



## GENEROSITY FUND<sup>SM</sup> TERMS AND CONDITIONS

Assemblies of God Foundation DBA AG Foundation (“AG Foundation”) is an independent, tax-exempt, public charity governed by The General Council of the Assemblies of God and is managed by Assemblies of God Financial Services Group (DBA AGFinancial). AG Foundation was organized and operates exclusively for charitable and religious purposes. AG Foundation administers donor advised funds (in addition to other giving tools, such as charitable trusts and endowments) and provides tools and support to help donors give to the ministries and charities that God places on their hearts.

A Generosity Fund<sup>SM</sup> (“Generosity Fund”) is a donor advised fund administered by AG Foundation. A donor can make contributions to a Generosity Fund at any time. Thereafter, Fund Holders or Authorized Agents designated by the donor to the Generosity Fund may submit grant recommendations to AG Foundation, requesting distributions to qualified charities from the Generosity Fund. Grant recommendations can be made at any time and in any amount, subject to minimum distribution requirements. Generosity Fund assets are invested and managed by AG Foundation, and contribution balances may ultimately grow and result in even more giving potential to charitable organizations.

### ESTABLISHING A GENEROSITY FUND

#### WHO CAN ESTABLISH A GENEROSITY FUND?

Both individuals and institutions may establish a Generosity Fund. Charitable organizations exempt under section 501(c)(3) of the Internal Revenue Code (“IRC”) (charitable organizations that are exempt from income tax) are not eligible to establish a Generosity Fund, but should instead consider a Ministry Impact Fund<sup>®</sup> held with AG Foundation.

## HOW TO ESTABLISH A GENEROSITY FUND

Eligible donors may establish a Generosity Fund by completing an application online at [agfinancial.org/generosityfund](http://agfinancial.org/generosityfund). Each Generosity Fund requires an initial irrevocable contribution to AG Foundation of \$10,000 or more. Initial funding should be in the form of cash. Once the Generosity Fund application and initial funding are received and approved by AG Foundation, additional contributions to the Generosity Fund may be made.

Each Generosity Fund application shall be subject to the review and approval of AG Foundation. AG Foundation shall have all discretion as to the acceptance of each Generosity Fund application. AG Foundation may, in its sole discretion and for any reason, elect to not accept a Generosity Fund application.

## NAMING A GENEROSITY FUND

As part of the application process, the party completing the application will be prompted to create a name for the Generosity Fund. Most Generosity Funds are named after the initial donor(s) or their family (e.g., “The John and Jane Doe Generosity Fund” or “The Doe Family Generosity Fund”). Less personal names are also allowed (e.g., “The Big Giving Generosity Fund”). Names should avoid use of words like “Foundation” or “Endowment” in the name to avoid confusion as to the legal structure of the Generosity Fund. AG Foundation reserves the right to reject any name for a Generosity Fund, and in that event, will contact the applicant for an alternate name.

## FUND HOLDERS

Each Generosity Fund established by individuals must have at least one (1) Fund Holder, up to a maximum of three (3) additional Fund Holders. Each Fund Holder must be an individual over the age of 21. Each Fund Holder will have equal access and privileges to the Generosity Fund. For the purposes of this document, the term “Fund Holder” may refer to a single individual acting alone or to multiple individuals serving together in relation to a Generosity Fund. Additionally, the term “donor” throughout this document will generally refer to a Fund Holder but is left as a generalized term in order to cover all possible circumstances.

A Fund Holder has management of key elements of the Generosity Fund and will also be the individual with whom AG Foundation communicates regarding the Generosity Fund. A Fund Holder may recommend distributions from the Generosity Fund, may add and remove Fund Holders, may add and remove Successor Advisors, may change the name of the Generosity

Fund, and may direct that the Generosity Fund be closed once all assets held by the Generosity Fund have been distributed. Removing a Fund Holder may require consent of all Fund Holders related to that Generosity Fund. Communication regarding the Generosity Fund will be sent to the Fund Holder(s) at the address and/or email address that each Fund Holder provides to AG Foundation for such communications. A Fund Holder may add or modify his or her own contact information at any time.

Upon the death of a Fund Holder, any remaining Fund Holders will retain all privileges and powers to recommend grants and name Successor Advisors, including the privilege and power to name new Successor Advisors and replace any Successor Advisors previously named.

#### AUTHORIZED AGENTS

Each Generosity Fund established by an institution must have one (1) Online Access Administrator who will have the initial sole authority over the Generosity Fund. The Online Access Administrator can appoint Authorized Users with either view only or full access to the Generosity Fund. The Online Access Administrator and any Authorized User (“Authorized Agents”) with full access granted will be the individuals with whom AG Foundation communicates regarding the Generosity Fund. An Authorized Agent may recommend distributions from the Generosity Fund, may change the name of the Generosity Fund, and may direct that the Generosity Fund be closed once all assets held by the Generosity Fund have been distributed. Communication regarding the Generosity Fund will be sent to the Authorized Agent at the address and/or email address provided to AG Foundation for such communications. An Authorized Agent may add or modify his or her own contact information at any time.

Upon the death or removal from the institution of an Authorized User, any remaining Authorized Users will retain all privileges and powers to recommend grants. Upon the death or removal from the institution of the Online Access Administrator, the institution must designate a new Online Access Administrator.

#### SUCCESSOR ADVISORS

Fund Holders may name or remove a Successor Advisor to a Generosity Fund at any time. A Successor Advisor is an individual appointed by the Fund Holder to carry forward the giving goals of the Fund Holder upon the passing or incapacity of all named Fund Holders.

A Successor Advisor must be an individual over the age of 21 at the time that individual becomes active as a Successor Advisor. A named Successor Advisor who is not 21 or older at the time that individual would otherwise become active will not be allowed to serve as Successor Advisor. AG Foundation recommends that Fund Holders review Successor Advisors at least once a year or more often, if necessary, to ensure that a Successor Advisor meets the age requirement, is an individual capable of carrying forward the giving goals of the Fund Holder, and that his or her contact information is correct. Successor Advisors can be changed via Online Access to the Generosity Fund at any time before the death of all Fund Holders.

Successor Advisors are not available for Generosity Funds established by institutions.

#### DEFAULT CHARITIES

Fund Holders may name or remove a Generosity Fund's Default Charity via Online Access at any time before the death of all Fund Holders. In the event that a Successor Advisor is not named and all Fund Holders are deceased, AG Foundation will distribute the balance of the Generosity Fund according to any Default Charity direction provided by the Fund Holder during their life. In the event that a Default Charity was not named by the Fund Holder, the balance of the Generosity Fund will be granted to one or more IRS-qualified public charities, giving preference to any charities or purposes identified by a Fund Holder or a Successor Advisor over time or to which funds were recommended for granting by the Fund Holder or a Successor Advisor at any time.

Authorized Agents may name or remove a Generosity Fund's Default Charity via Online Access at any time. In the event that a Default Charity is not named by an Authorized Agent and the institution ceases to exist, the balance of the Generosity Fund will be granted to one or more IRS-qualified public charities, giving preference to any charities or purposes identified by an Authorized Agent over time or to which funds were recommended for granting by the Authorized Agent at any time.

#### TERMINATION OF ADVISORY PRIVILEGES

AG Foundation reserves the right to terminate any privileges of any person with respect to a Generosity Fund upon sixty (60) days written notice to the Fund Holder or Authorized Agent of the Generosity Fund at his or her last known US postal address as reflected in the Generosity Fund records. This reservation of rights is intended to protect the interests of AG Foundation in

the Generosity Fund and to manage the interests of AG Foundation related to the individuals associated with Generosity Funds.

## CONTRIBUTIONS

### IRREVOCABLE NATURE OF CONTRIBUTIONS

Each contribution to a Generosity Fund shall be an irrevocable gift to AG Foundation. Each contribution to a Generosity Fund shall be subject to the review and approval of AG Foundation. AG Foundation shall have sole discretion as to the acceptance and application of all gifts and may elect to not accept a contribution. Note that AG Foundation's receipt or possession of a contribution does not constitute acceptance by AG Foundation of that contribution. Acceptance of a contribution is only final when affirmatively accepted by AG Foundation after completion of its own internal gift acceptance process. AG Foundation may perform its own due diligence before acceptance of a contribution, and AG Foundation may decline a contribution based on that due diligence or for any other reason. If AG Foundation declines to accept a contribution, the contribution will be returned to the donor as soon as practicable. AG Foundation will hold exclusive legal control over any contribution once accepted. Once a contribution is accepted by AG Foundation, that contribution is irrevocable and is not refundable.

### TYPES OF CONTRIBUTIONS

Generosity Funds are intended to be funded online with cash, but contributions may also be made to a Generosity Fund by check for offline processing. After the initial gift has been completed, a Generosity Fund can accept the following types of assets:

- CASH

AG Foundation accepts contributions of cash denominated in US Dollars. Preference is given to delivery of funds by electronic funds transfer (EFT), but funds may also be delivered by wire or by check. Checks should be made payable to AG Foundation with specific reference to the Generosity Fund name and number listed in the memo field. Checks payable to a third-party and endorsed to AG Foundation will not be accepted. Upon receipt of a contribution in good order, together with acceptable documentation supporting the contribution, AG Foundation will typically process the contribution on the business day on which the contribution was received by AG Foundation.

- **ELECTRONIC FUNDS TRANSFER (EFT)**

Contributions to a Generosity Fund may be made via EFT for the purposes of transferring funds electronically from a bank account. Transfers are processed through the Automated Clearing House (ACH) system, and the bank from which the contribution originates must participate in the ACH system to use the service. AG Foundation does not charge a fee to use EFT, although the originating bank may charge transaction fees. Contributions made by EFT from a bank account to AG Foundation for a Generosity Fund are not available to fulfill grant recommendations until the funds are cleared by the bank, received, and accepted by AG Foundation. AG Foundation will not be liable for failure to complete an EFT transaction.

- **PUBLICLY TRADED SECURITIES**

Once the fund is established, publicly traded securities such as mutual funds shares, exchange traded fund shares, stocks, and bonds may be contributed to a Generosity Fund by a broker transfer of securities in deliverable form to an AG Foundation fiduciary account. Additional paperwork will be required to transfer ownership to AG Foundation for benefit of the Generosity Fund. Upon receiving the proper paperwork and contributed securities in good order, AG Foundation will sell the securities at the earliest possible date but reserves the right to sell at any time.

Contributions of stocks, mutual funds, and other publicly traded securities held at a financial institution will be processed when the assets are received in good order, and reviewed and approved by AG Foundation along with a Letter of Authorization signed by the owner or other authorized signer of the originating account. Fractional shares of stock positions generally cannot be contributed unless the entire brokerage position is being contributed. If fractional shares of stock positions are transferred without contributing the entire brokerage position, the contribution will be rounded down to the nearest whole share. If the entire brokerage position is contributed and a fractional share is involved in the transfer, additional processing time may be required. Other processing delays may result based on tax lot and in situations involving an “unknown” cost basis. Contributions of mutual funds may require two to four weeks once AG Foundation has received the original Letter of Authorization and all other required documentation required.

Non-publicly traded assets, such as shares and interests in privately held companies, may be accepted as funding for a Generosity Fund but require a case-by-case analysis by AG Foundation. Contact AG Foundation directly for an estimated timeframe for the consideration and acceptance of a contribution of restricted stock or non-publicly traded assets (assets that are not readily liquid), including real estate.

Funding options for Generosity Funds are limited to the above contribution methods, but other property, such as real estate or personal property, may be accepted by AG Foundation and used for funding other charitable instruments such as charitable trusts, customized donor advised funds, endowments, and charitable gift annuities.

#### CONTRIBUTION MINIMUMS

The minimum initial contribution to AG Foundation to establish a Generosity Fund is \$10,000 and must be made in cash via EFT. Additional contributions must be a minimum of \$100.

#### PROCESSING OF CONTRIBUTIONS

All contributions made to a Generosity Fund will be reviewed before acceptance by AG Foundation, and the processing time may vary. AG Foundation processes contributions on weekdays that are not holidays, and contributions are processed as quickly as possible after all assets (and in the case of non-cash assets, any related paperwork) have been received. Processing times may take longer during high volume periods. Regardless of processing times, the date of receipt of assets by AG Foundation (in a manner that irrevocably relinquishes the donor's ownership and control of those assets to AG Foundation) will generally be treated as the date of the contribution.

#### COSTS ASSOCIATED WITH CONTRIBUTIONS

In the event a contribution is made to a Generosity Fund that results in AG Foundation incurring costs, including but not limited to, tax consequences to AG Foundation, costs related to receiving, holding, or selling contributed property, or any other fees or charges, AG Foundation may allocate such costs incurred to the Generosity Fund for which the contribution is intended. AG Foundation works to liquidate non-cash contributions in a timely manner and, upon sale of non-cash assets, allocates to the Generosity Fund the gross proceeds of that sale less any costs incurred by AG Foundation in receiving, holding, and selling the contributed assets. AG Foundation determines and allocates all such costs at its own discretion based on the information available to AG

Foundation. AG Foundation reserves the right to set aside all or a portion of the contribution or the proceeds therefrom to cover potential, anticipated, or actual costs related to a contribution until the costs of that contribution are fully and finally determined.

#### INVESTMENT OF CONTRIBUTIONS

Generosity Funds are invested to earn a fixed income rate of return. That rate of return is reviewed each calendar quarter but may be adjusted by AG Foundation at any time. Currently, in order to maintain the efficiencies necessary to offer Generosity Funds, additional investment options are not currently available.

#### DEADLINES FOR CONTRIBUTIONS

In general, the date of receipt of assets by AG Foundation (in a manner that irrevocably relinquishes the donor's ownership and control of those assets to AG Foundation) will be treated as the date of the contribution (subject to acceptance by AG Foundation), but contribution deadlines serve as a framework to help anticipate contributions are properly received, accepted, and recorded. From late November until the last business day of each calendar year, AG Foundation may declare contribution deadlines in order to ensure delivery and acceptance of contributions before the December 31 tax deadline for claiming a charitable deduction for that tax year. Generally speaking, to ensure that funds are received, accepted and recorded by the December 31 tax deadline, year-end gifts should be submitted by December 26.

#### CONFIRMATIONS OF CONTRIBUTIONS

AG Foundation will communicate confirmations of contributions to the contributing party as required by law. Tax receipts will be separately delivered to the contributing party. The IRS generally requires a taxpayer to substantiate the charitable deductions claimed, so each donor should keep these tax receipts to use as tax records for the year in which any contribution was made. Fair market computations reported in contribution confirmations and tax receipts are good faith estimates provided by AG Foundation as a courtesy to donors, but donors are ultimately responsible for the value claimed for each deduction on their tax returns. Donors should consult with their own tax advisor before claiming any charitable deductions.

A confirmation and tax receipt for a contribution for cash will detail the date of the gift and the cash value of the gift. A confirmation of a contribution for publicly traded securities will detail the date of the gift, security name, number of shares, proceeds from the sale of the securities, and



the estimated fair market value for the publicly traded securities. If AG Foundation accepts a contribution of non-publicly traded assets, AG Foundation will acknowledge receipt of the assets, but will not provide or agree to any valuation of such assets. The donor of any non-publicly traded assets, such as real estate, should work with their own tax advisor to ensure compliance with IRS guidelines for substantiation of the valuation of a gift, including the possibility that the donor may need to obtain a qualified independent appraisal and may also need to report valuation of the gift to the IRS on IRS Form 8283.

If a third party contributes to a Generosity Fund, no Fund Holder may claim a tax benefit related to that contribution. Under the IRC, taxpayers are not generally entitled to claim a charitable deduction for contributions made by a third party.

## GRANTS

AG Foundation makes grants from Generosity Funds based on the recommendation of Fund Holders or Authorized Agents, and, in the event no Fund Holders remain, then from Successor Advisors. Grants from Generosity Funds are made and are intended to be used exclusively for the furtherance of the charitable purposes of any charitable organization to which a grant is made. AG Foundation reserves the right to undertake additional due diligence efforts to verify the charitable purpose of a grant or the charitable status of an organization to which a grant is recommended. AG Foundation also reserves the right to contact a charitable organization directly to inquire further as part of AG Foundation's due diligence process.

While every effort will be made to approve recommended grants, AG Foundation reserves the right to decline any grant recommendation. Circumstances under which AG Foundation may decline to make a recommended grant include, but are not limited to, the situations set forth below.

- **GRANTS BENEFITING GENEROSITY FUND PARTIES**

Grants cannot be made that provide a direct or indirect benefit or anything "more than incidental benefit" to a donor, a Fund Holder, an Authorized Agent, a Successor Advisor or any person with grant recommendation privileges, a family member of any of them, or other third parties. In addition, grants by AG Foundation from a Generosity Fund cannot be made to complete any legally-binding fundraising or giving obligation of a donor, a Fund

Holder, an Authorized Agent, a Successor Advisor, a family member of any of them, or other third parties.

Examples of direct or indirect benefits or legally-binding giving commitments that might lead AG Foundation to decline a grant recommendation include, but are not limited to, the following:

- 1) The grant recommendation is intended to pay for goods or services provided by the grant recipient charity.
- 2) The grant recommendation is intended to pay for raffle tickets or goods or services bought at a charitable auction or charity fundraiser.
- 3) The grant recommendation is intended to procure benefits related to an athletic fund or other membership, social, civic, or religious organization or fund, such as eligibility for preferred seating, special access or privileges, or in the religious, social, or civic context, a membership, licensing, or other credentialing from the fund or organization. The full price to receive any such benefits must be paid out of pocket and is not an allowable grant.
- 4) The grant recommendation is intended to pay a financial obligation, such as an enforceable pledge, that the donor, a Fund Holder, an Authorized Agent, a Successor Advisor, or a family member of any of them has made in a manner that is legally binding. This limitation does not preclude a grant to support or sponsor a third party's walk-a-thon, or other similar fundraising events, so long as that third party is not a donor, a Fund Holder, an Authorized Agent, a Successor Advisor, or a family member of any of them, and the cause does not conflict with the values of AG Foundation.
- 5) The grant recommendation is intended to provide support for a fundraising commitment of the donor, a Fund Holder, an Authorized Agent, a Successor Advisor, or a family member of any of them, such as a walk-a-thon, a church capital campaign, or an alumni pledge to a college, except in situations in which the fundraising commitment has already been met and the grant would only provide excess.

- 6) The grant recommendation is intended to pay school tuition and other school-related fees of any person, including any commitments, obligations, or other fundraising expectations set by the school that will be billed as tuition or otherwise adversely affect that student's enrollment if not met.
- 7) The grant recommendation is intended to fund scholarships when the donor, a Fund Holder, an Authorized Agent, a Successor Advisor, or a family member of any of them has sole or direct discretion regarding the granting of the scholarships.
- 8) The grant recommendation is intended to fund travel costs or trip expenses of the donor, a Fund Holder, an Authorized Agent, a Successor Advisor, or a family member of any of them.
- 9) The grant recommendation is intended to assist in covering the expenses, overhead, or wages of a grant recipient charity over which a donor, a Fund Holder, an Authorized Agent, a Successor Advisor, or a family member of any of them has substantial influence or control.
- 10) The grant recommendation is intended to fund the expenses, overhead, travel, or wages of the donor, a Fund Holder, an Authorized Agent, a Successor Advisor, or a family member of any of them incurred on behalf of the grant recipient charity.

- **POLITICAL PURPOSES**

Grants cannot be made that provide a benefit to an organization for any political use, including, but not limited to, lobbying, contributions to a political candidate, cause, or legislation, or to support any political campaign activities.

- **CONTROLLED ORGANIZATIONS**

Grants cannot be made that provide a benefit to an organization where a Fund Holder, an Authorized Agent, Successor Advisor, donor, any person with grant recommendation privileges, or a family member controls or has substantial influence over control of the organization.

- **CONFLICTING ORGANIZATIONS**

Grant recommendations to organizations that conflict with the internal policies, principles, or values of AG Foundation will be declined. AG Foundation retains the sole discretion and determination regarding any such conflicting organization.

- **IMPROPER PURPOSES**

Pursuant to AG Foundation's due diligence process, and in its sole discretion, grant recommendations for any improper purpose will be declined.

- **SPECIFIC PURPOSE DESIGNATIONS**

A grant request made by a Fund Holder, an Authorized Agent, or Successor Advisor may specifically recommend use by the grant recipient charity for a specific purpose designated in advance, such as a building fund or special project. AG Foundation will review the grant recommendation and consider the specific purpose, and AG Foundation, in its discretion, may convey the specific purpose recommendation to the grant recipient charity. AG Foundation reserves the right to make a grant without including specific purpose recommendations or with modified specific purposes recommendations. In making any specific purpose recommendation, AG Foundation communicates to the grant recipient organization that the grant recipient organization has no obligation to use the funds in accordance with the specific purpose recommended and that the grant recipient organization has full autonomy, discretion, and control of the use of those funds within its exempt charitable functions and purposes.

## **ANONYMOUS GRANTS**

When making a grant recommendation, the default communication to the grant recipient charity will include the name of the Generosity Fund from which the grant was made. A Fund Holder, an Authorized Agent, or a Successor Advisor may request that the name of the Generosity Fund be withheld and kept anonymous. If the name of the Generosity Fund is kept anonymous, the grant will be identified as a grant from a Generosity Fund held by AG Foundation and that the party recommending the grant has requested anonymity. AG Foundation will not release the name or contact information of the Generosity Fund, a Fund Holder, an Authorized Agent, or a Successor Advisor to any grant recipient charity without the explicit consent of the grant recommending party. On occasion, grant recipient charities desire to send letters of thanks for grants received. In the event that a grant recommending party has requested anonymity, AG Foundation will serve as

recipient of those communications and will forward any letters of thanks to the grant recommending party.

#### NUMBER OF GRANTS

AG Foundation allows unlimited grants from a Generosity Fund as long as each grant meets the minimum allowed grant amount.

#### MINIMUM ALLOWED GRANT AMOUNT

AG Foundation will consider grant recommendations of \$250 or more. In the event that a Generosity Fund's balance is less than the \$250 minimum allowed grant amount, the balance of the Generosity Fund should be increased through an additional gift to the Generosity Fund in order to make that recommended grant. Only in circumstances in which a Fund Holder, an Authorized Agent, or a Successor Advisor have provided written notice to terminate the Generosity Fund may a grant under \$250 be recommended for the purposes of terminating the Generosity Fund.

#### ABANDONMENT OF GENEROSITY FUND

If a Generosity Fund is deemed by AG Foundation to be abandoned, AG Foundation may, at its discretion, grant the entire balance of the Generosity Fund to the default charities named by a Fund Holder, an Authorized Agent, or a Successor Advisor. If no default charities have been named or currently exist, then AG Foundation may grant any remaining balance to one or more IRS-qualified public charities, giving preference to charities or purposes identified by a Fund Holder, an Authorized Agent, or a Successor Advisor over time or to which funds were recommended for granting by the Fund Holder, Authorized Agent, or a Successor Advisor at any time.

#### TIMING OF GRANT DISTRIBUTIONS

AG Foundation reviews grant recommendations upon submission. AG Foundation works to distribute the grant as soon as possible pending due diligence review and appropriate internal approvals, usually within seven (7) business days. If a grant recommendation names an organization not already known by AG Foundation, especially if information on that organization is not readily available through the Internal Revenue Service Tax Exempt Organization Search, due diligence, research, and review may take longer.

## GRANT CONFIRMATIONS

Grants are made directly by AG Foundation. Each grant check is accompanied by a letter to the grant recipient charity, and in some cases that involve multiple grants within one organization, a detailed spreadsheet might accompany that letter. The letter accompanying a grant check will identify the Generosity Fund from which funds were granted except in circumstances in which anonymity was requested. Grant checks and the accompanying correspondence are mailed via the United States Postal Service to the legal address of the grant recipient charity. It is the general policy that Generosity Fund checks should not be directly delivered to the grant recipient charity by a donor, Fund Holder, or Successor Advisor.

After each grant is processed, a Fund Holder, Authorized Agent, or Successor Advisor should be able to verify completion of the grant via AGFinancial's Online Access system ("Online Access") to the Generosity Fund. If anonymity is not requested, a Fund Holder, Authorized Agent, or Successor Advisor may also receive a confirmation directly from the grant recipient charity. In such event, the confirmation should not be considered a receipt with which an additional charitable deduction may be claimed because the grant itself was made by AG Foundation, not a Fund Holder, Authorized Agent, or Successor Advisor. Any charitable deduction available to the donor is only available upon the initial contribution to the Generosity Fund, not at the time of the grant itself.

## TAX CONSIDERATIONS

A donor may qualify for tax benefits under federal law for making a contribution to a Generosity Fund. Note that this discussion of tax considerations is limited to federal taxes under the United States' IRC. State level tax considerations are beyond the scope of this discussion and vary state to state. Also, each taxpayer's tax circumstances are different, and additional rules or regulations may apply that are not considered here. A tax advisor should be consulted regarding any tax considerations related to a gift to a Generosity Fund.

## CHARITABLE DEDUCTION

Generally speaking, donors who qualify to claim itemized deductions on their federal income tax returns may take an itemized charitable deduction as of the date a contribution to a Generosity Fund is completed, subject to general limitations below and the limitations set by the IRC. The value of the deduction a donor may claim will depend, in part, on the type of asset used to make

the gift to the Generosity Fund. Gifts of cash equivalents are generally treated most favorably for charitable deduction purposes. Consult a tax advisor for further discussion of the deductibility of different types of assets.

For gifts of cash equivalents (by check, EFT, or wire), the charitable deduction amount is typically based on the amount of the actual contribution, subject to the percentage limitations discussed below under Other Tax Considerations.

For gifts of publicly traded securities, the charitable deduction amount is impacted by the amount of time the security was held by the donor before the gift. Publicly held securities contributed after being held by the donor for more than one year will generally be deductible based on the fair market value of the securities on the date the contribution is made. Fair market value of a publicly traded security is calculated as the mean of the high and low prices of the security reported on the date the gift is made. For gifts of mutual fund shares held more than one year by the donor, the deduction will be the fair market value of the shares contributed, calculated as the closing price on the date the gift was completed. For securities or mutual funds held by the donor for one year or less, the deduction is generally limited to the lesser of the donor's cost basis or the fair market value.

For securities that are not publicly traded, the charitable amount is also impacted by the amount of time the security was held by the donor before the gift. If non-publicly traded securities are contributed after being held by the donor for more than one year, the charitable deduction related to that gift will typically be based on the fair market value of the securities on the date the contribution was made. Due to the non-public status of the securities, AG Foundation (if it accepts a gift of non-publicly traded securities) can acknowledge receipt of the gift of securities, but cannot provide or agree to any valuation of the fair market value of the securities. The donor should obtain a qualified independent appraisal of the fair market value of the non-publicly traded securities as of the date of the gift. That appraised fair market value may be higher or lower than the amount at which AG Foundation is able to sell the non-publicly traded securities. A donor of non-publicly traded securities should consult their tax advisor for more information on the tax implications and valuation of a gift of such securities.

## OTHER TAX CONSIDERATIONS

Charitable deductions are subject to “percentage limitations” based on the type of organization to which the gift is given and the type of asset that is given. These limitations can restrict the total deduction that can be used in one year to a specific percentage of the taxpayer’s adjusted gross income (“AGI”) in the year the deduction is claimed. In most circumstances, contribution amounts that are in excess of these percentage limitations may be carried forward for up to five subsequent years for further deductibility. AG Foundation is considered a public charity by the IRS which gives it the most favorable deduction status under IRS rules regarding the types of organizations to which gifts may be given.

As of the date of this document, deductions for long-term capital gain property (such as appreciated securities held for more than one year) may typically be taken up to 30% of the AGI of the taxpayer in the year of the gift. Deductions for all other contributions (including short-term capital gain property and cash equivalents) may typically be claimed for up to 60% of the AGI of the taxpayer in the year of the gift. A taxpayer’s ability to itemize deductions in order to take advantage of charitable deductions is subject to certain limitations set forth by the IRC. A tax advisor will be able to provide the necessary analysis to help a taxpayer determine if he or she can itemize deductions and how much to claim for charitable deductions on the income tax return.

## TAX TREATMENT OF INCOME INSIDE A GENEROSITY FUND

Funds held in a Generosity Fund may accrue income over time based on the investment of the Generosity Fund. Funds held inside a Generosity Fund are funds that have been gifted to AG Foundation, and any income that accrues on the principal of the fund is income of AG Foundation that is attributed by AG Foundation to a specific Generosity Fund, all for the benefit of additional giving from the Generosity Fund. The income that accrues inside a Generosity Fund is not a part of a donor’s taxable estate. A donor is not subject to tax on the income that accrues inside the Generosity Fund. In addition, a donor is not eligible to claim a charitable deduction as to that income. Income and loss inside the Generosity Fund is only income and loss of AG Foundation as to that fund and has no financial or tax impact on a donor.

## TAX TREATMENT OF GRANTS FROM A GENEROSITY FUND

Funds held inside a Generosity Fund are funds that have been gifted to AG Foundation. As such, a grant from a Generosity Fund to a third-party charitable organization is a grant by AG Foundation of its own assets to that other charitable organization. Donors are not eligible to claim



a charitable deduction when the Generosity Fund makes a grant from that Fund Holder's Generosity Fund to a third-party charitable organization. A donor's opportunity to claim a charitable deduction is the donation of assets by the donor to the Generosity Fund. Donors do not have additional opportunity for a charitable deduction when the Generosity Fund grants funds to a third-party charitable organization. If the third-party charitable organization sends the donor a charitable gift receipt for the grant from the Generosity Fund to that charity, the receipt should not be used for tax purposes to claim an additional charitable deduction.

## TAX FORMS

For donors who contribute publicly traded securities, the IRS requires taxpayers to complete and file additional tax forms (IRS Form 8283) with their federal income tax return for any non-cash gift of property valued at \$500 or more, including publicly traded and other securities as well as non-publicly traded assets. Each donor is ultimately responsible for ensuring that the information filed with his or her tax return is complete and accurate. For additional information regarding tax filing and substantiation requirements, each donor should consult his or her tax advisor.

## TESTAMENTARY

### TESTAMENTARY GIFTS TO A GENEROSITY FUND

A Generosity Fund may accept properly designated testamentary gifts that become effective upon the death of a donor. A donor may name AG Foundation as beneficiary of cash equivalents, securities, or other property through a Last Will and Testament, trust, or other testamentary instrument, or as the beneficiary of other non-probate property, including but not limited to, an individual retirement account (IRA), a 401(k) or 403(b) account, an irrevocable trust (such as charitable remainder trust or charitable lead trust), a life insurance policy, or a bank account or brokerage account that allows naming of beneficiaries. Testamentary contributions for the benefit of a Generosity Fund should be made to AG Foundation for allocation to an existing Generosity Fund. Contact AG Foundation for suggested language for a bequest or other testamentary gift.

AG Foundation will not accept changes or additions to advisory privileges (such as the naming of a Fund Holder or Successor Advisor) or grants out of a Generosity Fund through any testamentary document. AG Foundation recommends consultation with a legal or tax advisor to determine how tax rules will apply to a donor's particular situation when establishing a testamentary gift to a

Generosity Fund through a Last Will and Testament, trust, beneficiary designation, or other deferred gift.

## TESTAMENTARY INSTRUCTIONS

Testamentary instructions through a Last Will and Testament, revocable trust, or other trust will not generally be considered by AG Foundation in its decision making and determinations upon the death of the Fund Holders. In addition, no unauthorized party, including the executor or trustee of the Fund Holder or a Successor Advisor may access information about the Generosity Fund or receive any personal information or transaction history with respect to a Generosity Fund.

Only upon the last death of any remaining Fund Holder(s) will the Successor Advisor(s) step into a place of capacity and responsibility regarding the Generosity Fund. In that event, AG Foundation will convert the balance of that Generosity Fund to a new Generosity Fund with the Successor Advisor as the initial Fund Holder, and in that event, as Fund Holder, that individual will be able to name new Fund Holders or new Successor Advisors to the newly created Generosity Fund. If a Generosity Fund has multiple Successor Advisors, AG Foundation will split the remaining balance of the Generosity Fund into multiple new Generosity Funds in order to allow each Successor Advisor to be able to name other Fund Holders or Successor Advisors to his or her own unique Generosity Fund and grant the funds of that Generosity Fund.

In any event in which a Successor Advisor does not respond within ninety (90) days of notice from AG Foundation, AG Foundation shall be authorized to distribute the remaining balance of the Generosity Fund to one or more IRS-qualified public charities, giving preference to any charities or purposes identified by a Fund Holder or a Successor Advisor over time or to which funds were recommended for granting by a Fund Holder or a Successor Advisor at any time.

## RECORDKEEPING AND REPORTING

### CONFIRMATIONS OF GENEROSITY FUND ACTIVITY

Confirmations of Generosity Fund activity will be made available to a Fund Holder, Authorized Agent, or a Successor Advisor through transaction activity records available via Online Access.

## REPORTS AND STATEMENTS

As required by law, AG Foundation will make available any financial reports or other information on transaction activity within a Generosity Fund. Reporting, including quarterly statements or annual reports, will be made available by US mail and/or in digital form through Online Access. Any reports or statements produced by AG Foundation should be read carefully to ensure accuracy. Any error in a report or statement should be reported to AG Foundation as soon as practicable.

## FEES AND EXPENSES

Currently no fees, namely administrative, management, or granting fees, are assessed on Generosity Funds. AG Foundation reserves the right to assess fees on Generosity Funds in the future as deemed necessary to continue the Generosity Fund program, but at this time, no fees apply except for fees or expenses incurred related to liquidation of non-cash contributions.

## ARBITRATION INFORMATION

All claims and disputes arising under or relating to this Agreement are to be settled by binding arbitration in the State of Missouri. The arbitration shall be conducted on a confidential basis pursuant to the rules of the American Arbitration Association. Any decision or award as a result of any such arbitration proceeding shall be in writing and shall provide an explanation for all conclusions of law and fact and shall include the assessment of costs, expenses and reasonable attorneys' fees. An award of arbitration may be confirmed in a court of competent jurisdiction.

## CHANGES TO THE TERMS AND CONDITIONS

AG Foundation may revise and update these Terms and Conditions from time to time in its sole discretion. All changes are effective immediately when posted and apply to all existing Generosity Funds and those established thereafter. However, any changes to the arbitration provisions set forth above will not apply to any disputes for which the parties have actual notice on or before the date the change is posted in Online Access.

A Fund Holder's or Authorized Agent's continued use of a Generosity Fund following the posting of revised Terms and Conditions means that he has accepted and agreed to the changes. Fund Holders are expected to review the Terms and Conditions from time to time to be aware of any changes, as they are binding on all Fund Holders, Authorized Agents, and Successor Advisors.

AG Foundation will notify Fund Holders and Authorized Agents of revised Terms and Conditions by posting an alert within Online Access requiring review and acceptance of the revised Terms and Conditions prior to proceeding. Failure to accept and agree to Terms and Conditions currently in place may result in a donor's Generosity Fund being terminated and distributed to the Default Charity.