2019

Organization Summary

Legacy Tree Foundation

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Contents

History of LegacyTree Foundation (LTF)

LegacyTree Foundation was originally established as G J Wolter Ministries in 1999 by LTF President Jim Wolter's brother, Greg Wolter to support humanitarian and Christian ministry work in Bulgaria and Thailand. Tax-exempt status was issued by the IRS in March of 2000. In 2009, Greg named his brother Jim as President. Annette Johnson and Nanette Beebe joined LTF as officers shortly thereafter and the charity's focus was expanded to support a broader range of charitable and humanitarian work. Subsequently, the name was changed to LegacyTree Foundation to reflect its broader focus. An Advisory Board of seasoned financial professionals, attorneys, and non-profit executives was assembled, and an independent Board of Directors was installed.

Additional experienced staff members were added and LTF began offering charitable planned giving programs in approved states as the primary means of raising funds. Through these planned giving programs called "LegacyPlans", LTF distributes grants to honor the philanthropic desires of its donors as well as fulfill its own mission of providing spiritual, physical and humanitarian aid to those in need. Donors who complete a LegacyPlan are also invited to recommend a charitable organization of their choice to receive a grant. LegacyTree Foundation has distributed hundreds of grants to recommended organizations on behalf of our donors.

The officers and staff of LegacyTree Foundation continue striving to fulfill the mission of providing spiritual, physical and humanitarian aid to those in need through a simple model of fundraising by communicating with financial professionals regarding implementing charitable planning into their practices to help their clientele enjoy the benefits available through charitable planning.

Since 2009, LegacyTree Foundation has facilitated hundreds of LegacyPlan contracts, all reinsured with highly rated insurance companies and worked to increase its net unrestricted assets in an effort to build future charitable endowments. LegacyTree Foundation has directed millions of dollars in charitable grants and disbursements to churches, charities and non-profits, many of them recommended by LegacyPlan contract owners. LegacyTree Foundation is a substantial funding partner for numerous charities including (but not limited to) Feed America First, Mercy Multiplied, Danita's Children/Hope for Haiti, Hope International, Send Musicians to Prison, Freedom's Promise and many others. For additional information on our Impact Partners and a more expansive list of donor recommended charities, please visit our website at www.legacytreefoundation.org.

LTF engages the public accounting firm of Kraft CPAs to prepare required IRS annual 990 filings and independent audited financial statements each year. Copies of such documents are available upon request.

LegacyTree Foundation is a member of NAFA (National Association for Fixed Annuities) and actively promotes the benefits and proper use of charitable planning among industry professionals.

Officers

James (Jim) Wolter, President

Prior to working in the nonprofit sector, Jim spent 20+ years as a registered representative and licensed life and health insurance agent, working directly with business owners and small groups designing benefit plans to meet their financial needs.

Jim began his nonprofit career in early 2000, where he ultimately advanced to the role of Executive Vice President of Development with a national charitable organization. He worked with key financial professionals around the country, educating them on the benefits of charitable planned giving transactions for their clients. In addition, he managed an in-house team of development advisors of which he provided support, training, technical advice and strategic planning to help meet the long-range goals of the organization.

In his role as President of LegacyTree Foundation, Jim has oversight responsibilities for all facets of the organization. His primary objectives are to ensure that a family's charitable and philanthropic intentions are honored and to ensure that LegacyTree Foundation's long-term obligations to them and their heirs are secured and protected in a prudent manner.

Jim has been a featured speaker for industry conferences, conducts numerous educational webinars for financial professionals, and has written articles for national financial publications.

Jim resides in Franklin, TN with Amy his wife of 34 years. They are actively involved in their church and its worship band.

Nanette Beebe, Secretary/Treasurer

Nanette is a certified paralegal, who holds a real estate license and has also been insurance licensed. Her background in these areas made her an excellent addition to the nonprofit sector which she joined in 2002 as a specialist in real estate where she facilitated millions of dollars of charitable real estate transactions (including farmland, commercial & industrial properties, raw land and rental property units) across the country for a national nonprofit organization. Her expertise in charitable planning expanded to include additional assets as well as the education of financial professionals in the field of charitable planning.

Nanette is one of the founding partners of LegacyTree Foundation and oversees the daily operations including all aspects of compliance involving state and federal registrations as well as regulatory filings. In addition, she handles donor communications, coordinates all aspects of contract administration and facilitates the proper processing and transfer of the wide variety of assets that are used to fund LTF LegacyPlans.

Nanette lives in Nashville with her two sons, Tanner and Spencer.

In Memory of Annette G. Johnson (1954-2014)

Annette Johnson was one of the founding partners of LegacyTree Foundation. She was compassionate about the charitable work that LTF supported. Her vast array of knowledge, experience and credentials significantly impacted and influenced the birth, evolution and success that LegacyTree Foundation continues to experience. She is missed.

Board of Directors

Eugene T. Linkous, Jr., JD

Principal, Linkous & Associates Law Firm, Hendersonville, North Carolina

Gene is a tax attorney in North Carolina with over 30 years of experience. He is the principal of the law firm of Linkous and Associates, which deals exclusively with issues of asset protection, charitable, estate, and income tax planning, and sophisticated wealth strategies. Gene received a B.A. and a J.D. from the University of North Carolina, and he is one of only two attorneys from North Carolina ever to earn the distinction of "Fellow of the Esperti-Peterson Institute," the center for research and studies for high net worth individuals and families. Gene has served on the boards of numerous non-profit and charitable organizations and has been an advisor and teacher for many others.

Gregory J. Wolter

President, Community Builders, Inc., Tulsa, Oklahoma

Greg was the original founder of G.J. Wolter Ministries, Inc. in 1999, which has now become LegacyTree Foundation. Greg graduated from Word International Bible School and has a passion for ministry. He spent over 28 years in ministry travelling internationally as a speaker as well as helping fund food banks in Bulgaria, Thailand and Peru. In addition to serving on the board of LegacyTree Foundation, he serves as a board member of a national nonprofit fighting the war against human trafficking. Greg resides in Oklahoma and is a successful entrepreneur and businessman who has founded and operated several companies involved in building, construction and land development.

Jeffrey Swartzendruber

CEO, Image Pointe, Waterloo, Iowa

Jeff Swartzendruber has spent the last 37 years building a successful specialty manufacturing business. His corporation, Image Pointe, has grown from a one-person local operation to 35+ employees doing business nationwide. He has served on the Board of Directors of two mega-churches, been a lead layperson in many church ministries and been highly active in missions work on national and international levels. He and his wife Pat are major supporters of mission works in Czech Republic, Bosnia, Sierra Leone, Sri Lanka, Cameroon and China. Jeff and Pat live in Waterloo, Iowa and have two children – John, who was called home to heaven at age 21 and Bethany Ruyle, who is presently serving with her husband Josh in East Asia for Hope International.

David Bunker

Manager of Media Relations, Awana , Chicago, Illinois

David Bunker oversees all media activities for Awana, a non-profit organization focused on national church curriculum for children’s ministries. Awana works with over 19,000 churches, schools and orphanages spanning 100 Christian denominations in 101 countries. He has spent the last 28 years in the publishing, music & PR industry, specifically in the areas of media relations, communication strategies, event promotion, and direct to consumer marketing. David has also been an adjunct professor at Wheaton College for over 8 years.

LegacyTree Foundation's Business Model for LegacyPlans

Most charitable organizations have a donor base from which they solicit donations through various marketing methods which may include fundraisers, benefit events and the hiring of professional fund raisers. Some are structured to pay their in-house fundraisers and/or development personnel salaries to bring in donations and contributions.

At LegacyTree Foundation, the Directors and Officers believe that a model of offering simple charitable planned giving options through a network of independent financial professionals provides an efficient and powerful planning tool for the financial services industry while generating substantial funding for charitable work.

Many people are only aware of supporting charitable causes by making a direct cash contribution. However, with the assistance of their financial advisor, donors are made aware of simple charitable programs that allow them to donate other assets to charities, such as real estate, annuities, securities and liquid assets and receive tax and income benefits while helping the charity fulfill its mission and vision.

For the financial professional, charitable planning has often been overlooked. And while charitable plans can and should play an important role in an individual or family's retirement, income and overall estate and tax planning, many advisors do not incorporate charitable planning as part of their practice because they are usually not compensated for their time. By providing a means for compensation in a manner that is comparable with other financial products or programs typically utilized within the financial services community, LTF seeks to encourage advisors and planners to educate themselves on the many benefits these programs can offer to families and individuals and incorporate them when appropriate and suitable.

Working through financial professionals has proven to be an efficient method of raising funds for charitable causes since any referral fees paid are distributed at the completion of a planned giving transaction and are not a built-in overhead expense for the charity.

In instances where a state disallows the paying of fees, LTF may allow an advisor to sell LTF fixed annuities to insure a client's charitable income program and thus be compensated via that transaction.

Charitable Work Supported by LegacyTree Foundation

The goal of LegacyTree Foundation is to verifiably expand the effectiveness and impact of charitable organizations by providing funding. LTF describes the charities that we support on an ongoing basis as our Charitable Impact Partners. LTF has become closely aligned with the mission and purpose of each Charitable Impact Partner and stays informed and involved as to their ongoing work and critical needs as well as accomplishments. Below is a brief description of some charitable organizations that LTF regularly supports.

Feed America First (FAF) is a faith-based hunger relief organization based in TN that collects large scale food donations from manufacturers, growers, distributors, and other charities, and then distributes that food to some of the numerous small agencies already engaged in hunger relief in our poorer communities. These agencies are on the front lines. They are children's homes and church pantries, homeless shelters and substance abuse recovery centers. Often, they are neighbors helping neighbors, and, as is common in rural America, those doing the giving hardly have any more than those who receive the help. FAF believes that hunger will no longer be a problem in America when we refuse to allow our neighbors to go hungry.

Mercy Multiplied (Formerly - Mercy Ministries) is based on Christian principles and teachings and uses proven methods and a professional counseling staff to serve a diverse population of young women from across the United States. The program is designed to provide the women with the tools necessary to break free from the destructive cycles controlling their lives and to instead live healthy, independent, Christian lifestyles. Mercy Ministries is completely free of charge. Mercy is committed to providing the young women with excellent program services that allow them to recognize their self-worth and prepare them to reach their full potential.

Danita's Children operates with the intent of rescuing and caring for orphaned children and meeting their needs spiritually, physically, academically and emotionally. Founded by Danita Estrella in January 1999, the organization began with a small house and fourteen children in Ouanaminthe, Haiti. Currently Danita's Children has more than 100 orphans in their care. A school provides an education to nearly 350 children and 18,000 meals are fed each month through the feeding program. A church and congregation of 500 Haitians provides a place of spiritual hope and a medical center for children and new orphan-care homes are currently under construction.

Hope International is a network of microfinance institutions and savings and credit associations operating in 17 countries around the world. They work to empower men, women, and families to break the cycles of physical and spiritual poverty through discipleship, biblically based business training, savings services, and small loans. By incorporating a strong witness for Jesus Christ and employing a variety of approaches, HOPE is an innovator in the field of microenterprise development.

Send Musicians to Prison is an organization founded by Nathan Lee in 2010 that has a passion for helping to mend the hearts of broken people through music. Nathan Lee and a variety of artists, through their incredible talent of music, take the message of hope and restoration to inmates in maximum security prisons. Due to the influence and success since SMTP has been operating, it has received numerous requests to implement programs in various prisons due to the great impact it has not only the prisoners, but also the security officers and staff. Such as the women's prison "Academy" that teaches a variety of necessary skills in the women's prisons to help prepare them to be strong and productive members of society prior to their release. Send Musicians currently visits and/or has implemented programs in Tennessee, New York, California and North Carolina prisons.

LEGACYTREE FOUNDATION LegacyPlans

a) Lifetime LegacyPlan (Charitable Gift Annuity)

A Lifetime LegacyPlan or charitable gift annuity ("CGA") is one of the most simple and popular forms of life income gifts. It involves a simple agreement whereby the charity accepts a gift of cash, securities, or property and agrees to pay a specified, fixed dollar amount to the annuitant for life (the donor and/or another beneficiary). CGA's are addressed in the IRS tax code under IRC §501(m)(5). A charitable gift annuity consists of two elements: 1) an outright charitable gift, and 2) the purchase of a fixed income annuity contract. The concept includes valuable tax benefits for donors and a fixed income payout for 1 or 2 lives. Payments can begin immediately or be deferred for a period determined by the donor and set forth in the annuity contract. The payment period can be measured by one annuitant's life (who in most cases is the donor) or by the lives of two joint and survivor annuitants (who are usually husband and wife but can also be parent and child). A charitable gift annuity provides an immediate tax deduction while eliminating a portion of the capitals gains when funded with appreciated assets such as securities and real estate.

Hundreds of tax-exempt charities and non-profits across the country offer the CGA as a planning tool for donors and supporters. CGA's have seen increased interest in the 2000's among both clients and their advisors. LTF follows the American Council on Gift Annuities (ACGA) recommended payout rates, related to annuitant ages and life expectancies. LTF only offers charitable gift annuities in states where they have received required approvals. Copies of LTF's state approval chart and any relevant registration documents are available upon request.

b) Term Certain LegacyPlan (Charitable Bargain and Installment Sale)

LTF's "Term Certain LegacyPlan" is a charitable bargain sale, described in Section 1.1011-2 of the Federal Tax Regulations (26 C.F.R. § 1.1011-2), combined with an installment sale, as described in Section 453 of the Code. The Term Certain LegacyPlan is an irrevocable transaction through which an individual sells an asset to LTF at a stated 'bargain sale' price that is less than the fair market value of the asset in exchange for installment payments over a term of years. The difference between the fair market value of the asset and the bargain sale price is the tax-deductible amount. These payments can begin immediately or be deferred to a point in the future selected by the client. There is an interest rate attached to the installment sale portion of the transaction.

Charitable Bargain and Installment Sales are usually not regulated. Because these transactions constitute an installment purchase of assets, (i) we believe that such transactions do not constitute insurance or securities under state or federal law, (ii) such transactions are not guaranteed or backed in any way by any local, state or federal government agency or guarantee fund, association or other similar organization, and (iii) such transactions may not be regulated or may be subject only to limited regulation by a government agency in any state that regulates commercial transactions. These transactions are not available in some states. LTF provides a listing of such states, if requested.

Discussion of the Charitable Tax Deduction

a) Lifetime LegacyPlan (Charitable Gift Annuity)

Generally, a person securing a charitable gift annuity from LTF is allowed a tax deduction for the portion of the contribution to LTF in excess of the present value of the annuity as determined using actuarial tables prescribed by the Internal Revenue Service in IRC §170. In some cases, the value of the assets contributed in exchange for the annuity could be substantially more than the fair market value of the annuity – resulting in a substantial charitable deduction. For contributions of capital gain property such as securities or real estate held for longer than one year, the donor will be able to deduct 100% of the fair market value of the assets contributed (less the present value of the annuity) up to 30% of his or her adjusted gross income. Any excess deduction may be carried forward for up to five (5) additional taxable years. For contributions of ordinary income property such as securities held for less than one year, cash and annuities, the donor will be able to deduct 100% of the fair market value of the assets contributed (less the present value of the annuity) up to 60% of his or her adjusted gross income. Again, any excess deduction may be carried forward for up to five (5) additional taxable years. The tax deduction will be useable to the extent the donor itemizes tax deductions.

b) Term Certain LegacyPlan (Charitable Bargain and Installment Sale)

A Term Certain LegacyPlan, includes an income for a term of years, and is not dependent on the life of the donor/seller. It provides a charitable deduction and includes the benefit of the avoidance of a portion of capital gains tax, with the remainder of the capital gains (in the case of real property) spread over the term of the payments. The Term Certain LegacyPlan results in regular payments to the donor, a portion of which will be taxed at favorable capital gains rates as opposed to the more onerous ordinary income rates. Generally, a person selling assets to LTF pursuant to a Term Certain LegacyPlan transaction is afforded a charitable contribution tax deduction, calculated by subtracting the agreed bargain sale price from the net fair market value of the assets transferred to LTF. In some cases, the fair market value of the assets sold in exchange for the Term Certain LegacyPlan is substantially more than the bargain sale value– resulting in a substantial charitable deduction.

For Term Certain LegacyPlan transactions involving long term capital gain property (i.e. marketable securities that are not publicly traded, real estate, etc., held for more than one year), the portion of the capital gain that is allocable to the charitable contribution component of the transaction is eliminated, and the balance of the capital gain is recognized by the donor/seller with each of the remaining payments. The capital gain portion of each payment is taxable as capital gain at the donor/seller's applicable capital gains rate; the portion of the payment that constitutes capital gain is the portion of the payment that is not taxable as interest multiplied by the ratio of total capital gain to the total fair market value of the asset contributed in connection with the transaction. The Final Illustration provided in connection with the transaction provides detail regarding the tax treatment of the payments.

In the case of publicly traded securities, any capital gain allocated to the sale portion of the transaction is treated as recognized in its entirety in the year in which the Term Certain

LegacyPlan transaction documentation is signed by the parties. Conversely, if the securities are not publicly traded, then such gain may be recognizable over the terms of the payments. In the case of real estate, any recaptured depreciation is treated as recognized in its entirety in the year in which the transaction documentation is signed by the parties.

Depending on the amount of the deduction in relation to the donor/seller's adjusted gross income (AGI), the full value of the charitable contribution may not be deductible in the tax year of the transaction. For sales of capital gain property, such as securities held for more than one year, a donor/seller will be able to deduct 100% of the amount of the contribution up to 30% of his or her AGI for the tax year in which the transaction occurred. Any excess deduction may be carried forward for up to five additional tax years, subject to the same annual 30% AGI limitation. For contributions of ordinary income property, such as securities held for less than one year or annuities, a donor/seller may be able to deduct 100% of the amount of the charitable contribution (which is reduced as described above) up to 60% of his or her AGI for the tax year in which the transaction occurred. Again, any excess deduction may be carried forward for up to 5 additional taxable years. The tax deduction will be useable only to the extent that the contributor itemizes tax deductions.

Taxation of LegacyPlan Income Payments

Both charitable gift annuities and charitable bargain installments sale income payments will be comprised of part tax-free income and part taxable income. Details of each will be discussed below. LTF sends 1099's each year to all income recipients that reflect the portion of each year's income that would be considered taxable interest.

a) Lifetime LegacyPlan (Charitable Gift Annuities)

One of the great advantages the charitable gift annuity (CGA) is the way in which payments are taxable to the donor/annuitant(s). These rules are found in IRC §72. Under this section, a portion of the donor/annuitant(s) payment is taxable as ordinary income with the remaining portion considered a tax-free return of the donor/annuitant(s) principal. If appreciated property was transferred by the donor in exchange for a gift annuity, any gain arising from the purchase of the CGA payments (i.e., the present value of the CGA) may qualify to be reported by the donor/annuitant(s) on the installment basis over his or her lifetime. The computation of these amounts is based on three factors: the investment in the contract, the expected return, and the exclusion ratio. The "investment in the contract" is a term that is synonymous with the present value of the CGA. The "expected return" is the aggregate amount of CGA payments the donor/annuitant(s) will receive over his or her actuarial life expectancy. The "exclusion ratio" represents the percentage of each CGA payment that is considered a recovery of principal and, therefore, excluded from the donor/annuitant(s) gross income. It is calculated by dividing the investment in the contract (i.e., the present value of CGA) by the adjusted expected return. The remainder of each CGA payment is considered ordinary income. It is important to note that once the donor/annuitant(s) principal has been repaid completely, the entire amount of future CGA payments are treated as ordinary income.

b) Term Certain LegacyPlan (Charitable Bargain and Installment Sales)

As in a typical installment purchase transaction, a portion of each payment received from LTF is taxable as ordinary income, since LTF is paying a reasonable interest rate on the bargain sale value. For transactions involving ordinary income property, the remaining portion of each payment is considered tax-free return of the donor/seller's basis in the contract. The division of ordinary income and basis is determined in accordance with federal tax regulations; generally, the taxable or interest portion of the payment – like that of a mortgage payment – is most substantial at the beginning of payments and steadily declines through the term of the payments, while the tax-free portion is least substantial at the beginning of the payments and steadily increases through the term of the payments. Except as provided in the paragraph below, for transactions involving long term capital gain property (i.e. marketable securities that are not publicly traded, real estate, etc., held for more than one year), the portion of the capital gain that is allocable to the charitable contribution component of the transaction is eliminated, and the balance of the capital gain is recognized by the donor/seller with each of the remaining payments. The capital gain portion of each payment is taxable as capital gain at the donor/seller's applicable capital gains rate; the portion of the payment that constitutes capital gain is the portion of the payment that is not taxable as interest multiplied by the ratio of total capital gain to the total fair market value of the asset contributed in connection with the transaction. The Final Illustration provided in connection with the transaction provides detail regarding the tax treatment of the payments. Donors receive a 1099 for each year they receive payments from LTF, reflecting the exclusion ratio unique to their case.

In the case of publicly traded securities, any capital gain allocated to the sale portion of the transaction is treated as recognized in its entirety in the year in which the Term Certain LegacyPlan transaction documentation is signed by the parties. Conversely, if the securities are not publicly traded, then such gain may be recognizable over the terms of the payments. In the case of real estate, any recaptured depreciation is treated as recognized in its entirety in the year in which the transaction documentation is signed by the parties. IRS publication 537 discusses the treatment of installment sales.

"In each year you receive a payment, you must include in income both the interest part and the part that is your gain on the sale. You do not include in income the part that is the return of your basis in the property. Basis is the amount of your investment in the property for installment sale purposes."

http://www.irs.gov/publications/p537/ar02.html#en_US_publink1000221624

If a contract for the sale or exchange of property provides for deferred payments, it also usually provides for interest payable with the deferred payments. The interest is taxable when it is received.

Security of LegacyPlan Payment Obligations (LTF Reserve Method)

LegacyTree Foundation is committed not only to its mission and vision of providing spiritual, physical and humanitarian aid, but also to safeguarding the integrity and commitment of its payment obligations to LegacyPlan contract owners. This is manifested by its conservative policy of reserving the present value of the payment obligations created through the LegacyPlans, which will be referred herein to as the “LTF Reserve Method."

Charities have choices when it comes to reserving and investing the present value associated with their charitable planned giving program payment obligations. They can choose to invest in a diversified securities market, or a variety of investments in accordance with its Investment Policy Statement and/or the regulatory requirements of the states they operate in. However, many of these options involve some degree of market risk.

LegacyTree Foundation adopted its Reserve Method policy prior to issuing its first LegacyPlan in 2009. This policy requires placing the required present value amount into fixed commercial annuities issued by highly rated and/or highly capitalized insurance carriers, whose features, upon payment of the LegacyPlan, match the payment obligations promised to the LegacyPlan owners. These commercial annuities are issued with LegacyTree Foundation as the owner, and in most cases as the beneficiary, typically with the LegacyPlan owner or one of their beneficiaries named as the annuitant and income recipient. LTF often directs the insurance company to make the payments directly to the LegacyPlan income recipient on behalf of LTF. LTF issues the year-end 1099’s to its LegacyPlan owners to accurately reflect the income exclusion ratios unique to the charitable transaction.

The Directors and Officers of LTF believe that LTF's chosen Reserve Method policy represents the most conservative and prudent option that a charity can make when reserving the present value for its donors consistent with applicable law.

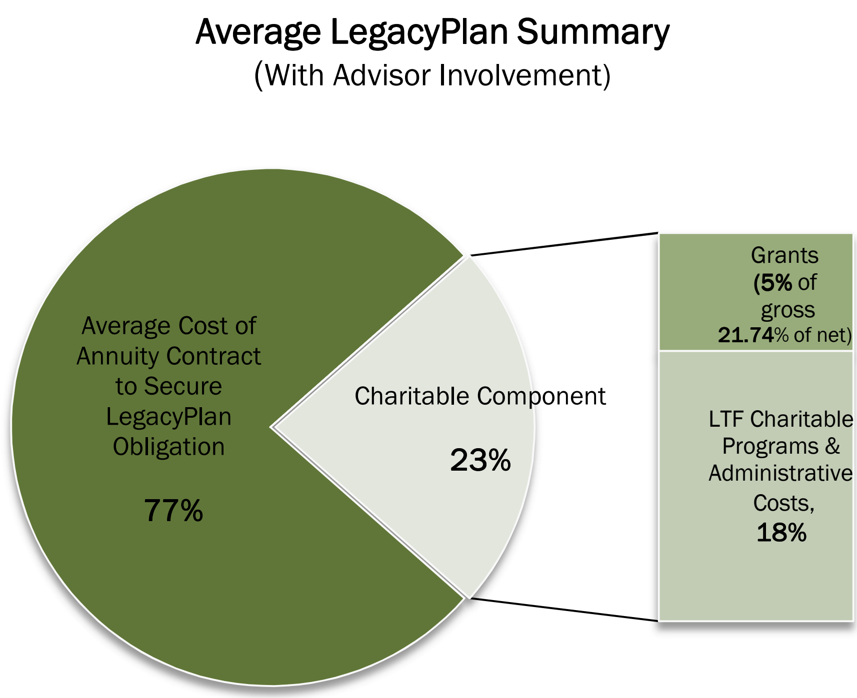
Due to IRS rules regarding the potential negative impact on a donor’s tax benefit(s), LTF reserves the right to choose the insurance company used to fulfill its Reserve Method Policy. Any LegacyPlan contract owner and their advisor can be provided with information and documentation as to how LTF elected to secure the family's income plan upon closing of the transaction.

LegacyTree Foundation performs thorough due diligence on the financial stability of the insurance annuity companies utilized for its Reserve Method. The following is a partial list of carriers in which LegacyTree Foundation has placed its reserves:

Allianz	American Equity	American General	American National	Athene
Delaware Life	Equi-Trust	Forethought	Genworth	Great American
Guggenheim	Hartford	Integrity Life	Jackson National	Kansas City Life
Lincoln National	Minnesota Life	Midland National	Nationwide	North American
Oxford Life	Penn Mutual	Principal	Symetra	West Coast Life

How much of a LegacyPlan supports Charity?

LegacyTree Foundation is frequently asked about the amount of each case that is accessible as a grant to another charity for charitable work. In an example of an average case with a transferred asset valued at $100,000; LTF first secures the contractual income payout obligations by reserving the present value of the LegacyPlan obligation in an annuity contract which typically costs $75,000 - $80,000. From the remaining $20,000 - $25,000 LTF may allocate $5,000* to a charity recommended by the donor (subject to board approval). This amount is discussed up-front during the preliminary case design conversations between the financial advisor, the donor and LTF. Payouts may be modified to achieve a larger desired charitable component (based on state regulations). The remaining amount will be retained by LTF to support the charitable programs that the LTF Officers and Directors have selected to be involved with and actively support, pay its administrative and marketing costs (including referral fees to advisors) and build net unrestricted assets. In this example, approximately 23% of the net remaining funds (after LTF secures its payment obligations) are allocated to provide grants to charitable programs. In instances where an advisor's compensation is derived from selling LTF the reinsurance annuity, or no advisor is compensated, then a greater portion may be directed to a charity of the donor's choosing.



* LTF continues to build its unrestricted net assets to create an endowment fund which can generate earnings to be used for charitable purposes, as well as to function as a cushion should there be a concern with one of the insurance companies of which LegacyPlan obligations are reserved.

General Suitability Guidelines

LTF believes that financial professionals presenting charitable planned giving programs of any kind should do their best to ensure that the recommendation is suitable for their client. This is based on facts disclosed by the client as to their existing asset holdings, their financial situation and needs, as well as their philanthropic and charitable motives.

The suitability determination is unique to each client's specific family circumstances at the time the transaction is facilitated. Information categories such as the following may be relevant:

i. The client's charitable intentions,

ii. The client's financial and tax status, including taxable income, net worth, asset holdings, and potential liquidity needs,

iii. The client's overall retirement and estate planning objectives, including current and future income needs and/or the desire to create a family legacy,

iv. Such other information used or considered to be reasonable by the financial professional in making recommendations to the client.

LTF does not provide tax or legal advice and encourages each donor/client and their advisor to seek independent professional advice to confirm the projected benefits of a LegacyPlan as related to each individual family's situation, goals and philanthropic desires.

LTF LegacyPlans are charitable planned giving transactions as outlined in the IRS code and are not investments nor should they be presented as such.

Regardless of the licensure, designations or appointments of a financial professional, it is each financial professional's responsibility to secure the required approvals from his/her state specific regulatory department, respective broker dealer, or any other regulatory body that would have jurisdiction over the financial professional and to remain in compliance with those bodies.

LTF will make every effort to assist a registered representative in obtaining OBA approval, including providing due diligence materials to their compliance departments and participating in conference calls to help present LTF's business model.