CORPORATE FOUNDATION
POLICIES AND PROCEDURES

INDEX

PART A. RULES GOVERNING ALL FUNDS 1
Section 1. TYPES OF DONORS AND FUNDS 1
   a. Eligible Donors
   b. Funds
Section 2. ACCEPTANCE OF CONTRIBUTIONS 1
   a. General Policies and Approval
   b. Review and Approval of Contributions
   c. Written Acknowledgment of Acceptance of Contributions
   d. Donor's Counsel
   e. Minimum Initial Contributions
   f. Additional Contributions
   g. Contributions are Irrevocable
   h. Donor Restrictions on Use of Property
   i. Policy to Sell Contributed Property
   j. Tax Deduction vs. Net Proceeds from Sale of Contributed Property
   k. Confidentiality

Section 3. INVESTMENT POLICIES 3

Section 4. ADMINISTRATIVE EXPENSES 4

Section 5. CHARITABLE PURPOSE 4

Section 6. AMENDMENTS 4

PART B. FUNDS 4
Section 1. TYPES OF FUNDS 4
   a. Categorization by Charitable Purpose
      1. Corporate Donor Advised Funds
      2. Field of Interest Funds
      3. Scholarship Funds
      4. Unrestricted Funds
   b. Categorization by Administration of Assets
      1. Integral Funds
      2. Component Funds

Section 2. GENERAL POLICIES 5

Section 3. DONOR MAY SELECT NAME OF FUND 5
Section 4. DISTRIBUTIONS
a. Grants Shall Follow Donor's Intent
b. Grants Will Normally Identify the Name of the Fund
c. Grants Must Not Provide a Financial Benefit to Donor
d. Other Limits on Distributions
e. Donor Generally Cannot Control Timing of Grants
f. Board May Identify Specific Charitable Needs of the Community

Section 5. VARIANCE POWER AND MONITORING FUNCTION
a. OneOC to Follow General Donor Intent if Variance Power is Exercised
b. Fund to Keep Donor's Name if Variance Power Exercised
c. OneOC to Monitor Beneficiary's Performance of Terms of Grant

Section 6. ADVISORY COMMITTEES OF FUNDS
a. General Rules
b. Usually Majority Vote is Required
c. Authority to Act as Agent of OneOC Restricted
d. Fundraising
e. Divorce/Separation of Current Donor Advisors

Section 7. SPECIAL RULES FOR CORPORATE DONOR ADVISED FUNDS
a. Establishment and Purpose
b. Distributions from Corporate Donor Advised Funds
c. Minimum Grant Amount from Corporate Donor Advised Funds

Section 8. SPECIAL RULES FOR FIELD OF INTEREST FUNDS
a. Establishment and Purpose
b. Geographic Affiliates
c. Monitoring Function and Variance Power

Section 9. SPECIAL RULES FOR SCHOLARSHIP FUNDS
a. Establishment and Purpose
b. Employer-Sponsored Scholarship Funds
c. Other Permitted Grants to Individuals
d. Monitoring Function and Variance Power
e. Conflict of Interest

Section 10. SPECIAL RULES FOR COMPONENT FUNDS
APPENDIX

TAX LAWS THAT GOVERN INCOME TAX CHARITABLE CONTRIBUTIONS

Section 1. TIMING OF INCOME TAX DEDUCTIONS

Section 2. EVIDENCE OF DEDUCTION REQUIRED
   a. Any Contribution Over $250
   b. Appraisals Required for Gifts of Property Over $5,000; Exceptions for Cash and Publicly Traded Securities

Section 3. AMOUNT OF INCOME TAX DEDUCTION

Section 4. ANNUAL DEDUCTION LIMITATIONS
   a. Individuals
   b. Corporations
   c. Trusts and Estates

Section 5. TREATMENT OF EXCESS BUSINESS HOLDINGS
OneOC has established the following policies and procedures in order to carry out its Corporate Foundation mission:

Accelerating Nonprofit Success

PART A. RULES GOVERNING ALL FUNDS

Section 1. Types of Donors and Funds,

A Donor may establish with OneOC one or more Funds. A Fund is an integral part of the OneOC; grants are made from each Fund to carry out the charitable purposes specified by the Donor. Included within these categories are:

a. Eligible Donors
OneOC 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. Corporate Donor Advised Funds
2. Field of Interest Funds
3. Scholarship Funds
4. Unrestricted Funds

Section 2. Acceptance of Contributions

a. General Policies and Approval

Requests to establish Funds with OneOC 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 OneOC's charitable purposes and specific charitable needs. The senior management officers of OneOC (i.e., President and CEO, COO, and Director of Finance) 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 OneOC prior to acceptance. OneOC’s 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 OneOC (i.e., President and CEO, COO, and Director of Finance) before acceptance will review contributions of all other assets that are not readily marketable and shall consider the value of the asset, the likelihood that the asset can be quickly liquidated, the charitable nature of the gift, potential risks to the Foundation, carrying costs, and unrelated business income tax consequences. 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 will not be accepted at this time unless approved by a senior management officer of OneOC.

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 OneOC. Any interest in an entity in which any interest is owned by a donor or advisor to a donor advised fund, by a family member of any such person, or by an entity in which any of the foregoing persons has an interest shall be referred to the Foundation’s senior management and corporate counsel for an opinion on the possible application of Code section 4943. See Appendix: Section 5 for treatment of excess business holdings.

c. Written Acknowledgment of Acceptance of Contributions

OneOC 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. OneOC, 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

OneOC encourages each prospective Donor to have the terms of all proposed agreements reviewed by the Donor's legal and/or financial advisors. OneOC does not provide legal, tax or financial advice. 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.

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 OneOC, once accepted, represents an irrevocable charitable contribution to OneOC. Contributions to OneOC are not refundable.

h. Donor Restrictions on Use of Property

Federal tax laws provide that a Donor to OneOC may not impose any "material restriction" (a term defined in the Treasury Regulations), which prevents OneOC 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 OneOC.

i. Policy to Sell Contributed Property

The general policy of OneOC 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, OneOC 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 OneOC), shall be revalued using a qualified appraisal every three (3) years from the date of the gift to OneOC. The cost of the qualified appraisal shall be an expense of the Fund. Any costs incurred by OneOC 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 OneOC (i.e., President and CEO, COO, and Director of Finance) 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 OneOC 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 OneOC 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 OneOC, 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 Horizon’s investment program shall seek to provide competitive market returns with reasonable levels of risk. The Greater Horizon’s 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. An investment recommendation form is required to be on file to notify OneOC of using one of the investment pools or your own financial advisor.
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 Horizon’s 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 OneOC, then the current Donor, Donor Advisor(s) or Advisory Committee may make an appropriate recommendation to OneOC in accordance with the policies and procedures approved by the Investment Committee. Such recommendations are advisory, and Greater Horizon 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 will be charged its equitable share of OneOC’s expenses in accordance with the current administrative fee as approved by the Board of Directors (or a designated committee). If an expense is directly associated with a specific Fund then the expense will generally be directly charged to the applicable fund. The current OneOC’s 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. Amendments

The Procedures for Establishment and Operation of Funds 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. Corporate Donor Advised Funds: the Corporate Donor, Corporate Donor Advisor(s) or Advisory Committee may recommend charitable grant recipients from time to time.

2. 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.

3. 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.

4. Unrestricted Funds: Donors may choose an unrestricted fund that allows OneOC 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 Horizon (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 OneOC 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 OneOC.

**Section 2. General Policies**

Each Fund, whether administered directly by OneOC or through a separate trust, custodial account or agency agreement, shall be considered part of (and legally owned by) OneOC and shall be governed by its Articles of Incorporation, Bylaws and by these Procedures. Funds will generally be administered directly by OneOC but a Donor may request to have a Component Fund. Regardless of the form of administration, OneOC 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, OneOC 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. OneOC 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**

OneOC 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 OneOC 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.

OneOC 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., OneOC); 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 OneOC has classified as Corporate Donor Advised Funds, Designated Funds or Field of Interest Funds.

OneOC 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.

OneOC will also not make any grant directly to an individual or to an organization for the benefit of a specified individual from any fund that is classified as a donor advised fund under the law.

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 OneOC as defined by law, then such distribution will not be allowed until it has been reviewed by a senior management officer of OneOC (i.e., President and CEO, COO, and Director of Finance) and, if required by law, procedures are in place so that the OneOC can exercise “expenditure responsibility” over such distribution. Expenditure responsibility generally requires OneOC 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 OneOC (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 OneOC’s 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. OneOC 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. OneOC 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 are performing their responsibilities in the utilization of these grants toward attainment of OneOC’s 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. OneOC recommends three or more persons on the committee.

With respect to a Field of Interest Fund, the Donor may recommend an Advisory Committee (which may include the Donor) to be appointed by the OneOC in which case the senior management officers of the OneOC (i.e., President and CEO, COO, and Director of Finance) shall have the authority to appoint the Advisory Committee on behalf of the Board of Directors of OneOC.

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 OneOC.

b. Usually Majority Vote Is Required

Unless contrary instructions have been made by the Donor or by OneOC, 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 OneOC. Otherwise, each committee may operate under such procedures as it finds appropriate.

c. Authority to Act as Agent of OneOC Restricted

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

OneOC 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 OneOC and its Funds to fines and penalties). We need to be informed about activities being done in the name of OneOC (and its Funds) and to monitor any obligations associated with those activities.

d. Fundraising

OneOC will not sponsor any fundraising or other events for any Fund, and will not be responsible for the collection of any amounts from any benefit, ball, banquet or athletic event 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.

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, OneOC 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 the OneOC, to provide for the future administration of such Fund(s). Subject to the approval of the OneOC, the husband and wife may jointly authorize OneOC 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 OneOC, 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, OneOC 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 Corporate Donor Advised Funds

a. Establishment and Purpose

A Corporate Donor may establish a Corporate Donor Advised Fund whereby the individual Corporate Donor(s) and/or designated Advisors, retain a lifetime privilege to recommend charitable grant recipients to OneOC. Corporate Donor Advised Funds may continue to advise on charitable distributions as long as the Corporation continues to operate.
Matching gifts of employees can go into this fund in which the Advisory Committee or designated committee is responsible for tracking and recommending grants.

A paypal account may be requested to be set up by OneOC to encourage donations into the fund. A web link would be established for the Donor Advised Fund’s website.

Donor Advised Funds are generally for grants to any U.S. charity at any time that have no other expenses.

b. Distributions from Corporate Donor Advised Funds

Corporate Donors and/or Corporate 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 Corporate Donor Advised Funds.

c. Minimum Grant Amount from Corporate Donor Advised Funds

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

Section 8. Special Rules for Field of Interest Funds

a. Establishment and Purpose

A Donor or OneOC 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 OneOC’s 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 OneOC in a manner similar to that described for Scholarship Funds below.

A Field of Interest Fund is set up to support a particular interest areas (e.g. cancer research, disaster relief fund, special events) and funded by many donors; overseen by an advisory committee (a majority of which is not the donor/donor’s family who established the fund) or OneOC.

b. Geographic Affiliates

OneOC’s governing body maintains oversight and control over geographic affiliates. A geographic affiliate is a component fund (or collection of component funds), established within or by OneOC, serving a defined geographic region under a common advisory board. Grants recommended by the advisory board of a geographic affiliate shall be subject to the same due diligence process exercised by OneOC for all other Field of Interest funds.

c. 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 9. Special Rules for Scholarship Funds

a. Establishment and Purpose

A Donor or OneOC 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 OneOC’s tax-exempt status and consistent with the allowance of tax deductions for individuals making contributions to the OneOC. 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 OneOC’s tax-exempt status shall be reviewed by OneOC’s 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 OneOC 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 the OneOC in which case the senior management officers of OneOC (i.e., President and CEO, COO, and Director of Finance) shall have the authority to appoint the Advisory Committee on behalf of the Board of Directors of OneOC. The Advisory Committee will review scholarship applications and select scholarship recipients, in which case the manager of scholarship funds for the OneOC shall control the Advisory Committee by having the equivalent of a supermajority vote on the Advisory Committee. The manager of scholarship funds for OneOC 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 OneOC’s 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 10. Special Rules for Component Funds

The tax regulations provide that in order for a trust to be treated as a component part of a OneOC (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 OneOC;

b. OneOC 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. OneOC must have the power to replace the trustee for breach of fiduciary duty under state law;

d. OneOC 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. OneOC must accept the contribution.

Special Rules for Employee Assistance Funds (to be filled in)

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 OneOC. Delivery is considered made under the following circumstances:

1. Unconditional delivery or mailing of a check to OneOC 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 OneOC 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 OneOC, or instructs his bank, broker, other agent or the issuing corporation to transfer stock to OneOC, 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 OneOC, 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 OneOC, or (ii) makes the appropriate entry in its books and records to reflect that it holds the stock on behalf of OneOC.

6. Delivery to OneOC will be effective upon receipt by a senior management officer of OneOC (i.e., President and CEO, COO, and Director of Finance), 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 OneOC) 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 OneOC 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 OneOC. 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 OneOC.

Section 4. Annual Deduction Limitations

a. Individuals

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:

<table>
<thead>
<tr>
<th>Type of Charity</th>
<th>Cash and Ordinary Income Property</th>
<th>Long-term Capital Gain Property (Stock &amp; Real Estate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Charity</td>
<td>50% of AGI</td>
<td>30% of AGI</td>
</tr>
<tr>
<td>(including a Fund with OneOC)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Foundation</td>
<td>30% of AGI</td>
<td>20% of AGI</td>
</tr>
</tbody>
</table>
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

Estate 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.

Section 5. Treatment of Excess Business Holdings

Under the Pension Protection Act of 2006 (PPA), the private foundation excess business holdings rules now apply to donor advised funds as if they were private foundations. That is, the holdings of a donor advised fund in a business enterprise, together with the holdings of persons who are disqualified persons with respect to that fund, may not exceed any of the following:

- Twenty percent of the voting stock of an incorporated business
- Twenty percent of the profits interest of a partnership or joint venture or the beneficial interest of a trust or similar entity.

Ownership of unincorporated businesses that are not substantially related to the fund’s purposes is also prohibited.

Donor advised funds receiving gifts of interests in a business enterprise after the date of the PPA’s enactment (August 17, 2006) will have five years to divest holdings that are above the permitted amount, with the possibility of an additional five years if approved by the Secretary of the Treasury. Funds that held such assets on August 17, 2006 will have a much longer period to divest under the same complicated transition relief given to private foundations in 1969.

What is a business enterprise?

A “business enterprise” is the active conduct of a trade or business, including any activity which is regularly carried on for the production of income from the sale of goods or the performance of services. Specifically excluded from the definition are:

- Holdings that take the form of bonds or other debt instruments unless they are a disguised form of equity
- Income from dividends, interest, royalties and from the sale of capital assets
- Income from leases unless the income would be taxed as unrelated business income
- “Functionally-related” businesses and program-related investments
- Businesses that derive at least 95 percent of their income from passive sources (dividends, interest, rent, royalties, capital gains). This will have the effect of excluding gifts of interests in most family limited partnerships, and other types of holding company arrangements.

What is a disqualified person?

Donors and persons appointed or designated by donors are disqualified persons if they have—or reasonably expect to have—advisory privileges with respect to the donor-advised fund by virtue of their status as donors. Members of donors’ and advisors’ families are also disqualified, but the section does not define “family” and does not cross-reference either section 4958 or 4946 for the definition. Finally, the term includes 35-percent-controlled entities as defined in section 4958(f)(3).

OneOC Policy with regard to assets categorized under the PPA as “excess business holdings”

OneOC will identify and monitor any new gift to a donor advised fund of any interest qualifying as an “excess business holding” under the PPA. OneOC will exercise its best effort to dispose of the contributed interest at the best possible price within five years of the date of the gift, as required under the PPA. In any event, OneOC will dispose of any excess business holding prior to the five year time limit, except in the event that the Treasury Department grants an additional five year holding period. OneOC will notify potential donors of such interests of this requirement prior to the contribution of such interest.

1 The language is clear that it is only the donor advised fund—not the sponsoring charity—that is to be treated as a private foundation. Accordingly, it appears that this section does not apply to assets held by the sponsoring charity’s investment pools, or assets held by funds that are not donor advised.

2 Thirty-five percent if it can be shown that persons who are not disqualified persons have effective control of the business.

3 Additionally, the donor advised fund will be barred from holding non-voting stock of an incorporated business unless the disqualified persons collectively own less than 20 percent of the voting stock. Under the de minimis rule, the donor-advised fund could continue to hold an interest that did not exceed two percent of the voting stock and two percent of the value. Additional rules apply to cover situations such as mergers, redemptions, and acquisitions.

4 Excess holdings acquired by purchase must be disposed of immediately. If purchases by disqualified persons cause the donor advised fund to have excess holdings, the donor advised fund will have 90 days to dispose of the excess.

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 OneOC.