

CHARITABLE GIFT ANNUITY GIFT ACCEPTANCE POLICY/DISCLOSURE STATEMENT

- [1] The Foundation will accept current gift annuities, which begin payments within one year of the gift date, as well as deferred payment gift annuities, whose initial payment is at least a year after the gift date. The deferral period will be at the discretion of the donor.
- [2] The Foundation will accept annuity gifts for one life, two lives in succession, or joint and survivor annuity agreements. Gift annuity agreements will be limited to one life or two lives in being at the time of the gift.
- [3] The maximum annuity rates offered will be the current Uniform Gift Annuity rates and in the case of deferred payment gift annuities, the current Uniform Interest Factors, both adopted by the American Council on Gift Annuities, 233 McCrea Street, Suite 400, Indianapolis, IN 46225. We may establish a maximum annuity rate chart that is lower, but not higher than the Uniform Gift Annuity Rates of the American Council on Gift Annuities. To conform to the federally mandated "Clay-Brown Rule," the annuity rate offered will generate a charitable deduction of more than 10 percent of the fair market value of the assets given, or the annuity rate will be reduced to qualify for the deduction. (We realize that the monthly changing Applicable Federal Rate [AFR] affects the calculated deduction.)
- [4] To conform to various state laws, the Foundation will offer the maximum annuity rate to each potential donor/annuitant, based on the actuarial age of the annuitants, but we may suggest that if the person is willing to accept a lower rate, a larger charitable deduction would be obtained for the same size gift.
- [5] Gift assets will be limited to cash and securities for which a ready market exists. Gifts of closely held stock will be reviewed on a case-by-case basis. Gifts of real estate will not be accepted.
- [6] To conform to various state laws, the Foundation will operate a segregated gift annuity fund, in which a separate investment pool will be maintained and which is not part of any other investment or endowment fund of the institution. The full annuity gift will be admitted to the gift annuity fund of the institution and will be maintained until the demise of the last annuitant in the agreement.
- [7] A policy or methodology will be established to identify the changing market value of each agreement, so that an appropriate amount may be withdrawn from the gift annuity fund at the termination of the agreement.
- [8] The minimum acceptable gift will be cash or the fair market value of securities valued at: One life: (\$10,000); Two lives: (\$10,000); Deferred Payment Gift Annuities: (\$10,000).
- [9] On a case-by-case basis, the Foundation may elect to reinsure any annuity agreement with an "AA" rated commercial insurance company, registered to do business in our state of domicile.
- [10] The gift annuity will be effective on the "gift date" as determined by IRS publication 561 (Determining the value of donated property.)
- [11] Annuities may be paid quarterly, semiannually or annually. Annuity payment amounts will be rounded upward to ensure that each payment will be exactly the same amount.

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- [12] The Foundation will make an effort to be aware of the investment and reporting requirements of our own state of domicile as well as those states that have statutes regulating gift annuity funds, and be guided by input from our own legal counsel and staff as to the necessity for filing for a permit to write annuity agreements in those states.
- [13] The Foundation will maintain separate accounting for our gift annuity fund, so that appropriate fund records can be maintained to permit appropriate reporting of gift annuity fund activity to those states that require it by statute, should we later obtain a permit in
- [14] The Foundation will maintain investment and administrative records (either in house or via a third party) on our gift annuity fund and program.
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- [15] The Foundation will maintain a membership with the Council on Gift Annuities to be aware of changes in rulings, and regulatory and administrative issues connected with administering a gift annuity fund and program.

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We appreciate your interest in making a contribution to The Community Foundation of Grant County, Indiana, Inc. through a charitable gift annuity. The Foundation understands that your primary intention in entering into this gift annuity agreement is to make a charitable gift to the Foundation. However, the Foundation believes that it is important that you fully understand this transaction and provides this statement to you to confirm your understanding about this type of a charitable gift.

Under the proposed charitable gift annuity agreement, you would make an irrevocable gift to the Foundation and the Foundation will make fixed payments in the amount indicated in the agreement for the life of the annuitants. These payments are an unsecured general obligation of the Foundation and are backed by all of the Foundation's assets. The annuity is not insured by an insurance company nor guaranteed in any way by the State of Indiana. Your receipt of annuity payments is conditioned upon the financial solvency of the Foundation.

The Foundation was established in 1984. Responsibility for governing the organization is vested in the Board of Directors comprised of nine people, who are selected to represent a broad spectrum of diversity in the area we serve.

The payments from a charitable gift annuity are guaranteed for the life of the annuitants, are a general obligation of the Community Foundation and are backed by all of our assets. On December 31, 2005, our total invested funds exceeded \$17.5 million (approximate market value) with 60 percent invested in equities and 40 percent in fixed instruments.

As you are making a charitable gift, the annuity rate you receive will be lower than those available through commercial annuities issued by insurance companies or financial institutions. The fact that you are making a charitable gift may entitle you to income, gift and estate deductions.

The Philanthropy Act of 1995 (P.L. 104-62) requires that this information be provided to you. In addition, we must state that common investment funds managed by the Foundation are exempt from registration requirements of the federal securities laws.

So that your interests and the Foundation's interests are well protected, the Foundation asks that in signing your gift annuity agreement (Sample Agreement, Exhibit F), you also sign the Disclosure Statement Acknowledgement where indicated, acknowledging that you have received this Disclosure Statement and that in taking out your gift annuity, you intend to make a donation to the Foundation in addition to receiving annuity payments.

DISCLOSURE STATEMENT ACKNOWLEDGEMENT

This is to acknowledge that I have received The Community Foundation of Grant County, Indiana, Inc. Gift Annuity Disclosure Statement and that in taking out my gift annuity according to the attached agreement; my intentions are not only to establish the annuity but also make a donation to the Foundation.

Donor(s) Signature