

The Clark James Foundation, Inc.

DISTRIBUTION POLICY

Introduction

The Clark James Foundation, Inc. (referred to herein as the "Foundation") is a supporting organization as described in Section 509(a)(3) of the Internal Revenue Code of 1986, as amended, (referred to herein as the "Code"). The purpose of the Foundation (referred to herein as the "Stated Purpose") is to provide financial and other support to the Good Shepherd Ministries, Inc. a/k/a Good Shepherd Center (referred to herein as the "Ministry"). The Foundation is organized, and at all times shall be operated, exclusively for the benefit of, to perform certain of the functions or carry out the purposes of the Ministry, which is an organization described in Section 170(b) (1) (A) (other than in clauses (vii) and (viii)) of the Code.

The purpose of the Foundation is to provide funding for support of the programs of the Ministry (referred to herein as the "Stated Purpose"). The Foundation shall hold and distribute the assets of the Foundation (referred to herein as the "Foundation Assets") for the benefit of the Ministry in accordance with this Distribution Policy.

Gifts to Foundation

1. Gifts to the Foundation. Any donor may make contributions to the Foundation from time to time by lifetime gift or testamentary bequest (whether by will or otherwise), subject in each case to any policies and procedures governing the acceptance of gifts which may be adopted by the governing body of the Foundation from time to time. It is the preference of the Foundation that all gifts should be made to the general funds of the Foundation, be unrestricted and be available for distribution to and use by the Ministries for any purpose. The governing body of the Foundation may, in its discretion, establish certain named funds and accept gifts specifically designated for said named funds.

2. Administration of Foundation Assets. All contributions accepted by the Foundation shall be added to the Foundation Assets, and the Foundation shall hold, administer, invest and reinvest the Foundation Assets in accordance with its articles of incorporation, bylaws and policies adopted by the governing body of the Foundation. The Foundation Assets shall be administered as the general component fund of the Foundation. With regard to any named funds held by the Foundation, the Foundation Assets held as such separate named fund shall be accounted for both as a part of the general component funds and as a separate named fund of the Foundation.

3. Reports. The Foundation shall provide financial reports to the Ministry on or before thirty (30) days after the end of each calendar quarter, which reports will include the income and expenditures of the Foundation and a description of the Foundation Assets and the value thereof.

Distribution Policy

4. Fund Distributions.

a. In furtherance of the Stated Purpose, for a period of four (4) years following the date of the Contribution Agreement ("Clark James Fund") between the Foundation and the Ministry (referred to herein as the "Transition Period"), the Ministry shall be entitled to one or more special distributions from the Fund (referred to herein as the "Special Fund Distributions") in any amount exceeding \$3,000,000 from the Clark James Estate (Special Fund Distributions expected to be \$1,500,000). If the Ministry determines in its sole discretion that a Special Fund Distribution is necessary for the operational or capital needs of the Ministry, the Ministry may make one or more requests for such Special Fund Distributions in writing at any time or times during the Transition Period. Any Special Fund Distribution shall be paid in one or more installments as requested by the Ministry from income and/or principal of the Foundation Assets as determined by the Foundation.

b. In furtherance of the Stated Purpose, during each fiscal year of the Ministry beginning with the first fiscal year of the Foundation after the Transition Period, the Foundation shall distribute a portion of the Foundation Assets (referred to herein as the "Annual Distribution") to the Ministry on July 1 of each calendar year. The Ministry may request an Annual Distribution by written notice to the Foundation on or before June 30 of each calendar year, in any amount up to the full amount of the Annual Distributable Amount (as defined herein). The "Annual Distributable Amount" shall be equal to five percent (5%) of the net asset value of the Foundation Assets (referred to herein as the "Net Asset Value") determined annually as provided herein. The Net Asset Value shall be determined by adding the value of the Foundation Assets as of the last business day of each of the calendar years (each referred to herein as a "Valuation Date") for the three (3) calendar years next preceding the year of the Annual Distribution, and dividing the result by the number of Valuation Dates used, provided that the Annual Distribution shall not be less than any minimum distribution that may be required to be made by the Foundation, by the Code or any regulations promulgated thereunder. Any Annual Distribution may be paid from income and/or principal as determined by the Foundation. In determining the Annual Distributable Amount for any fiscal year of the Foundation in which the Foundation is in existence for less than an entire fiscal year, the Foundation shall prorate the same on a daily basis. Any undistributed portion of the Annual Distributable Amount in a given year, whether principal or income, shall be held by the

Foundation and shall be available for distribution to the Ministry at any time upon written request by the Ministry.

c. At any time or times after the Transition Period, the Ministry may make one or more written requests to the Foundation for one or more distributions of principal of the Foundation Assets to meet any extraordinary needs of the Ministry (referred to herein as a "Special Principal Distribution"). Any such request for a Special Principal Distribution may be approved in the sole and absolute discretion of the governing body of the Foundation. Any such Special Principal Distribution shall be in addition to any other distributions of income and/or principal of the Foundation Assets as provided for in this Section 4.

5. Alternative Purposes. If in the future, the Stated Purpose designated for the Annual Distribution no longer exists, then the governing body of the Foundation may designate an alternative use for the Annual Distribution to further the charitable and educational objectives and purposes of the Ministry, provided that only the Annual Distribution shall be so used. Any alternative purpose shall be as similar as possible to the Stated Purpose and shall be approved prior to adoption by the governing board of the Foundation and shall be subject to and consistent with the Code and the regulations thereto regarding Type III Supporting Organizations as such term is defined by the Code.

6. Dissolution of Ministry. In the event of the dissolution or liquidation of the Ministry, or if the Ministry ceases operation or to qualify as an organization described in and within the meaning of Section 501(c)(3) and 170(c)(2) of the Code, then the Foundation Assets shall be distributed to one or more other Qualified Charitable Organizations (as defined hereinafter) selected by the Ministry, if then in existence, and if not then in existence, then one or more Qualified Charitable Organizations selected by the governing body of the Foundation; provided however, that the Foundation's substitution of another Qualified Charitable Organization in lieu of the Ministry shall only be made in compliance with the applicable provisions of the Code, as amended, and any regulations promulgated thereunder, governing the limited substitution of a supported organization in the case of a Type III Supporting Organization. A "Qualified Charitable Organization" means an organization organized and operated exclusively for charitable, educational, scientific or religious purposes as described in and within the meaning of Sections 501(c)(3) and 170(c)(2) of the Code, as amended, and any regulations promulgated thereunder.

7. Dissolution of Foundation. In the event of the dissolution or liquidation of the Foundation, the Foundation Assets shall be distributed in accordance with the Articles

of Incorporation and bylaws of the Foundation and any applicable provisions of the Code, as amended, and any regulations promulgated thereunder.

8. Fees. The actual costs of the Foundation for establishing, accepting, transferring, investing, distributing, managing or any other actual administrative costs in connection with the Foundation Assets shall be paid from the Foundation Assets.

9. Miscellaneous Provisions. The Foundation Assets may not be used by the Foundation as collateral for a loan, and the Foundation may not borrow from the Foundation Assets.

NEXT PAGE IS SIGNATURE PAGE

Adoption

Adopted and made effective, this the _____ day of _____,
20____, by action of the initial Board of Directors of The Clark James Foundation, Inc.

_____, Secretary

The Clark James Foundation, Inc.
Amendment to Distribution Policy

WHEREAS, The Clark James Foundation, Inc. ("TCJF") serves to support the Good Shepherd Center ("GSC") through investment of funds received by GSC from the Estate of Clark James and subsequently transferred to TCJF.

WHEREAS, TCJF and GSC entered into a Contribution Agreement on May 27, 2010, with such Contribution Agreement subject to the Distribution Policy attached as Exhibit A to the Contribution Agreement.

WHEREAS, the Distribution Policy provides for a Transition Period for Special Fund Distributions where GSC shall be entitled to one or more Special Fund Distributions from TCJF in any amount up to the cumulative maximum amount of Two Million Dollars (\$2,000,000.00) for a period of four (4) years following the date of the Contribution Agreement.

WHEREAS, GSC is exploring the Lakeside Reserve permanent supportive housing project at the former site of the Adrian B. Rhodes Armed Forces Reserve Services Center, and as such Special Fund Distributions may be needed.

WHEREAS, the Lakeside Reserve project has taken longer to come together than anticipated.

WHEREAS, GSC has requested that TCJF extend the original four (4) year Transition Period for Special Fund Distributions through and including July 31, 2016.

WHEREAS, earlier this year TCJF extended the four (4) year Transition Period for Special Fund Distributions through and including July 31, 2014.

WHEREAS, TCJF concurs with GSC's request and believes that extension of the Special Fund Distribution deadline is appropriate.

NOW, THEREFORE, TCJF, by action at the July 28, 2014 meeting of the Board of Directors, amends its Distribution Policy and extends the Transition Period for Special Fund Distributions through and including July 31, 2016. The remaining provisions of the Distribution Policy shall remain in force and effect.