

KENTUCKY RURAL ELECTRIC DISASTER FUND, INC.

GRANTMAKING COMMITTEE

GUIDELINES FOR PROVIDING ASSISTANCE

Initially Adopted September 20, 2022

I. PURPOSES OF THE CORPORATION

Kentucky Rural Electric Disaster Fund, Inc. (the “*Corporation*”) is a Kentucky non-profit corporation organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code (the “*Code*”) and the Treasury Regulations thereunder (the “*Regulations*”). The specific purpose for which the Corporation was formed is to offer assistance, comfort, and relief to (1) current Kentucky residents, (2) charitable organizations exempt under Sections 501(a), 509(a)(1), and 509(a)(2), and (3) those who are among the current employees, and immediate family members of current employees, of the member companies of Kentucky Association of Electric Cooperatives, Inc. and their subsidiaries and affiliates (each an “*Eligible Beneficiary*”) who are suffering significant hardship as a result of death, unforeseeable harm, or losses in emergency, disaster or other crisis situations, including, without limitation, coping with financial difficulties and other unforeseen circumstances in times of need or distress, such as a consequence of personal tragedies or emergencies, terminal illness, death, natural disasters, or declared national emergencies.

Such assistance may include, without limitation, the provision of resources (“*Assistance Grants*”) for individuals in need who are experiencing financial distress and are unable to be self-sufficient due to the circumstances.

II. GENERAL LIMITATIONS

The Corporation shall not make Assistance Grants that do not comply with the Code, the Regulations, or any rulings or guidelines established by the Internal Revenue Service or any applicable adjudicating body.

Section 501(c)(3) of the Code describes as exempt from federal income tax organizations organized and operated exclusively for charitable purposes (among other purposes), of which no part of the net earnings inures to the benefit of any private shareholder or individual. Section 1.501(c)(3)-1(d)(2) of the Regulations provides, in relevant part, that the term “charitable” includes relief of the poor and distressed or of the underprivileged.

Section 1.170A-4A(b)(2)(ii)(D) of the Regulations defines a needy person as being a person who lacks the necessities of life, involving physical, mental, or emotional well-being, as a result of poverty or temporary distress. Examples of needy persons include a person who is financially impoverished as a result of low income and a lack of financial resources, a person who temporarily lacks food or shelter (and the means to provide for it), a person who is the victim of a natural disaster (such as fire or flood), a person who is the victim of a civil disaster (such as civil disturbance), and a person who is temporarily not

self-sufficient as a result of a sudden and severe personal or family crisis (such as a person who is the victim of a crime of violence or who has been physically abused).

Section 1.501(c)(3)-1(d)(1) of the Regulations provides that an organization is not organized or operated exclusively for an exempt purpose unless it serves a public rather than a private interest. Thus, an organization must establish that it is not organized or operated for the benefit of certain designated individuals.

The group of individuals who may properly receive assistance from a tax-exempt charitable organization is called a “charitable class.” A charitable class must be large enough or sufficiently indefinite that the community as a whole, rather than a pre-selected group of people, benefits when a charity provides assistance. For example, a charitable class could consist of all the individuals in a city, county, or state. This charitable class is large enough that the potential beneficiaries cannot be individually identified and thus providing benefits to this group would benefit the entire community. If the group of eligible beneficiaries is limited to a smaller group, such as the employees of a particular employer, the group of persons eligible for assistance must be indefinite. To be considered to benefit an indefinite class, the program must be open-ended and include both currently-affected individuals and those who may be affected in the future.

Generally, a grantmaking body must make a specific assessment that an individual recipient or Eligible Beneficiary of its charitable class is financially or otherwise in need. Individuals do not have to be totally destitute to be financially needy; they may merely lack the resources to obtain basic necessities. Under established rules, charitable funds cannot be distributed to individuals merely because they are victims of a disaster. Therefore, an organization’s decision to distribute funds to an individual must be based on an objective evaluation of the individual’s needs at the time the grant is made. The scope of the assessment required to support the need for assistance may vary depending upon the circumstances.

Internal Revenue Service Revenue Ruling 56-304 provides for record-keeping requirements when charitable organizations make distributions to individuals. It states that adequate records and case histories should be maintained to show the name and address of each recipient, the amount distributed to each, the purpose for which the aid was given, the manner in which the recipient was selected and the relationship, if any, between the recipient and the organization’s decision-makers, in order that any or all distributions made to individuals can be substantiated upon request by the Internal Revenue Service.

III. CORPORATION-IMPOSED LIMITATIONS

On account of these general limitations, the Board of Directors of the Corporation established a Grantmaking Committee and adopted a set of Grantmaking Committee Rules. Pursuant to the Grantmaking Committee Rules, the Grantmaking Committee has the full and exclusive power on the Corporation’s behalf, in its name, to (a) review and evaluate applications for grants to be made by the Corporation that are assigned to the Grantmaking Committee by the Board of Directors; (b) designate recipients of such grants and the amount of such grants to be made by the Corporation; and (c) perform such other duties as may be assigned to the Grantmaking Committee by the Board of Directors.

1. Grants to be Made by the Grantmaking Committee

The Board of Directors shall assign to the Grantmaking Committee all applications for Assistance Grants that benefit specific individuals who are (i) current Kentucky Residents (ii) current employees of the member companies of Kentucky Association of Electric Cooperatives, Inc., or any of their subsidiaries or

affiliates (each a “*KEC Company*” and, collectively, the “*KEC Companies*”), or (iii) immediate family members of a current employee of a KEC Company and who reside with said current employee of a KEC Company. Current employees of the KEC Companies are those individuals who are permanent full-time or permanent part-time employees who have been employed for at least 3 months, who are actively at work at the time the Corporation is active, and who are in good standing, meaning that such employee is not in a final warning disciplinary status. An immediate family member of a current employee shall include a spouse, immediate ancestors, and immediate lineal descendants (including adopted lineal descendants). Any application for an Interested Grant shall be evaluated in accordance with the Grantmaking Committee Rules and these Guidelines for Providing Assistance.

IV. ASSISTANCE GRANT LIFE CYCLE

1. *Application*

Eligible Beneficiaries, or individuals on behalf of Eligible Beneficiaries, will submit an application to: **Kentucky Rural Electric Disaster Fund, Inc., Attn: Grantmaking Committee**. The application will be in a form substantially similar to Exhibit A.

2. *Initial Review by the Application Manager*

Upon receipt, a member of the Grantmaking Committee to be designated by a majority of the members of the Grantmaking Committee (the “*Application Intake Manager*”) will review the submitted application. This initial review by the Application Intake Manager will be limited to the criteria set forth below.

This initial review by the Application Intake Manager will consist of two parts: (1) completeness, and (2) proposed recipient background information.

Completeness

The Application Intake Manager will review the application to make sure that it is complete. If the application is incomplete, it will be returned to the applicant with a request for further information. The application will be considered “on hold” until the additional information is received. After 60 days, the application will be automatically cancelled unless resubmitted with additional information as requested.

Proposed Recipient Background Information

The Application Intake Manager will review the application to make sure that it is properly routed to the Grantmaking Committee pursuant to the above-described Corporation-Imposed Limitations or back to the applicant for completion. The Application Intake Manager will route each completed application for an Assistance Grant to the Grantmaking Committee.

4. *Procedure for Formal Review*

Applications for Assistance Grants shall be reviewed by the Grantmaking Committee. Such applications will be circulated among the members of the Grantmaking Committee. The Grantmaking Committee may: (i) call a special meeting to vote on the application; (ii) vote on the application at the next scheduled regular meeting of the Grantmaking Committee; or (iii) take action in writing without a meeting, all in accordance with the Grantmaking Committee’s own rules and regulations.

Review by the Grantmaking Committee shall be based on the content of application and all supporting materials submitted with respect to the application. If such review is required to be conducted in accordance with these Guidelines for Providing Assistance (i.e., an application that benefits an individual), the review will consist of two parts: (1) satisfaction of the Assistance Grant Criteria set forth in Section V below, and (2) financial threshold confirmation.

Assistance Grant Criteria

The Grantmaking Committee shall review the content of the application and, in its sole and absolute discretion, shall determine if a grant to the Eligible Beneficiary would be consistent with its stated purposes and the Assistance Grant Criteria set forth in Section V below. If the Grantmaking Committee determines that the Assistance Grant Criteria is satisfied, it may request additional information with respect to financial threshold confirmation.

Financial Threshold

Unless the Grantmaking Committee makes a finding by a preponderance of the evidence that exceptional circumstances exist as set forth in the application, an application must be rejected if the application provides that the Eligible Beneficiary's monthly income exceeds the Eligible Beneficiary's monthly expenses by more than a reasonable allowance per individual permanently residing in the Eligible Beneficiary's household (including the Eligible Beneficiary) as may be affixed by the Board of Directors from time to time. For purposes of this determination, each Eligible Beneficiary shall be entitled to expenses in an amount up to the Internal Revenue Service Collection Financial Standards (available at <http://www.irs.gov/Individuals/Collection-Financial-Standards>) applicable to the Eligible Beneficiary as a matter of fact. In the event that any expense in the application is in excess of the Internal Revenue Service Collection Financial Standards, the Grantmaking Committee may rely on any information submitted with the application to confirm such excess. If such information provides for the excess, the Grantmaking Committee must account for the excess in making this determination. In the event that such information is not submitted with the application, the application will be considered incomplete and managed in accordance with the provisions above.

Exceptional circumstances may, without limitation, be found if the circumstances applicable to the Eligible Beneficiary have so changed since the amounts taken into account in calculating the financial threshold were determined that such amounts do not accurately reflect (i) the Eligible Beneficiary's current income and/or expenses, or (ii) the reasonably-expected income and/or expenses of the Eligible Beneficiary for the immediate future and to continue for an indefinite period of time.

5. *Decision*

Decisions with respect to complete applications will be made by the Grantmaking Committee in accordance with (i) the Articles of Incorporation of the Corporation, (ii) the Bylaws of the Corporation, (iii) the Conflict of Interest Policy of the Corporation, and (iv) if applicable, the voting procedures set forth in the Grantmaking Committee Rules. To prevent any potential violations of the Conflict of Interest Policy of the Corporation, the identity of all Eligible Beneficiaries shall be disclosed to the members of the Grantmaking Committee, and the Grantmaking Committee shall not be entitled to conduct a "blind review" of any application. **If a member of the Grantmaking Committee and an applicant work at the same KEC Company, that Grantmaking Committee member shall recuse themselves from making a decision on the application.**

The applicant will receive notification of the status of the application once a decision is made by the Grantmaking Committee. If an Assistance Grant is to be made on account of the application, the applicant will also receive an instruction request form, pursuant to which the Grantmaking Committee will request information as to how the funds, services, or goods are to be delivered to the Eligible Beneficiary. If no information is received within 90 days, the Assistance Grant will be cancelled and no delivery of funds, services, or goods will be made.

If an Assistance Grant is to be made to an individual, the Grantmaking Committee will make a report to the Treasurer of the Corporation containing the following: (i) the identity of the Eligible Beneficiary; (ii) the address of the Eligible Beneficiary; (iii) whether the individual is a current employee of a KEC Company or an immediate family member of a current employee of a KEC Company; (iv) a description of the funds, services, and/or goods to be delivered to the Eligible Beneficiary; and (v) the results of the vote on the application, including the identity of the members of the Grantmaking Committee.

6. *Delivery*

If the Assistance Grant includes funds to be delivered, the Treasurer will distribute such funds. If the Assistance Grant includes services or goods to be delivered, the Grantmaking Committee will determine the manner in which such services or goods are to be delivered.

V. **ASSISTANCE GRANT CRITERIA**

The Corporation may make Assistance Grants consistent with its stated purposes in accordance with the following:

- Assistance Grants may be awarded only if the Eligible Beneficiary is considered “needy and distressed” as defined by the Internal Revenue Service. Specifically, the Eligible Beneficiary must be unable to be self-sufficient during a time of need or distress, such as a consequence of personal tragedies or emergencies, terminal illness, death, or the process of grief and bereavement.
- In order to adhere to Internal Revenue Service guidelines for charitable giving, financial information must be collected with respect to the Eligible Beneficiary that represents the Eligible Beneficiary’s entire household. The application contains specific requests to aid in the collection of this information. Additional supporting information may be requested by the Grantmaking Committee, such as:
 - Bank statements;
 - Copies of bills; or
 - Proof of income.
- If the application demonstrates that the Eligible Beneficiary is needy and distressed, the Grantmaking Committee will have the discretion to make an Assistance Grant to the Eligible Beneficiary.
 - If the Assistance Grant includes the ongoing delivery of funds, services, or goods, the Grantmaking Committee must ensure that determinations of whether the Eligible Beneficiary remains needy or distressed will be made at reasonable

intervals as established by the Grantmaking Committee at the time of the making of the Assistance Grant and in most cases to be on a monthly basis.

- Provided that the total funds, services, and goods are reasonable and the provision thereof is consistent with these rules, there is no maximum lifetime limit for Assistance Grants made to any individual Eligible Beneficiary.
- If the application does not demonstrate that the Eligible Beneficiary is needy and distressed, the Grantmaking Committee will not have the discretion to make an Assistance Grant to the Eligible Beneficiary.
 - An Eligible Beneficiary who is denied an Assistance Grant may re-apply for an Assistance Grant at any time after the adverse determination if the facts contained in an updated application would be materially different than the facts contained in the rejected application.

VI. SPECIFIC GUIDANCE AND LIMITATIONS

- Assistance Grants will not be awarded to pay for any of the following:
 - Life insurance premiums;
 - Income taxes;
 - Credit card payments or fees;
 - Personal loans;
 - Educational loans; or
 - Reimbursement.
- Assistance Grants will not be made to cover costs that were paid prior to application submission (some exceptions may be made on a case-by-case basis in an event of a true emergency during non-business hours).
- When applicable and to the extent possible, the Grantmaking Committee should ensure that delivery of funds as part of an Assistance Grant are not made to the Eligible Beneficiary directly, unless and until the Eligible Beneficiary enters into an agreement with the Corporation to use the Assistance Grant only for specified purposes.
- With respect to Assistance Grants related to community bereavement activities or community memorial services, no amount shall be expended if the primary purpose is to generate referrals or provide publicity or direct benefit to any specific provider and no amount shall be expended for event gifts or incentive items.
- In making all Assistance Grants, collaboration with community partners is highly recommended.

VII. BOOKS, RECORDS, AND REPORTING

The Corporation must maintain adequate records to show that the Corporation's payments further the Corporation's charitable purposes and that the Eligible Beneficiaries are needy or distressed. The Corporation must also maintain appropriate records to show that it has made distributions after making appropriate needs assessments based on the Eligible Beneficiary's financial resources and, when applicable, his or her physical, mental, and emotional well-being.

Generally, documentation should include:

- A complete description of the assistance provided;
- Costs associated with providing the assistance;
- The purpose for which the aid was given;
- The Corporation's objective criteria for disbursing assistance;
- How the recipient was selected;
- The name, address, and amount distributed to each recipient;
- Any relationship between a recipient and officers, directors, or key employees of, or substantial contributors to, the Corporation; and
- The composition of the Grantmaking Committee.

To the extent required by the instructions for the Corporation's applicable annual information return, the Board of Directors and the Grantmaking Committee shall make an annual report no later than March 31 with respect to the immediately preceding calendar year to the Treasurer of the Corporation. Such report shall include the information necessary for the completion of the Form 990, *Return of Organization Exempt from Income Tax*, even if the Corporation has historically filed either Form 990-EZ, *Short Form Return of Organization Exempt from Income Tax*, or Form 990-N, *Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or 990-PF*, including, but not limited to, the information necessary to complete Schedule I, *Grants and Other Assistance to Organizations, Governments, and Individuals in the United States*.

CERTIFICATE OF DISCLOSURE STATEMENT AND REVIEW OF
KENTUCKY RURAL ELECTRIC DISASTER FUND, INC.
GRANTMAKING COMMITTEE: GUIDELINES FOR PROVIDING ASSISTANCE

In compliance with the policy regarding grantmaking as adopted by the Board of Directors of Kentucky Rural Electric Disaster Fund, Inc.:

By signing below, I hereby affirm that I have:

- (a) Received a copy of the Grantmaking Committee Guidelines for Providing Assistance;
- (b) Read and understand the Grantmaking Committee Guidelines for Providing Assistance;
- (c) Agreed to comply with the Grantmaking Committee Guidelines for Providing Assistance and I have retained a copy of the guidelines for future reference;
- (d) Understand that Kentucky Rural Electric Disaster Fund, Inc. is a charitable organization and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Signed: _____

Date: _____

Printed Name: _____

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Kentucky Rural Electric Disaster Fund Grant Application

Kentucky Rural Electric Disaster Fund Mission Statement

Kentucky Rural Electric Disaster Fund, Inc. exists for the purpose of offering financial and other relevant support during times of uncertainty and need for (i) current Kentucky residents, (ii) current employees of the member companies of Kentucky Association of Electric Cooperatives, Inc., or any of their subsidiaries or affiliates (collectively “*KEC Companies*”), or (iii) immediate family members of a current employee of a KEC Company and who reside with said current employee of a KEC Company. Our mission is to mobilize the caring power of our fellow employees and show that we are there for us.

Our Focus & Services

Disaster Relief – When an extraordinary life event or need arises, we’ll look for ways to support our employees financially.

Helping Hand During Hardships – Whether it’s during times of hardships or in support of the organizations near and dear to our employees, our volunteerism makes a difference in our communities where we live and work.

Resource Support – Working to connect our employees in need with resource support that can help them beyond their monetary need.

Applicant’s Name: _____

Applicant’s Phone: _____

Applicant’s Email: _____

Applicant’s Address: _____

I am a:

Kentucky Resident

Current Employee

Family Member of Current Employee

If a current employee, please provide (1) start date of employment by a KEC Company; (2) the name of the company employed by; and (3) which office, division, or group employed in, if applicable:

If a family member, please provide (1) name of current employee of a KEC Company and (2) information requested of a current employee above in this paragraph:

Please describe the event that created the hardship. *What event has transpired in your life (or that of the person you are nominating) that motivates you to seek assistance from Kentucky Rural Electric Disaster Fund?*

Please describe how this event has affected you and how it has caused you significant hardship.

Please identify the specific amount you are requesting, with a short description of how the grant will be used.

- I attest that the event described above has created a financial hardship and the funds, if granted, will be used for the purpose stated above. The Grantmaking Committee may request additional information depending on the purpose and information supplied above. Further, I acknowledge that if the Grantmaking Committee considers my application, in order to adhere to IRS guidelines for charitable giving for individuals, further detailed financial information must be collected with respect to me and the other family members representing my entire household. I am prepared and willing to provide such information. I understand I will not be able to receive a grant if I do not comply with the information requests.**

Print Name: _____

Signature: _____

Date: _____

INFORMATION FOR APPLICANTS

Unless the reviewing body of Kentucky Rural Electric Disaster Fund makes a finding that exceptional circumstances exist as set forth in the application, an application must be rejected if the application provides that the Beneficiary's monthly income exceeds the Beneficiary's monthly expenses by more than a reasonable allowance per individual permanently residing in the Beneficiary's household (including the Beneficiary) as may be affixed by the Board of Directors from time to time. For purposes of this determination, each Beneficiary shall be entitled to expenses in an amount up to the Internal Revenue Service Collection Financial Standards (available at <http://www.irs.gov/Individuals/Collection-Financial-Standards>) applicable to the Beneficiary as a matter of fact. In the event that any expense in the application is in excess of the Internal Revenue Service Collection Financial Standards, Kentucky Rural Electric Disaster Fund may rely on any information submitted with the application to confirm such excess. In the event that such information is not submitted with the application, the application will be considered incomplete and managed in accordance with the provisions above.

The Applicant will receive notification of the status of the application once a decision is made by Kentucky Rural Electric Disaster Fund. If grant is to be made on account of the application, the Applicant will also receive an instruction request form, pursuant to which Kentucky Rural Electric Disaster Fund will request information as to how the funds, services, or goods are to be delivered to the Beneficiary. If no information is received within 90 days, the grant will be cancelled and no delivery of funds, services, or goods will be made.

I. ASSISTANCE GRANT CRITERIA

The Corporation may make grants ("*Assistance Grants*") consistent with its stated purposes in accordance with the following:

- Assistance Grants may be awarded only if the Beneficiary is considered "needy and distressed" as defined by the Internal Revenue Service. Specifically, the Beneficiary must be unable to be self-sufficient during a time of need or distress, such as a consequence of personal tragedies or emergencies, terminal illness, death, or the process of grief and bereavement.
- In order to adhere to Internal Revenue Service guidelines for charitable giving, financial information must be collected with respect to the Beneficiary that represents the Beneficiary's entire household. The application contains specific requests to aid in the collection of this information. Additional supporting information may be requested by Kentucky Rural Electric Disaster Fund, such as:
 - Bank statements;
 - Copies of bills; or
 - Proof of income.
- If the application demonstrates that the Beneficiary is needy and distressed, Kentucky Rural Electric Disaster Fund will have the discretion to make an Assistance Grant to the Beneficiary.

- If the Assistance Grant includes the ongoing delivery of funds, services, or goods, Kentucky Rural Electric Disaster Fund must ensure that determinations of whether the Beneficiary remains needy or distressed will be made at reasonable intervals as established by Kentucky Rural Electric Disaster Fund at the time of the making of the Assistance Grant and in most cases to be on a monthly basis.
- Provided that the total funds, services, and goods are reasonable and the provision thereof is consistent with these rules, there is no maximum lifetime limit for Assistance Grants made to any individual Beneficiary.
- If the application does not demonstrate that the Beneficiary is needy and distressed, Kentucky Rural Electric Disaster Fund will not have the discretion to make an Assistance Grant to the Beneficiary.
 - A Beneficiary who is denied an Assistance Grant may re-apply for an Assistance Grant at any time after the adverse determination if the facts contained in an updated application would be materially different than the facts contained in the rejected application.

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- Assistance Grants will not be made to cover costs that were paid prior to application submission (some exceptions may be made on a case-by-case basis in an event of a true emergency during non-business hours).
- When applicable and to the extent possible, Kentucky Rural Electric Disaster Fund should ensure that delivery of funds as part of an Assistance Grant are not made to the Beneficiary directly, unless and until the Beneficiary enters into an agreement with the Corporation to use the Assistance Grant only for specified purposes.
- With respect to Assistance Grants related to community bereavement activities or community memorial services, no amount shall be expended if the primary purpose is to generate referrals or provide publicity or direct benefit to any specific provider and no amount shall be expended for event gifts or incentive items.

In making all Assistance Grants, collaboration with community partners is highly recommended.