



## **DISCLOSURE DOCUMENT ON THE BARNABAS FOUNDATION COMMON TRUST FUNDS**

### **COMMON FUNDS**

Barnabas Foundation, 3801 Eagle Nest Drive, Suite B, Crete, IL 60417-1993, an Illinois not-for-profit corporation established in 1976, maintains a Common Trust Fund (FUND) for the benefit of the Charitable Trusts, Charitable Gift Annuities, and Donor Advised Charitable Funds it manages. The FUND is comprised primarily of assets of the types listed above, but may also include general endowment funds of Barnabas Foundation and of its member organizations and participating organizations.

The FUND has several sub-funds which are simple pooled accounts for investment purposes. Investments in the FUND can be made, withdrawn or reallocated between sub-funds at the beginning of each month. The income earned on each sub-fund is allocated pro rata among the participants in such sub-fund on a monthly basis. For purposes of entry to and exit from each sub-fund, unrealized gains and losses are taken into account to adjust the assets to fair market value.

A gift annuity reserve account, the California Annuitants of Barnabas Foundation Trust, is also maintained as a Common Trust Fund for California annuitants and is addressed below under CHARITABLE GIFT ANNUITIES.

### **REPORTS**

Reports on the FUND are available quarterly on Barnabas Foundation's website ([www.barnabasfoundation.com](http://www.barnabasfoundation.com)) showing the value, investment objectives, and the performance of each sub-fund. Copies of the most recent reports are attached as Exhibits 1 and 2. Copies of Barnabas Foundation's audited financial statements and IRS form 990 are available upon request. A copy of Barnabas Foundation Common Trust Fund's audited financial statements are also available upon request.

### **INVESTMENT RISKS**

Each of the FUND's sub-funds is subject to fluctuations in value. The value of the Funds depends upon the underlying securities included in the portfolio. The Common Trust Cash Equivalents Fund is less subject to fluctuations in value, but that could occur in the event of a default in any of the securities held in such fund. Each donor is advised to consult with his or her own advisors regarding the risks, tax treatments and other aspects of contributing to Barnabas Foundation and the investment of such contributions in the FUND.

### **INVESTMENT OVERSIGHT**

Oversight of the FUND is the responsibility of the Barnabas Foundation Board of Directors. The board delegates much of that work to an investment committee consisting of six or more individuals. The investment committee monitors asset allocations between the sub-funds and reviews performance of professional investment managers hired to manage specific sub-funds.

Managers are compensated out of the income or assets of the particular sub-fund they manage. The fees are based upon the size of the funds being managed. A list of the investment committee members is available upon request.

### **CHARITABLE GIFT ANNUITIES**

Barnabas Foundation issues Charitable Gift Annuities for the support of its member organizations. Charitable Gift Annuity payments are a general obligation of Barnabas Foundation and are backed by all of its assets. All contributions for Charitable Gift Annuities are held in separate reserve accounts to meet the payment obligations to annuitants.

Barnabas Foundation maintains two reserve accounts: a general gift annuity reserve account and the California Annuitants of Barnabas Foundation Trust as mandated by California Law. The California Annuitants of Barnabas Foundation Trust is invested in accordance with the state's investment restrictions. The general reserve account is allocated among various funds as determined by the investment committee.

General reserve account value on 6-30-17 was \$16,578,449

California reserve account value on 6-30-17 was \$843,321

The amount of the gift annuity assets in excess of the required reserves (the surplus) is invested in various sub-funds of the FUND as determined by the investment committee. The surplus as of 6-30-17 was \$5,333,174.

Gifts made for Charitable Gift Annuities are irrevocable and are the sole property of Barnabas Foundation. The maximum Gift Annuity rates paid will be the current rates suggested by the American Council on Gift Annuities. The rate is set with the assumption that a portion of the initial gift will be returned to the annuitant in the form of annuity payments. Therefore, only a portion of the initial gift is tax deductible and it is likely that less than the entire initial gift will be available for charitable distribution upon maturity.

Donors are invited to recommend charities to receive the portion of the contribution remaining after satisfying the annuity payment obligation. Charitable distributions may be made to charitable organizations whose purposes and practices are not inconsistent with Barnabas Foundation's mission and Christian values.

Charitable Gift Annuities are governed by state law and may be subject to regulation by the insurance department or securities department of the donor's state. A Charitable Gift Annuity is not insured or otherwise guaranteed by any state or federal agency. A Charitable Gift Annuity is not insurance under certain state's laws.

### Inflation Risks Associated with CGA Payments

Before establishing and funding a Charitable Gift Annuity, you should consider the impact of inflation on the payments you will receive over time. You are agreeing to a fixed payment for the term of the Charitable Gift Annuity, most commonly for your lifetime. Over time, inflation will erode the purchasing power of your payment. For instance, assuming the historical average CPI inflation rate of 3.25% per year, over 10 years your fixed payment loses about 25% of its original purchasing power.

**EXEMPTION FROM REGISTRATION REQUIREMENTS**

Barnabas Foundation's Common Trust Funds are exempt from the registration requirements of the Federal Securities Laws pursuant to an exemption for collective investment funds and similar funds maintained by charitable organizations under the Philanthropy Protection Act of 1995, PL104-62. This disclosure statement is provided to you in accordance with that Act.

**EXEMPTION FROM BROKER-DEALER PROVISIONS**

Barnabas Foundation's Common Trust Funds are exempt from the broker-dealer provisions of the federal securities laws pursuant to an exemption for any trustee, director, officer, employee or volunteer of a charity acting within the scope of such person's employment or duties for a charity whose fund is exempt from registration requirements under the Philanthropy Protection Act of 1995 PL 104-62. This exemption is available because all such persons are either volunteers or involved in the overall fundraising activities of a charitable organization and no such persons receive a commission or other special compensation based on the number or the value of donations collected for the fund.

**EXPENSES OF THE FUND**

Fees paid to outside investment managers and consultants, as well as transaction costs are charged against income of each sub-fund. Amounts charged by Barnabas Foundation are assessed to each individual account within the FUND to reimburse Barnabas Foundation for its asset management and administrative expenses. These reimbursements vary depending on account size and whether a certain percentage of the donor-advised charitable beneficiaries are member organizations of Barnabas Foundation. The current asset management expense reimbursement schedule is on the following page.

**Barnabas Foundation**  
**Asset Management Expense Reimbursement (AMR) Schedule**

Type of Account	Account Size		Standard AMR	Minimum Annual AMR
	From	To		
Charitable Trust	\$ -	\$ 1,999,999	0.60%	\$ 800
	\$ 2,000,000	and up	0.25%	N/A
Gift Annuities	\$ -	\$ 1,999,999	1.00%	\$ 100
	\$ 2,000,000	and up	0.75%	N/A
Member Asset Management	\$ -	\$ 1,999,999	0.40%	\$ 400
	\$ 2,000,000	\$ 4,999,999	0.25%	N/A
	\$ 5,000,000	and up	0.20%	N/A
<b>Complex Gift AMR:</b>				
Any account funded with Real Estate or another asset that takes considerable time on Barnabas Foundation's part to liquidate will be charged a one-time AMR of 0.5% of the FMV of the asset. The minimum AMR per transaction is \$500.				

For Charitable Trusts and Gift Annuities, there is an additional AMR when grantors recommend that less than 25% of their account benefit Barnabas Foundation member organizations. The additional AMR is 0.50% for account balances up to \$2 million and 0.25% for account balances greater than \$2 million.

For Gift Annuities only, there are additional charges assessed for the purpose of establishing a reserve fund to ensure all payments can be made on all Gift Annuities, regardless of investment performance and whether an annuitant lives beyond their life expectancy. First, at the funding of each Gift Annuity, a one-time charge equal to 0.50% of the funding amount is assessed. Second, at the maturity of each Gift Annuity, a one-time charge is assessed based upon the ratio of the remaining assets for each individual Gift Annuity to the initial funding value of that Gift Annuity. This charge varies depending upon how “well” the Gift Annuity has performed. The schedule is outlined below:

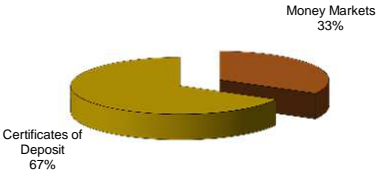
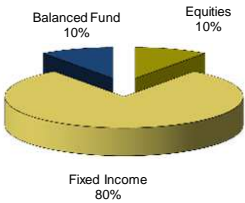
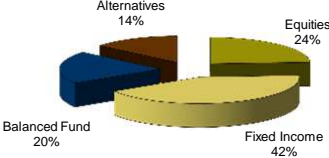
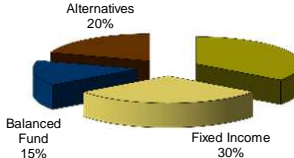
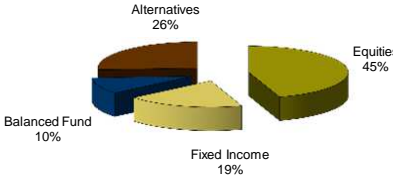
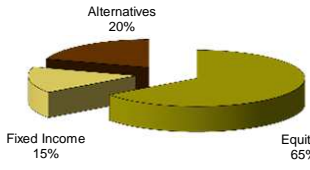
<b>Maturity Value as a Percentage of Initial Funding Value</b>	<b>One-time charge applied to Initial Funding Value</b>
Less than 50%	None
50% - 59%	0.50%
60% - 74%	1.00%
75% - 89%	2.00%
90% - 99%	3.00%
100% - 124%	4.00%
125% +	5.00%

#### **LEGAL DISCLAIMER**

Barnabas Foundation offers information for educational purposes only and does not provide tax, legal, or other professional counsel. You should seek the independent advice of your legal counsel or accountant to determine the consequences of your gift before entering into any gift arrangement discussed with a Barnabas Foundation representative.

## Barnabas Foundation Investment Allocation Models

### Exhibit 1

Fund Name and Objective	Investment Allocation Model Targets	Investment Allocation Model Charts	Risk Level																				
<p><b><u>Cash Equivalents</u></b></p> <p>The Fund provides income on cash reserves while preserving capital. The assets are invested to provide daily liquidity while maintaining a share price of \$1. The Fund may invest in institutional money market funds, U.S. Treasury Securities and Bank CD's. This fund is ideal for clients with short term cash needs. The fund shall be measured against the Citi 3 Month Treasury Index.</p>	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Target</u></th> </tr> </thead> <tbody> <tr> <td>Money Markets</td> <td style="text-align: center;">33%</td> </tr> <tr> <td>Certificates of Deposit</td> <td style="text-align: center;">67%</td> </tr> <tr> <td>U.S. Treasuries</td> <td style="text-align: center;">0%</td> </tr> </tbody> </table>		<u>Target</u>	Money Markets	33%	Certificates of Deposit	67%	U.S. Treasuries	0%	 <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Certificates of Deposit</td> <td>67%</td> </tr> <tr> <td>Money Markets</td> <td>33%</td> </tr> <tr> <td>U.S. Treasuries</td> <td>0%</td> </tr> </tbody> </table>	Asset Class	Target	Certificates of Deposit	67%	Money Markets	33%	U.S. Treasuries	0%	Very Low				
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<p><b><u>Income</u></b></p> <p>The Fund seeks to generate income while preserving capital similar to a portfolio invested in bonds. The fund objectives are appropriate for accounts that anticipate expending all funds with five years. The Fund shall be invested among several asset classes, with an emphasis on fixed income and credit securities, which comprises more than 85% of the Fund. The Fund will not invest in illiquid investments. The fund shall be measured against the Barclays Aggregate Bond Index.</p>	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Target</u></th> </tr> </thead> <tbody> <tr> <td>Equities</td> <td style="text-align: center;">10%</td> </tr> <tr> <td>Fixed Income</td> <td style="text-align: center;">80%</td> </tr> <tr> <td>Balanced Fund</td> <td style="text-align: center;">10%</td> </tr> </tbody> </table>		<u>Target</u>	Equities	10%	Fixed Income	80%	Balanced Fund	10%	 <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Fixed Income</td> <td>80%</td> </tr> <tr> <td>Equities</td> <td>10%</td> </tr> <tr> <td>Balanced Fund</td> <td>10%</td> </tr> </tbody> </table>	Asset Class	Target	Fixed Income	80%	Equities	10%	Balanced Fund	10%	Low				
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<p><b><u>Conservative</u></b></p> <p>The Fund seeks to generate current income with some capital appreciation similar to a portfolio of 30% stocks and 70% bonds. The Fund objectives are appropriate for accounts that anticipate expending all funds within seven years or less. The Fund will maintain a broad diversification of asset classes, and will not hold illiquid investments. The Fund shall be measured against a blended index consisting of 30% MSCI ACWI Index and 70% Barclays Aggregate Index.</p>	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Target</u></th> </tr> </thead> <tbody> <tr> <td>Equities</td> <td style="text-align: center;">24%</td> </tr> <tr> <td>Fixed Income</td> <td style="text-align: center;">42%</td> </tr> <tr> <td>Balanced Fund</td> <td style="text-align: center;">20%</td> </tr> <tr> <td>Alternatives</td> <td style="text-align: center;">14%</td> </tr> </tbody> </table>		<u>Target</u>	Equities	24%	Fixed Income	42%	Balanced Fund	20%	Alternatives	14%	 <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Fixed Income</td> <td>42%</td> </tr> <tr> <td>Equities</td> <td>24%</td> </tr> <tr> <td>Alternatives</td> <td>14%</td> </tr> <tr> <td>Balanced Fund</td> <td>20%</td> </tr> </tbody> </table>	Asset Class	Target	Fixed Income	42%	Equities	24%	Alternatives	14%	Balanced Fund	20%	Low
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<p><b><u>Balanced</u></b></p> <p>The Fund seeks to generate long-term capital appreciation similar to a portfolio of 50% stocks and 50% bonds. The Fund objectives are appropriate for accounts that anticipate expending all funds over an extended period of time, such as seven years or longer. The Fund will maintain a broad diversification of asset classes. The fund can invest up to 5% in illiquid investments. The Fund shall be measured against a blended index consisting of 50% MSCI ACWI Index and 50% Barclays Aggregate Bond Index.</p>	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Target</u></th> </tr> </thead> <tbody> <tr> <td>Equities</td> <td style="text-align: center;">35%</td> </tr> <tr> <td>Fixed Income</td> <td style="text-align: center;">30%</td> </tr> <tr> <td>Balanced Fund</td> <td style="text-align: center;">15%</td> </tr> <tr> <td>Alternatives</td> <td style="text-align: center;">20%</td> </tr> </tbody> </table>		<u>Target</u>	Equities	35%	Fixed Income	30%	Balanced Fund	15%	Alternatives	20%	 <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Equities</td> <td>35%</td> </tr> <tr> <td>Fixed Income</td> <td>30%</td> </tr> <tr> <td>Alternatives</td> <td>20%</td> </tr> <tr> <td>Balanced Fund</td> <td>15%</td> </tr> </tbody> </table>	Asset Class	Target	Equities	35%	Fixed Income	30%	Alternatives	20%	Balanced Fund	15%	Moderate
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<p><b><u>Long Term Growth</u></b></p> <p>The Fund seeks to generate long-term capital appreciation similar to a portfolio of 60% stocks and 40% bonds. The Fund objectives are appropriate for accounts that anticipate expending all funds over an extended period of time, such as 10 years or longer. The Fund shall be invested across a diversified set of asset classes. The Fund can invest up to 10% in illiquid investments. The Fund shall be measured against a blended index consisting of 60% MSCI ACWI Index and 40% Barclays Aggregate Bond Index.</p>	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Target</u></th> </tr> </thead> <tbody> <tr> <td>Equities</td> <td style="text-align: center;">45%</td> </tr> <tr> <td>Fixed Income</td> <td style="text-align: center;">19%</td> </tr> <tr> <td>Balanced Fund</td> <td style="text-align: center;">10%</td> </tr> <tr> <td>Alternatives</td> <td style="text-align: center;">26%</td> </tr> </tbody> </table>		<u>Target</u>	Equities	45%	Fixed Income	19%	Balanced Fund	10%	Alternatives	26%	 <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Equities</td> <td>45%</td> </tr> <tr> <td>Alternatives</td> <td>26%</td> </tr> <tr> <td>Fixed Income</td> <td>19%</td> </tr> <tr> <td>Balanced Fund</td> <td>10%</td> </tr> </tbody> </table>	Asset Class	Target	Equities	45%	Alternatives	26%	Fixed Income	19%	Balanced Fund	10%	Moderate to High
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<p><b><u>Aggressive Growth</u></b></p> <p>The Fund seeks to generate long-term capital appreciation similar to a portfolio of 70% stocks and 30% bonds. The Fund objectives are appropriate for accounts that anticipate expending all funds over an extended period of time, such as 15 years or longer and who can accept higher levels of account value changes. The Fund will maintain a broad diversification of asset classes, with an emphasis on public and private equity. The Fund can invest up to 10% in illiquid investments. The Fund shall be measured against a blended index consisting of 70% MSCI ACWI Index and 30% Barclays Aggregate Bond Index.</p>	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Target</u></th> </tr> </thead> <tbody> <tr> <td>Equities</td> <td style="text-align: center;">65%</td> </tr> <tr> <td>Fixed Income</td> <td style="text-align: center;">15%</td> </tr> <tr> <td>Alternatives</td> <td style="text-align: center;">20%</td> </tr> </tbody> </table>		<u>Target</u>	Equities	65%	Fixed Income	15%	Alternatives	20%	 <table border="1"> <thead> <tr> <th>Asset Class</th> <th>Target</th> </tr> </thead> <tbody> <tr> <td>Equities</td> <td>65%</td> </tr> <tr> <td>Alternatives</td> <td>20%</td> </tr> <tr> <td>Fixed Income</td> <td>15%</td> </tr> </tbody> </table>	Asset Class	Target	Equities	65%	Alternatives	20%	Fixed Income	15%	High				
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