FAITH COMMUNITY FOUNDATION

DONOR ADVISED ACCOUNT
PROGRAM DESCRIPTION

The Faith Community Foundation is a public charity type 501(c)(3) entity (also referred to below as either the "Community Foundation" or as the "Foundation"). The Community Foundation's primary charitable purpose is to carry on exclusively charitable activities within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986. At the heart of the Community Foundation's purpose is the Foundation's goal of receiving donations from individuals, corporations and others and then making grants to numerous charitable organizations throughout the United States. Grants may be made to qualifying charities that are either selected solely by the Foundation's Board of Directors or through the Foundation's consideration and acceptance of recommendations by persons who make donations to their own sub-accounts within the Foundation.

Although created to enhance charitable gifts to qualifying charities, the Community Foundation also seeks to serve donors and enhance their ability to give more effectively and efficiently. The Community Foundation facilitates each donors’ ability to make charitable donations when convenient for the donors as well as enabling the donors' ability to spread grants to specific charities over a period of time. The Foundation's status as a qualifying public charity means that participating donors may be able to avoid all of the costs and administrative burdens generally associated with the creation and operation of a family private foundation.

Charitable gifts may be made to the Foundation at any time and are immediately deductible for federal income, estate or gift tax purposes upon acceptance by the Foundation. Although the full value of gifts is generally deductible; each person's charitable deduction is subject to ceilings and conditions affecting the donors and is also referred to in the section entitled "Tax Considerations" below.

Generally, only donations of cash or marketable securities may be made to the Foundation. However, acceptance of other forms of personal or real property may be available upon the Foundation Board of Directors’ approval. Specific approval is also required before acceptance of certain thinly-traded, closely-held or restricted stocks. In any case, the Foundation will review each donation before accepting and the Foundation will notify prospective donors promptly of the acceptance or rejection of each proposed gift to the Community Foundation. Donations, both cash and securities, must be delivered to the Community Foundation in a form and manner which is acceptable to the Foundation.

The minimum initial contribution to establish an account is $5,000. Subsequent gifts may be made in the amount of at least $500. To establish an account, each donor must complete and sign an Application when he or she makes their initial gift. The donor may, in the Grant
Recommendation Form, recommend amounts to be distributed to charities or charitable purposes and the times at which the distributions are to be made.

In the Application, the donor may designate one or more family members or other persons to make grant recommendations to the Community Foundation in the donor's place or after the donor's death. Donor may also recommend one or more charities to the Foundation to receive the balance of the donor's account at the donor's death.

**FOR EACH ACCEPTED CONTRIBUTION BY A DONOR, THE FOUNDATION SHALL:**

- Establish (or add to) an account in the donor's name (as provided in the Application) within the Foundation.
- Maintain records for each donor showing the donor's contributions, grants to charities from the Foundation's assets attributable to the donors contributions and other transactions with respect to such contributions.
- Review the donor's recommended charities to assure that distributions to them qualify for federal tax deductions.
- Send regular statements to the donor.
- Distribute proceeds from contributed assets to charities as appropriate.

A donor may at any time change his or her recommendations of charitable interest, of charities and of the amounts and timing of distributions to charities from the donor's contributions by sending a new signed Grant Recommendation Form to the Foundation. Of course, no changes can be made as to any amounts already distributed by the Foundation.

**ADMINISTRATION OF THE FOUNDATION**

Any decisions or actions requiring Board action shall be made by the Faith Community Foundation Board of Directors. The Faith Community Foundation Board of Directors is responsible for the Foundation's investments. The Foundation is responsible for the day-to-day management of the Foundation's assets and administration of the Foundation. The Foundation charges a reasonable fee for services and normal expenses.

Unusual expenses (litigation costs, etc.) are attributed to the account responsible for such expense and are not counted toward the Foundation's fee. In addition, if the Foundation determines that an account is being used merely as a pass-through account, meaning that substantially all assets are distributed soon after contributed, then the Foundation reserves the right to charge a reasonable fee on the highest balance during the relevant quarter. No charges, however, described within this paragraph, would be imposed without prior notice to the donor(s) of the account (see next section).
DONOR'S ACCOUNTS

When a donor makes his or her initial donation to the Foundation, the Foundation will establish an account in the donor's name or another name selected by the donor within the Application and as acceptable to the Foundation. For example, the account for James and Judy Smith account may be simply called "The John and Jane Jones Family Foundation/Fund" or may be named "The Jones Foundation/Fund" or as otherwise agreed upon between the donor and Community Foundation.

The Community Foundation is unique in that income and losses to each account are accounted within the particular account. Assets are not commingled between different accounts of the Foundation. The regular statements donors receive reflect actual investment performance of the account as well as reflecting subtractions for expenses and any charitable distributions during the particular period.

Although the Foundation's investments are held within separate accounts of the Foundation and identified as described above, the investments are assets of the Foundation and the donors do not own any interest in them. All donations to the Community Foundation are irrevocable.

Charges payable only from certain accounts will be paid by the assets held within said account. Such specific charges may be paid from either principal or income of the account at the Foundation’s sole discretion.

In the absence of a periodic grant, if the Foundation is unable to communicate with a donor after it has used reasonable efforts to do so, it reserves the right, after three years of such non-communication, to transfer the donor's account to the Foundation's Unrestricted Net Assets to be used for grants to charities and charitable purposes determined solely by the Community Foundation’s Board of Directors. Donors are responsible to notify the Foundation of any address changes.

RECOMMENDATIONS OF SPECIFIC CHARITIES

A donor may, in a Grant Recommendation, recommend one or more charities to receive grants by the Foundation from the donor's account or may modify a previous request. Each recommended charitable organization must be exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code at the time of the grant. The Community Foundation will review each recommendation both when made and at the time a grant is to be made to determine the recommended charity's status under Section 501(c)(3). The Community Foundation has the power to approve or disapprove any such recommendation.
GENERAL GRANTS TO CHARITIES

In addition to specific grant recommendations, donors may suggest charitable purposes for which, or charities to which, the Foundation may make regular grants or grants as the Foundation becomes aware of unusual need. In addition, a donor may choose to make a gift to the Faith Community Foundation’s Unrestricted Net Assets, in which case the Foundation’s Board of Directors will select deserving organizations to receive gifts.

GRANT ADMINISTRATION:

Amounts and Times Of Charitable Distributions:

Faith Community Foundation donors also receive the privilege of recommending the amounts and times of grants for their recommended charitable purposes or to their recommended charities. Donors submit request grants through the "Grant Recommendation Form." Such Recommendations may be for either lump sum grants or periodic grants of a fixed amount or percentage of the account's value. The minimum amount of any recommended distribution, whether a single grant or a periodic grant, is $250. A donor may also recommend (in the original or a subsequent Application) that the entire balance of assets attributable to the donor's contributions to the Foundation be distributed to the recommended charities after the Foundation has received satisfactory evidence of the donor's death. The Foundation retains the unrestricted power to approve or disapprove any recommended amount and timing of a grant.

The Foundation will send a notice to the donor or other person having the authority to make recommendations with respect to the donor's account if a recommended charity does not qualify under the relevant tax laws as a qualifying grant recipient or if for any other reason the Foundation does not approve a recommendation with respect to the account.

Minimum Percentage of Account that Must be Granted:

As stated above, the primary purpose of the Faith Community Foundation is to promote philanthropy by seeking charitable contributions that can be used to support qualified organizations. Therefore, the Foundation expects that its grant distributions will exceed 5% of the total Foundation's average net assets on a fiscal five-year rolling basis. If that level of grant activity is not attained, the Foundation will identify the named accounts from which grants over the same five-year period totaled less than 5% of each account's average assets. The Foundation will then contact the donors of these accounts to request that they recommend grants of at least this amount. If a donor does not provide qualified grant recommendations within 60 days of such request, the Foundation reserves the right to transfer up to 5% of assets from the donor's named account to the Foundation's Unrestricted Net Assets for discretionary grantmaking.

Recommendations from Other Persons:

A donor may, in either the original or a subsequent Application, designate an individual (who is not a minor), a U.S. corporation or a charity exempt under Section 501 (c)(3) to replace the
donor in making recommendations of charities and the amounts and timing of grants until the donor gives written revocation of such other person's authority. Similarly, a donor may designate an individual (including a minor), U.S. corporation or exempt charity to make such recommendations after the Foundation has received satisfactory evidence of the donor's death. A minor's authority shall be exercised by the minor's guardian.

If more than one donor establishes an account, the surviving donors shall have the authority to make and change recommendations.

Breadth of Available Grants:

One advantage the Foundation offers is to give donors a way to create many types of charitable accounts- including but not limited to endowments, memorials or special family foundation type funds- for charities they prefer without the cost and time of setting up and administering a private foundation. For instance, a scholarship fund can be established, provided grants are made to exempt charitable organizations which administer the scholarship payments from the Foundation. Moreover, other persons besides the donor can make gifts to the Foundation, which can be noted as part of the donor's account.

Whenever the Foundation makes a grant (or makes an initial distribution of a periodic payment grant), the Foundation will notify the charitable recipient of the donor's name and account name, unless the donor has requested anonymity.

Tax laws require that grants may not be used to satisfy preexisting pledges or to provide a private benefit. For example, a donor may not request that account funds be used to pay dues or membership fees, purchase tickets to a benefit, pay the donor for time or services provided to a charity or purchase goods at charitable auctions. Grants may not be made for lobbying activities, political contributions or political campaigns. Grants also may not be designated for scholarships benefiting donor's own children or grandchildren. Moreover, grants may not be made to private foundations.

To assure that all grant funds are used exclusively for proper charitable purposes, the Foundation will conduct an investigation whenever it has reason to believe that grant funds are being used for the private benefit of the donors. The Foundation reserves the right to take appropriate legal action if it determines that grant funds have been diverted for improper purposes.

If it becomes necessary to terminate the Foundation, the Foundation will distribute the account assets attributable to each account to the qualified organizations the donors thereof have most recently recommended. In the absence of such recommendations, such assets shall be distributed to the Foundation’s Unrestricted Net Assets, and distributed as the Faith Community Foundation Board of Directors determine.

**However, although the Community Foundation is pleased to receipt gifts from parties other that the original donors, only the original donors, or those that the donor's properly designate, attain recommendation privileges regarding any account.
INVESTMENT BY FOUNDATION

After initial or contributed assets are sold and the proceeds reinvested by the Foundation, assets of the Foundation are then primarily invested by investment managers selected by the Faith Community Foundation Board of Directors using a variety of publicly traded investments. However, the Foundation may from time to time also invest in other forms of prudent investments, including but not limited to: common stocks, mutual funds, securities convertible into common stock, corporate and U.S. governmental obligations and REITS.

Donations are normally receipted (if accepted) by the Foundation at the time of receipt. The Foundation retains total discretion as to whether it holds or sells any donated asset. The general rule is that contributed assets are sold as soon as prudent. The proceeds of such sales are then retained and invested within separate accounts of the Foundation. Each donor account is individually and actively managed by the Foundation and its investment managers.

TAX MATTERS

Not only may donors make outright gifts and bequests to the Foundation, they may also name the Foundation as the charitable beneficiary of a charitable remainder trust or charitable gift annuity. If one of these types of trusts or annuities is utilized, a donor or other named beneficiaries will receive the stated income distribution from the trust or annuity and then, upon the death (or earlier termination) of the trust or annuity, the remainder will pass to the Foundation according to an application the donor completes at the time of creating the trust or annuity. The Foundation would be pleased for an opportunity to explain how to name the Foundation as charitable beneficiary of a charitable lead trust, IRA, as well as many other estate planning documents.

Generally, at the time of acceptance of a donor's gift by the Foundation, the donor becomes entitled to a federal income tax and gift tax deduction. Furthermore, upon such acceptance, a federal estate tax deduction is also available for bequests to the Foundation. As noted below, donors should consult with qualified tax experts for details.

It should also be understood that as tax deductions arise upon accepted contributions to the Foundation, donors do not obtain a charitable deduction when the Foundation makes a charitable grant. The explanation is simple, for although the donor's name or account is used as far as the receiving charity is concerned, the Foundation actually, according to the tax laws, distributes its own property rather than the donor's to the charity.

As to the actual tax savings arising from any donor's charitable deduction, once again, a qualified tax expert should be consulted. In general, for federal income tax purposes, an individual donor's itemized deduction from their donation to the Foundation is limited to 50% of their adjusted gross income in the case of cash gifts and 30% in the case of appreciated securities. A corporation's deductions are limited to 10% of the corporation's taxable income as specially calculated. The portion of any deduction which cannot be used in a year because of that
limitation can most often be carried forward and used for up to five years after the year of contribution.

No income, gains or other item of income or expense received or incurred by the Foundation or allocated to or incurred by a donor's account is attributable to the donor since he or she does not actually own the assets assigned to the account.

ADDITIONAL TAX NOTES:

This document is not to be construed as specific legal advice.

All donors should consult with their own legal counsel.

Once again, donors are also urged to consult their own attorneys, accountants or tax advisors with respect to questions relating to the deductibility of various types of contributions to the Foundation for federal and state tax purposes.

Each donor is responsible for determining the value for tax purposes of the donations they make to the Foundation. The values of publicly traded securities given to the Foundation which may be shown on statements issued by the Foundation to donors are estimates by the Foundation only and donors cannot rely on them. Individual donors are responsible to file Form 8283 with their income tax returns for gifts of more than $500 of non-cash property. All donors must file a Form 8283 for most charitable gifts of more than $10,000 in non-publicly traded securities.

The Foundation is applying for an advance ruling from the Internal Revenue Service treating the Foundation as a public charity under Section 501(c)(3) of the Internal Revenue Code.