenue Code Sections 170(c)(1) and 170(c)(2)(B) and "qualified charitable organization" means an organization which is described in Internal Revenue Code Section 170(c)(1) or (2). Specifically, one of the charitable purposes of this Foundation shall be to provide administrative and other support services to other Internal Revenue Code Section 501(c)(3) charitable organizations in order to assist them in carrying out their grant-making programs and their charitable purposes.

36. Variance Power. Notwithstanding any provision in these Bylaws or in any instrument of transfer creating or adding to a fund of this Foundation, and in accordance with Article TENTH of the Articles of Incorporation, if a donor has made any request, condition, or directive with respect to property or funds of the Foundation, then if, and only if, the Board of Directors in its sole discretion determines that circumstances are such as to render its execution obsolete, inappropriate, impractical, unnecessary, incapable of fulfillment, or inconsistent with the Foundation's charitable purposes, then the Board shall have the power to modify or override such request, condition or directive so as to provide for the distribution of such property or funds in a manner which is appropriate, practical and consistent with its charitable purposes.

37. Relationships With Other Charitable Organizations. In pursuance of the Foundation's charitable objectives, the Board shall have the authority to cause to be formed, or enter into, relationships with other organizations described in Internal Revenue Code Section 501(c)(3). The Board may enter into agreements with charitable organizations, including private foundations, to assist them in carrying out their grant-making programs and their charitable purposes. In addition, the Board may agree to relationships with organizations operated for the benefit of and to carry out the purposes of the Foundation, in which case the Foundation may exercise such supervision and control over any organization as is necessary to qualify such organization as an organization described in Internal Revenue Code Section 509(a)(3) and the regulations thereunder subject to such organization's approval. If such approval is withheld, the Foundation shall terminate its relationship with such organization without incurring any liability on behalf of the Foundation.

DISTRIBUTION AND DISBURSEMENTS

38. Determination and Authorization by Board. The Board, not less frequently than annually, shall (i) determine all distributions to be made from net income and/or principal of this Foundation (including funds held by trustees, custodians or agents of the Foundation) pursuant to provisions of the Articles of Incorporation, these Bylaws, and the donors' directions if, and to the extent applicable as provided herein, (ii) make, or authorize and direct the respective trustees, custodians or agents having custody of funds of this Foundation to make, payments to organizations or persons to whom payments are to be made, in such amounts and at such time and with such accompanying restrictions, if any, as it deems necessary to assure use for the

charitable purposes and in the manner intended, and (iii) determine all disbursements to be made for administrative expenses incurred by the Foundation and direct the respective trustees, custodians or agents having custody of funds of this Foundation as to payment thereof and fund to be charged.

39. Advance Notice; Adjustment of Directions. Determinations may be made by the Board to distribute capital from funds given without directions as to principal or income as well as pursuant to directions expressly permitting use of principal, but the Board shall inform the trustee, custodian or agent having custody of the funds of this Foundation, as far in advance as the Board deems practicable, so as to permit such trustee, custodian or agent to adjust its investment policies accordingly, and may, upon advice from such trustee, custodian or agent as to how the desired distribution and any necessary liquidation of investments can most economically be accomplished, adjust its directions for distributions so far as it deems appropriate.

40. Research and Analysis. The Board may gather and analyze facts and conduct investigation and research, as from time to time is necessary, in order to determine the most effective means for fulfilling its charitable purposes, through application of funds for charitable purposes, and may direct disbursements for such fact gathering and analysis, investigation, and research from funds given for such purposes or from funds given without designation as to purpose. Disbursements for other proper administrative expenses incurred by the Board, including salaries for such professional and other assistance, as it from time to time deems necessary, shall be directed to be paid, so far as possible, first from any funds designated by the donor for such purpose, and any balance out of income of the funds of the Foundation or such of its principal as is not specifically restricted against such use.