

Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code

OMB No. 1545-0056
 If exempt status is approved, this application will be open for public inspection.

Read the instructions for each Part carefully.

A User Fee must be attached to this application.

If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to you.

Complete the Procedural Checklist on page 7 of the instructions.

Part I Identification of Applicant

1a Full name of organization (as shown in organizing document) The Granary Foundation		2 Employer identification number (EIN) (If none, see page 2 of the instructions.) 47 - 0804412
1b c/o Name (if applicable)		3 Name and telephone number of person to be contacted if additional information is needed Nana G. H. Smith (402) 474-0321
1c Address (number and street) P.O. Box 406 101 South Tallman	Room/Suite	
1d City or town, state, and ZIP code Walthill, NE <u>6 8 0 6 7</u> - <u>0 4 0 6</u>		4 Month the annual accounting period ends August
5 Date incorporated or formed 10/22/96	6 Activity codes (See page 3 of the instructions.) 602 922 927	7 Check here if applying under section: a <input type="checkbox"/> 501(e) b <input type="checkbox"/> 501(f) c <input type="checkbox"/> 501(k)
8 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," attach an explanation.		
9 Is the organization required to file Form 990 (or Form 990-EZ)? <input type="checkbox"/> N/A <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach an explanation (see page 3 of the Specific Instructions).		
10 Has the organization filed Federal income tax returns or exempt organization information returns? . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.		

11 Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING. (See **Specific Instructions for Part I, Line 11**, on page 3.) Get **Pub. 557, Tax-Exempt Status for Your Organization**, for examples of organizational documents.)

a Corporation—Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also include a copy of the bylaws.

b Trust— Attach a copy of the Trust Indenture or Agreement, including all appropriate signatures and dates.

c Association— Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence the organization was formed by adoption of the document by more than one person; also include a copy of the bylaws.

If the organization is a corporation or an unincorporated association that has not yet adopted bylaws, check here

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please Sign Here President
(Signature) (Title or authority of signer) (Date)

Part II Activities and Operational Information

- 1 Provide a detailed narrative description of all the activities of the organization—past, present, and planned. **Do not merely refer to or repeat the language in the organizational document.** List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

See Attached.

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- 2 What are or will be the organization's sources of financial support? List in order of size.
- (a) grants from private foundations
 - (b) contributions from individuals
 - (c) investment income

-
- 3 Describe the organization's fundraising program, both actual and planned, and explain to what extent it has been put into effect. Include details of fundraising activities such as selective mailings, formation of fundraising committees, use of volunteers or professional fundraisers, etc. Attach representative copies of solicitations for financial support.

See Attached.

Part II Activities and Operational Information (Continued)

4 Give the following information about the organization's governing body:

a Names, addresses, and titles of officers, directors, trustees, etc.

b Annual compensation

See Attached.

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c Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials? Yes No
If "Yes," name those persons and explain the basis of their selection or appointment.

d Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons"? (See Specific Instructions for Part II, Line 4d, on page 3.) Yes No
If "Yes," explain.

5 Does the organization control or is it controlled by any other organization? Yes No
Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors? Yes No
If either of these questions is answered "Yes," explain.

See Attached.

6 Does or will the organization directly or indirectly engage in any of the following transactions with any political organization or other exempt organization (other than a 501(c)(3) organization): (a) grants; (b) purchases or sales of assets; (c) rental of facilities or equipment; (d) loans or loan guarantees; (e) reimbursement arrangements; (f) performance of services, membership, or fundraising solicitations; or (g) sharing of facilities, equipment, mailing lists or other assets, or paid employees? Yes No
If "Yes," explain fully and identify the other organizations involved.

7 Is the organization financially accountable to any other organization? Yes No
If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

Part II Activities and Operational Information (Continued)

- 8 What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken. If "None," indicate "N/A."

N/A

- 9 Will the organization be the beneficiary of tax-exempt bond financing within the next 2 years? Yes No

- 10a Will any of the organization's facilities or operations be managed by another organization or individual under a contractual agreement? Yes No

- b Is the organization a party to any leases? Yes No

If either of these questions is answered "Yes," attach a copy of the contracts and explain the relationship between the applicant and the other parties.

- 11 Is the organization a membership organization? Yes No

If "Yes," complete the following:

- a Describe the organization's membership requirements and attach a schedule of membership fees and dues.

- b Describe the organization's present and proposed efforts to attract members and attach a copy of any descriptive literature or promotional material used for this purpose.

- c What benefits do (or will) the members receive in exchange for their payment of dues?

- 12a If the organization provides benefits, services, or products, are the recipients required, or will they be required, to pay for them? N/A Yes No
If "Yes," explain how the charges are determined and attach a copy of the current fee schedule.

- b Does or will the organization limit its benefits, services, or products to specific individuals or classes of individuals? N/A Yes No
If "Yes," explain how the recipients or beneficiaries are or will be selected.

- 13 Does or will the organization attempt to influence legislation? Yes No
If "Yes," explain. Also, give an estimate of the percentage of the organization's time and funds that it devotes or plans to devote to this activity.

- 14 Does or will the organization intervene in any way in political campaigns, including the publication or distribution of statements? Yes No
If "Yes," explain fully.

Part III Technical Requirements

1 Are you filing Form 1023 within 15 months from the end of the month in which your organization was created or formed? Yes No
If you answer "Yes," do not answer questions on lines 2 through 7 below.

2 If one of the exceptions to the 15-month filing requirement shown below applies, check the appropriate box and proceed to question 8.

Exceptions—You are not required to file an exemption application within 15 months if the organization:

- a Is a church, interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church. See Specific Instructions, Line 2a, on page 4;
- b Is not a private foundation and normally has gross receipts of not more than \$5,000 in each tax year; or
- c Is a subordinate organization covered by a group exemption letter, but only if the parent or supervisory organization timely submitted a notice covering the subordinate.

3 If the organization does not meet any of the exceptions on line 2 above, are you filing Form 1023 within 27 months from the end of the month in which the organization was created or formed? Yes No

If "Yes," your organization qualifies under section 4.01 of Rev. Proc. 92-85, 1992-2 C.B. 490, for an automatic 12-month extension of the 15-month filing requirement. Do not answer questions 4 through 7.

If "No," answer question 4.

4 If you answer "No" to question 3, has the organization been contacted by the IRS regarding its failure to file Form 1023 within 27 months from the end of the month in which the organization was created or formed? Yes No

If "No," your organization is requesting an extension of time to apply under the "reasonable action and good faith" requirements of section 5.01 of Rev. Proc. 92-85. Do not answer questions 5 through 7.

If "Yes," answer question 5.

5 If you answer "Yes" to question 4, does the organization wish to request relief from the 15-month filing requirement? Yes No

If "Yes," give the reasons for not filing this application prior to being contacted by the IRS. See Specific Instructions, Line 5, on page 4 before completing this item. Do not answer questions 6 and 7.

If "No," answer question 6.

6 If you answer "No" to question 5, your organization's qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed with your key District Director. Therefore, do you want us to consider the application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date the organization was created or formed? Yes No

7 If you answer "Yes" to question 6 above and wish to request recognition of section 501(c)(4) status for the period beginning with the date the organization was formed and ending with the date the Form 1023 application was received (the effective date of the organization's section 501(c)(3) status), check here and attach a completed page 1 of Form 1024 to this application.

Part III Technical Requirements (Continued)

8 Is the organization a private foundation?

- Yes** (Answer question 9.)
 No (Answer question 10 and proceed as instructed.)

9 If you answer "Yes" to question 8, does the organization claim to be a private operating foundation?

- Yes** (Complete Schedule E.)
 No

After answering question 9 on this line, go to line 15 on page 7.

10 If you answer "No" to question 8, indicate the public charity classification the organization is requesting by checking the box below that most appropriately applies:

THE ORGANIZATION IS NOT A PRIVATE FOUNDATION BECAUSE IT QUALIFIES:

- | | | |
|---|--|--|
| a | <input type="checkbox"/> As a church or a convention or association of churches (CHURCHES MUST COMPLETE SCHEDULE A.) | Sections 509(a)(1) and 170(b)(1)(A)(i) |
| b | <input type="checkbox"/> As a school (MUST COMPLETE SCHEDULE B.) | Sections 509(a)(1) and 170(b)(1)(A)(ii) |
| c | <input type="checkbox"/> As a hospital or a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital (MUST COMPLETE SCHEDULE C.) | Sections 509(a)(1) and 170(b)(1)(A)(iii) |
| d | <input type="checkbox"/> As a governmental unit described in section 170(c)(1). | Sections 509(a)(1) and 170(b)(1)(A)(v) |
| e | <input checked="" type="checkbox"/> As being operated solely for the benefit of, or in connection with, one or more of the organizations described in a through d, g, h, or i (MUST COMPLETE SCHEDULE D.) | Section 509(a)(3) |
| f | <input type="checkbox"/> As being organized and operated exclusively for testing for public safety. | Section 509(a)(4) |
| g | <input type="checkbox"/> As being operated for the benefit of a college or university that is owned or operated by a governmental unit. | Sections 509(a)(1) and 170(b)(1)(A)(iv) |
| h | <input type="checkbox"/> As receiving a substantial part of its support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public. | Sections 509(a)(1) and 170(b)(1)(A)(v) |
| i | <input type="checkbox"/> As normally receiving not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions). | Section 509(a)(2) |
| j | <input type="checkbox"/> The organization is a publicly supported organization but is not sure whether it meets the public support test of block h or block i. The organization would like the IRS to decide the proper classification. | Sections 509(a)(1) and 170(b)(1)(A)(vi) or Section 509(a)(2) |

If you checked one of the boxes a through f in question 10, go to question 15. If you checked box g in question 10, go to questions 12 and 13. If you checked box h, i, or j, in question 10, go to question 11.

Part III Technical Requirements (Continued)

- 11 If you checked box h, i, or j in question 10, has the organization completed a tax year of at least 8 months?
 Yes—Indicate whether you are requesting:
 A definitive ruling (Answer questions 12 through 15.)
 An advance ruling (Answer questions 12 and 15 and attach two Forms 872-C completed and signed.)
 No—You must request an advance ruling by completing and signing two Forms 872-C and attaching them to the application.
- 12 If the organization received any unusual grants during any of the tax years shown in Part IV-A, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.

- 13 If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here and:
 a Enter 2% of line 8, column (e), Total, of Part IV-A. _____
 b Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts, grants, contributions, etc., were more than the amount entered on line 13a above.

- 14 If you are requesting a definitive ruling under section 509(a)(2), check here and:
 a For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each "disqualified person." (For a definition of "disqualified person," see **Specific Instructions**, Part II, Line 4d, on page 3.)
 b For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payer" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

15 Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. Do not submit blank schedules.)	Yes	No	If "Yes," complete Schedule:
Is the organization a church?		X	A
Is the organization, or any part of it, a school?		X	B
Is the organization, or any part of it, a hospital or medical research organization?		X	C
Is the organization a section 509(a)(3) supporting organization?	X		D
Is the organization a private operating foundation?		X	E
Is the organization, or any part of it, a home for the aged or handicapped?		X	F
Is the organization, or any part of it, a child care organization?		X	G
Does the organization provide or administer any scholarship benefits, student aid, etc.?		X	H
Has the organization taken over, or will it take over, the facilities of a "for profit" institution? . . .		X	I

Part IV Financial Data

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

A. Statement of Revenue and Expenses

		Current tax year	3 prior tax years or proposed budget for 2 years			
		(a) From 10/96 to 11/96	(b) 19.96/97 (Sept. 1 - Aug. 31 Fiscal Year)	(c) 1997/98	(d) 19.98/99	(e) TOTAL
Revenue	1 Gifts, grants, and contributions received (not including unusual grants—see pages 5 and 6 of the instructions)	0	1,750,000	1,750,000	875,000	4,375,000
	2 Membership fees received	0	0	0	0	0
	3 Gross investment income (see instructions for definition)	0	52,500	142,500	257,000	452,000
	4 Net income from organization's unrelated business activities not included on line 3	0	0	0	0	0
	5 Tax revenues levied for and either paid to or spent on behalf of the organization	0	0	0	0	0
	6 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge)	0	0	0	0	0
	7 Other income (not including gain or loss from sale of capital assets) (attach schedule)	0	0	0	0	0
	8 Total (add lines 1 through 7)	0	1,802,500	1,892,500	1,132,000	4,827,000
	9 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity that is not an unrelated business within the meaning of section 513. Include related cost of sales on line 22	0	0	0	0	0
	10 Total (add lines 8 and 9)	0	1,802,500	1,892,500	1,132,000	4,827,000
	11 Gain or loss from sale of capital assets (attach schedule)	0	0	0	0	0
	12 Unusual grants	0	0	0	0	0
	13 Total revenue (add lines 10 through 12)	0	1,802,500	1,892,500	1,132,000	4,827,000
Expenses	14 Fundraising expenses	0	210,000	168,000	42,000	
	15 Contributions, gifts, grants, and similar amounts paid (attach schedule)	0	0	0	220,000	
	16 Disbursements to or for benefit of members (attach schedule)	0	0	0	0	
	17 Compensation of officers, directors, and trustees (attach schedule)	0	0	0	0	
	18 Other salaries and wages	0	0	0	0	
	19 Interest	0	0	0	0	
	20 Occupancy (rent, utilities, etc.)	0	0	0	0	
	21 Depreciation and depletion	0	0	0	0	
	22 Other (attach schedule)	0	0	0	0	
	23 Total expenses (add lines 14 through 22)	0	210,000	168,000	262,000	
	24 Excess of revenue over expenses (line 13 minus line 23)	0	1,592,500	1,724,500	870,000	

Part IV Financial Data (Continued)

B. Balance Sheet (at the end of the period shown)		Current tax year Date....10/31/96
Assets		
1	Cash	0
2	Accounts receivable, net	0
3	Inventories	0
4	Bonds and notes receivable (attach schedule)	0
5	Corporate stocks (attach schedule)	0
6	Mortgage loans (attach schedule)	0
7	Other investments (attach schedule)	0
8	Depreciable and depletable assets (attach schedule)	0
9	Land	0
10	Other assets (attach schedule)	0
11	Total assets (add lines 1 through 10)	0
Liabilities		
12	Accounts payable	0
13	Contributions, gifts, grants, etc., payable	0
14	Mortgages and notes payable (attach schedule)	0
15	Other liabilities (attach schedule)	0
16	Total liabilities (add lines 12 through 15)	0
Fund Balances or Net Assets		
17	Total fund balances or net assets	0
18	Total liabilities and fund balances or net assets (add line 16 and line 17)	0

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation

Schedule D. Section 509(a)(3) Supporting Organizations

1a Organizations supported by the applicant organization: Name and address of supported organization	b Has the supported organization received a ruling or determination letter that it is not a private foundation by reason of section 509(a)(1) or (2)?
The Center For Rural Affairs..... P.O. Box 406, Walthill, NE 68067-0406	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No

c If "No" for any of the organizations listed in 1a, explain.

2 Does the supported organization have tax-exempt status under section 501(c)(4), 501(c)(5), or 501(c)(6)? Yes No
 If "Yes," attach: (a) a copy of its ruling or determination letter, and (b) an analysis of its revenue for the current year and the preceding 3 years. (Provide the financial data using the formats in Part IV-A (lines 1-13) and Part III (lines 12, 13, and 14).)

3 Does your organization's governing document indicate that the majority of its governing board is elected or appointed by the supported organizations? Yes No
 If "Yes," skip to line 9.
 If "No," you must answer the questions on lines 4 through 9.

4 Does your organization's governing document indicate the common supervision or control that it and the supported organizations share? Yes No
 If "Yes," give the article and paragraph numbers. If "No," explain.

5 To what extent do the supported organizations have a significant voice in your organization's investment policies, in the making and timing of grants, and in otherwise directing the use of your organization's income or assets?

6 Does the mentioning of the supported organizations in your organization's governing instrument make it a trust that the supported organizations can enforce under state law and compel to make an accounting? Yes No
 If "Yes," explain.

7a What percentage of your organization's income does it pay to each supported organization?

b What is the total annual income of each supported organization?

c How much does your organization contribute annually to each supported organization?

For more information, see back of Schedule D.

Schedule D. Section 509(a)(3) Supporting Organizations (Continued)

8 To what extent does your organization conduct activities that would otherwise be carried on by the supported organizations? Explain why these activities would otherwise be carried on by the supported organizations.

9 Is the applicant organization controlled directly or indirectly by one or more "disqualified persons" (other than one who is a disqualified person solely because he or she is a manager) or by an organization that is not described in section 509(a)(1) or (2)? Yes No
If "Yes," explain.

Instructions

For an explanation of the types of organizations defined in section 509(a)(3) as being excluded from the definition of a private foundation, see Pub. 557, Chapter 3.

Line 1

List each organization that is supported by your organization and indicate in item **1b** if the supported organization has received a letter recognizing exempt status as a section 501(c)(3) public charity as defined in section 509(a)(1) or 509(a)(2). If you answer "No" in **1b** to any of the listed organizations, please explain in **1c**.

Line 3

Your organization's governing document may be articles of incorporation, articles of association, constitution, trust indenture, or trust agreement.

Line 9

For a definition of a "disqualified person," see **Specific Instructions, Part II, Line 4d**, on page 3 of the application's instructions.

***THIS ATTACHMENT RELATES TO THE FORM 1023 OF THE GRANARY
FOUNDATION, P.O. BOX 406, WALTHILL, NEBRASKA 68067-0406, E.I.N. 47-0804412***

**Part II, Line 1
Statement of Activities**

The Granary Foundation (the "Foundation") was incorporated under the Nebraska Nonprofit Corporation Act in October of 1996 by the Center for Rural Affairs (the "Center"), a Nebraska nonprofit corporation organized in 1973 which is exempt from Federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") and which is excluded from private foundation status by Section 509(a)(1) of the Code.

The Foundation will serve as an endowment fiduciary and fund raising vehicle exclusively for the benefit of the Center or any organization which is controlled directly by the Center or which is operating for the benefit of the Center, provided such other organization qualifies as a charitable organization exempt from Federal income taxation pursuant to Section 501(c)(3) of the Code and is described in Section 509(a)(1) or Section 509(a)(2) of the Code (a "Supported Organization").

Initially, the exclusive activities of the Foundation will be to exercise fiduciary responsibility with respect to the investment and management of the Granary Endowment Fund (the "Fund"), a permanent endowment fund established by the Center in 1996, and to engage in fund raising activities for the benefit of the Fund. The purpose of the Fund is to provide a permanent source of annual operating income to the Center and its charitable subsidiaries as a means of insuring financial stability for the Center as it pursues its charitable mission. The Center is in the midst of a major, three-year capital campaign in which it has established a \$7 million fundraising goal for the Fund. By December of 1998, when the capital campaign for the Fund ends, the Center hopes to have raised \$4,375,000 in present gifts and \$2,625,000 in deferred gifts for the Fund. The contents of the Fund will be transferred to the Foundation by the Center as soon as the Foundation receives an advance determination from the Internal Revenue Service (the "Service") that it is exempt from Federal income taxation under Section 501(c)(3) of the Code and that it is excluded from private foundation status as a "supporting organization" pursuant to Section 509(a)(3) of the Code. Once the Fund has been transferred to the Foundation, all future gifts to the Fund will be made directly to the Foundation.

The Foundation intends to carry out its fiduciary responsibility for the Fund by making investments through professional investment advisors and monitoring investment performance of the Fund. The Foundation's goals with respect to the Fund will be to honor donor intentions, protect the Fund's corpus against inflation and provide annual operating income to the Center to supplement its other sources of public and private support.

The Foundation will represent the Center in soliciting and pursuing charitable gifts to the Fund. In connection therewith, the Foundation will advise and assist donors who wish to make a

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FOUNDATION, P.O. BOX 406, WALTHILL, NEBRASKA 68067-0406, E.I.N. 47-0804412***

charitable gift through their estate. Such gifts may include bequests, charitable remainder trusts and other types of charitable planned gifts.

In addition, the Foundation will support the programs and operations of the Center. Such support will be primarily in the form of financial support. However, programmatic support is also a long-term possibility. The commencement, frequency and extent this support will be determined from time to time by the Board of Directors of the Foundation.

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Part II, Line 3
Fund Raising Activities

The Foundation will engage in two types of fundraising: personal solicitations of supporters of the Center and its charitable objectives, and the submission of grant requests to private foundations for endowment funds.

**THIS ATTACHMENT RELATES TO THE FORM 1023 OF THE GRANARY
FOUNDATION, P.O. BOX 406, WALTHILL, NEBRASKA 68067-0406, E.I.N. 47-0804412**

**Part II, Line 4
Officers and Directors**

<u>Name</u>	<u>Address</u>	<u>Title</u>
Martin D. Strange	Box 297 East Randolph, Vermont 05041	President and Director
Clark Nichols	1902 Cheyenne Drive Scottsbluff, Nebraska 69361- 1829	Vice President and Director
Phillip Heckman	702 West Lake Shore Drive Lincoln, Nebraska 68528- 1042	Secretary/Treasurer and Director

The Foundation anticipates that its board of directors will expand over the course of the next year as the Foundation becomes more active.

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FOUNDATION, P.O. BOX 406, WALTHILL, NEBRASKA 68067-0406, E.I.N. 47-0804412***

Part II, Line 5
Relationship to the Center for Rural Affairs

The Center for Rural Affairs (the "Center"), a Nebraska nonprofit corporation exempt from Federal income tax under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code") pursuant to Section 501(c)(3) of the Code and excluded from private foundation status pursuant to Section 509(a)(1) of the Code, is entitled to designate all members of the Board of Directors of The Granary Foundation (the "Foundation"). In addition, by their express terms, any amendment to the Articles of Incorporation and Bylaws of the Foundation must be approved in writing by the Board of Directors of the Center in order to be effective. The Foundation was organized by the Center to act as an endowment fiduciary and fund raising vehicle and to otherwise administer the Granary Endowment Fund, a permanent endowment to benefit the Center.

The Foundation does not control any other organization.

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Part II, Line 10

Sharing of personnel and Facilities with the Center for Rural Affairs

The Granary Foundation (the "Foundation"), at least initially, will not have its own office space, personnel or office equipment but will share personnel and facilities with the Center for Rural Affairs (the "Center"), a Nebraska nonprofit corporation exempt from Federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and excluded from private foundation status by Section 509(a)(1) of the Code.

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**Part IV(A), Line 15
Contributions, Gifts, Grants and Similar Amounts Paid**

Following the completion of the thirty-month initial capital campaign for the Granary Endowment Fund, the Foundation intends to distribute approximately five percent (5%) of its net assets each year to or for the benefit of (a) the Center for Rural Affairs (the "Center"), a Nebraska nonprofit corporation organized in 1973 which is exempt from Federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") and which is excluded from private foundation status by Section 509(a)(1) of the Code, and/or (b) any other organization which is controlled directly by the Center or operating for the benefit of the Center, provided such other organization qualifies as a charitable organization exempt from Federal income taxation pursuant to Section 501(c)(3) of the Code and is described in Section 509(a)(1) or Section 509(a)(2) of the Code.