



Program Description

Purpose

The following sections describe policies, rules and regulations of the GuideStream Charitable Gift Fund (GuideStream). GuideStream's primary activities consist of assisting United States organizations which have been recognized by the IRS as Internal Revenue Code (IRC) Section 501(c)(3) organizations ("qualified organizations"), by accepting contributions from individuals, corporations, estates, trusts and other donors. As such, contributions to GuideStream offer immediate and significant tax benefits.

Amounts contributed will be held by GuideStream in separate accounts known as Donor Advised, Specific Purpose, Managed or Endowment Funds. In addition, gifts to GuideStream may pass-through, meaning that substantially all assets are distributed soon after contributed to a qualified organization(s). Donor Advised Funds are funds for which the donor, or the donor's representative, retains strictly advisory privileges with respect to the distribution and management of funds in the account to various qualified organizations. Specific Purpose Funds will be designed to give the donor strictly advisory privileges for distributions to benefit either a specific qualified organization or specific charitable purpose (e.g. religious or healthcare). Managed Funds will be held and managed by GuideStream but owned by and for the benefit of a qualified organization. Endowment Funds will be held and managed in accordance with Michigan's *Uniform Prudent Management of Institutional Funds Act* (MCL Section 451.921, et seq.), or any successor act.

Contribution Acceptance Information

As a charity, it is GuideStream's mission to accept a wide array of gifts to benefit 501(c)(3) organizations with Christian principles. When a donor wishes to make an initial contribution, he will be asked to complete a Donor Application Form. The form will entitle the donor to create a name for the account and will specify which type of account is being created. GuideStream will review each proposed donation before accepting it and will notify prospective donors promptly of the acceptance or rejection of each proposed gift. All donations accepted by GuideStream will be an irrevocable gift.

Acceptable asset types include:

- Cash
- Marketable securities (Stocks, Bonds, Mutual Funds)
- Life insurance policies
- Real estate
- Other permissible assets

In accordance with IRS regulations, donors are required to obtain an independent qualified appraisal of contributed assets other than cash or marketable securities. Before accepting a contribution, GuideStream will review each asset, and may ask for additional information. Assets that carry unusual potential liability may be rejected. Any donor who has questions about the acceptability of an intended contribution should contact GuideStream prior to arranging for a transfer of the assets. Upon receipt and acceptance of a contribution, GuideStream will send the donor an acknowledgement letter containing all the information necessary to document the contribution for tax purposes. Additional contributions may be made at any time, by donor or others, into a Fund. The minimum value of an additional contribution is \$500.

Contributions to Endowment Funds

GuideStream will accept contributions to an endowment fund for the benefit of a particular qualified organization. Such endowment funds will normally pay out a given percentage of income and/or principal to the designated qualified organization(s). GuideStream intends to abide by a donor's endowment distribution request but may modify those restrictions if necessary to remain consistent with Michigan's *Uniform Prudent Management of Institutional Funds Act* (MCL Section 451.921, et seq.), or any successor act.

Contributions Through Estate Planning Documents

Not only may donors make outright gifts and estate planning bequests to GuideStream, they may also name GuideStream 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 GuideStream according to an application the donor completed at the time of creating the trust or annuity. GuideStream would be pleased for an opportunity to explain how to name GuideStream as charitable beneficiary of a charitable lead trust, IRA, or other estate planning document.

Fund Minimums and Maintenance

A Fund may be created with an initial gift of \$5,000 or more. If the balance falls below \$1,000, the donor may be asked to arrange a contribution to restore the balance to \$5,000 or more, or recommend a liquidating grant to close the Fund. Exceptions may be made for testamentary gifts designated to a particular Fund.

Naming the Fund

Most donors name their Fund after themselves or family members, for example: The John and Jennifer Smith Family Fund/Foundation, or The Jones Family Charitable Fund/Foundation. Others name their Fund for a purpose, such as: The Helping Hand Fund or as otherwise agreed upon between the donor and GuideStream.

Statement of Fund Purpose

In order to communicate expectations and goals to future Successor Advisors (if applicable), donors are encouraged to provide a Statement of Purpose for their Fund, for example: "It is our intention that the John and Jennifer Smith Fund be used to support various ministries or charities in Cedar Grove, New Jersey." GuideStream will not treat a Statement of Purpose as a restriction on the Fund.

Donor/Advisor

Each Fund must have at least one person serving as initial donor of the Fund (for married donors, typically both spouses are identified). In situations where the original donor envisions an advisory committee, a spokesperson for the committee should be identified on the initial account application. The donor is entitled to advise GuideStream concerning certain aspects of the Fund. These include:

- Submitting grant recommendations
- Liquidation strategies
- Estate Planning Funding
- Naming a Successor Advisor, or selecting another disposition plan

Grant Distribution Procedure

After a Fund is established, the donor may submit grant recommendations. The form is available through GuideStream's website at www.gscgf.org. Alternatively, GuideStream can provide the donor with a supply of Grant Recommendation Forms, which can be faxed, scanned via e-mail or mailed back to GuideStream. In any case, the minimum grant amount is \$250. GuideStream reviews each grant recommendation. Upon approving a recommendation, GuideStream liquidates Fund investments, prepares a check, and sends it to the charitable organization. A letter attributing the grant in the name of the Fund accompanies the check. A copy of this letter is also sent to the donor. (If the donor prefers anonymity, grants can be sent without identification of the Fund and/or donor.) Grants are processed on an ongoing basis. Normally, GuideStream distributes checks within seven business days of receiving a Grant Recommendation Form. If GuideStream experiences a problem approving a particular grant recommendation, it will contact the donor in a timely manner to discuss the matter. A distribution administrative fee of 1% will come from the Fund corpus for each distribution.

Grant Recommendation Timing

Donors may submit grant recommendations at any time. Some donors choose to delay recommending grants for a period of time, intending to allow the Fund's balance to grow. However, each Fund must eventually make grants. If three years after an account has been created, GuideStream has not received an acceptable distribution recommendation from a donor or his representative, GuideStream may terminate the separate account and transfer funds in the account to GuideStream's general fund to be used for distributions to qualified organizations or for other charitable purposes, in the discretion of GuideStream's Board of Directors.

GuideStream expects that its distributions to qualified organizations will annually exceed 5% of its average net assets on a fiscal five-year rolling basis. If that level of grant activity is not attained, GuideStream will identify the named funds from which grants over the same five-year period totaled less than 5% of each account's average assets. GuideStream will then contact the donor of the fund to request that they recommend grants of at least that amount. If a donor does not provide accepted recommendations within 60 days of such request, GuideStream may transfer up to 5% of assets from a Fund to GuideStream's general fund for discretionary grant making to qualified organizations or for other charitable or religious purposes.

Grants to Charitable Organizations-Due Diligence and Compliance

In selecting qualified organizations to receive distributions, GuideStream will rely primarily on GuideStar and/or IRS Publication 78, but will also conduct other due diligence to confirm the nature and tax exempt status of the organization. Other due diligence may include contacting the organization, reviewing the organization's tax exempt letter or reviewing the organization's website or other public information. To assure that all distributions to qualified organizations are used exclusively for charitable purposes, GuideStream will conduct further investigation whenever it has reason to believe that grant funds are being used for the private benefit of donors or others. GuideStream may take appropriate legal action if it determines that grant funds have been used for improper purposes.

Grants may be made to U.S. charitable organizations that are tax-exempt public charities, religious charities or to U.S., state or local government entities (e.g. state universities, public school systems, and park systems) for charitable purposes. Non-operating private foundations are not eligible to receive grants. GuideStream only approves grants that are used exclusively in furtherance of charitable purposes within Christian principles. GuideStream will not approve a grant that would confer an impermissible private benefit on a donor, donor advisor, a member of the donor or donor advisor's family or controlled entity or other specific person. Grants may not be paid to individuals. Grants may not be used for any pre-existing pledge. (Under IRS rules, a pledge is considered a personal obligation of the maker, and to use a Donor Advised Fund grant to satisfy such an obligation would be considered an impermissible private benefit.) Other impermissible private benefits include grants for school tuition or scholarships sent directly to individuals, certain dues or membership fees, goods bought at charitable auctions, tickets for charitable events that entitle the attendees to any material benefit, or any other non-charitable purpose. Also, grants may not be used for lobbying, political contributions, or to support political campaign activities.

A donor may suggest that his donation be used by GuideStream for a specific charitable or religious purpose rather than recommending a particular recipient charitable organization. GuideStream will only use donations for charitable or religious purposes as authorized by federal law, specifically such purposes as defined by IRC Section 170(c)(2)(B). GuideStream will exercise expenditure responsibility as described in IRC Section 4945(h) with respect to any such distributions.

Any distributions made by GuideStream to organizations defined in IRC Section 509(a)(3) organizations will only be made to organizations defined in such section that are Type I, Type II, or functionally integrated Type III supporting organizations, as defined by the IRC and IRS Regulations, and where the donor who has advisory rights, does not directly or indirectly control the recipient supported organization.

Succession/Fund Disposition Plan

A donor may specify a disposition plan for the Fund. The death of the initial donor, or another event if so specified, triggers the enactment of the Fund's disposition plan. Most donors choose a disposition plan that allows the Fund to continue, by either naming a Successor Advisor of the Fund or naming charitable organizations to receive annual or monthly distributions from the Fund. Another option is to terminate the Fund and name one or more charitable organizations that will receive distributions. Others choose to submit a more customized disposition plan. Donors should discuss complicated disposition plans with GuideStream to avoid confusion or potential problems.

Statements

Each donor will receive an annual statement reporting fund information including investment balance, specific investment holdings, income for the reporting period, charitable distributions and Fund expenses.

Investments

GuideStream invests according to the prudent investor rule to provide a long-term total rate of return that maintains and even enhances each Fund's grant-making power. The donor may advise GuideStream of a distribution plan or strategy that will assist in investing the assets to maximize fund performance. GuideStream will track each Fund's income, expenses, gains and losses within the particular Fund. Assets will not be commingled between Funds. Professional investment management fees, commissions, transaction expenses, etc. will be charged directly to the relevant Fund at the prevailing rate. The latest fee structure will be available upon request.

Other Considerations

Although GuideStream's Charitable Gift Fund program provides the donor a great deal of latitude in tailoring a Fund to meet his or her individual needs, it must be understood that Funds will be operated exclusively for charitable purposes. Any non-charitable distribution from a Fund, (for example, a grant resulting in the donor or family member receiving more than an incidental benefit), could result in federal tax penalties to the donor and GuideStream.

GuideStream will be administered in accordance with the provisions of this Program Description and the terms and conditions of GuideStream's Articles of Incorporation and Bylaws. Each Fund will be treated as a sub-account of GuideStream Charitable Gift Fund. Unusual expenses (litigation costs, etc.) are attributed to the sub-account responsible for such expense and are not counted toward the Fund's fee. Specific charges

may be paid from either principal or income of the sub-account at GuideStream's sole discretion.

Contributions, once received and accepted by GuideStream, become the property of GuideStream and cannot be returned to the donor. All recommendations from the donor concerning grants, investments or administration of any Fund are advisory only. GuideStream's Board of Directors has the ultimate authority to determine to which qualified organizations and in what amounts distributions will be made. GuideStream's Board of Directors has the right to modify any restriction on any Fund if it determines such restriction becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with charitable need. GuideStream's Administration Committee on behalf of the Board of Directors is empowered to accept or reject, in whole or in part, all such gifts and recommendations. The Administration Committee reports gift activity for final acceptance by the Board of Directors. GuideStream's Board of Directors reserves the right to modify the GuideStream Charitable Gift Fund program in its sole discretion at any time.

Tax Matters

Generally, at the time of acceptance of a donor's gift by GuideStream, 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 GuideStream. Donors should consult with qualified tax experts for details.

It should also be understood that as tax deductions arise upon accepted contributions to GuideStream, donors do not obtain a charitable deduction when their Fund 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 Fund actually, according to the tax laws, distributes its own property rather than the donor's to the charity.

To calculate the actual tax savings arising from any donor's charitable deduction, a qualified tax expert should be consulted. In general, for federal income tax purposes, an individual donor's itemized deduction from their donation to GuideStream 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. (These deduction limits are subject to change according to IRS regulations.)

No income, gains or other item of income or expense received or incurred by GuideStream or allocated to or incurred by a specific charitable Fund is attributable to the donor since he or she does not actually own the assets assigned to the Fund.

Additional Legal and Tax Matters

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

All donors should consult with their own legal and tax counsel.

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

GuideStream will supply a contemporaneous receipt to the donor for all gifts accepted and received. These receipts should be retained with the donor's tax records. Each donor is responsible for determining the value for tax purposes of the donations they make to GuideStream. The values of publicly traded securities given to GuideStream which may be shown on annual statements issued by the Fund are estimates only and donors cannot rely on them. Individual donors are responsible to file Form 8283 with their income tax returns for gifts of non-cash property. Gifts of many types of non-cash property also require a qualified appraisal before the gift can be completed.