

**RAYMOND JAMES CHARITABLE ENDOWMENT FUND
GIFT ANNUITY DISCLOSURE STATEMENT
IMPORTANT INFORMATION**

- A gift annuity is not a commercial annuity contract.
- A gift annuity is not an investment. It is a contractual charitable gift that promises a lifetime fixed income stream backed only by the assets of the Raymond James Charitable Endowment Fund.
- A gift annuity will not provide the same level of income as a comparable commercial annuity contract.
- A charitable gift annuity contribution will create a partial income tax deduction. The entire contribution is not deductible. Depending on your tax situation, the entire amount of the deduction created may or may not be fully deductible. Consult your tax advisor for the specific application to your situation.
- This gift annuity represents Raymond James Charitable Endowment Fund's unsecured promise to pay the annuity amount for the life of the annuitant(s).
- This gift annuity is backed ONLY by the assets of the Raymond James Charitable Endowment Fund. This gift annuity is not underwritten, backed or otherwise an obligation of Raymond James Trust N.A., Raymond James Financial, Inc. or any affiliate. This gift annuity is not backed by any state annuity guaranty fund.
- A gift annuity transaction is IRREVOCABLE.
- The amount of the annuity may not be assigned.
- This brochure provides general tax information but is not intended to provide specific tax advice or information applicable to your situation. If you have specific tax questions or concerns, contact your tax advisor. Please read the entire brochure.
- The Raymond James Charitable Endowment Fund does not issue gift annuities in **Alabama, Arkansas, California, Hawaii, Maryland, North Dakota, New Jersey, New York, Washington, and Wisconsin.**

TABLE OF CONTENTS

What is a gift annuity?	3
Is a gift annuity the same as a commercial annuity contract issued by an insurance company?	3
Who is promising to pay the gift annuity?	3
How will a gift annuity contribution be invested?	4
What advice may a donor give?	4
How is the gift annuity rate determined?	5
What assets back this gift annuity?	5
What are the fees and other charges associated with this gift annuity?	5
Does Raymond James Trust N.A. underwrite or back this gift annuity?	6
What are the terms of the gift annuity?	6
What happens to the gift annuity contribution after the death of the annuitant(s)?	7
How much of the gift annuity contribution is tax deductible?	7
How is a gift annuity payment taxed for income tax purposes?	8
What are the gift and estate tax implications of a gift annuity?	8
Latest financial statement.....	9-12
Independent Auditors' Report	12
RJ Charitable Endowment Fund's Privacy Notice and Policy	13
State specific disclosures	14-15

What is a Gift Annuity?

A gift annuity is a simple contract between the donor(s) and a charity. In this case the charity is the Raymond James Charitable Endowment Fund (hereafter RJCEF). In exchange for the donor's(s') contribution, the RJCEF promises to make fixed payments for life to one or two individuals (usually, but not necessarily, the donor(s)). The individual(s) whose life(ves) are used to measure how long annuity payments are due is(are) called the annuitant(s). The amount paid is based on the age(s) of the annuitant(s), in accordance with the RJCEF's rate schedule (see below).

Gift annuities are contractual relationships governed by applicable state law. They are not securities regulated by the federal Securities and Exchange Commission, state securities or Insurance Commissioner.

Gift annuities are irrevocable transactions. Once a gift annuity contribution has been accepted and the gift annuity agreement is signed, the principal amount of the contribution cannot be returned.

Is a gift annuity the same as a commercial annuity contract issued by an insurance company?

No. A gift annuity is not the same as a commercial annuity and the act of establishing a gift annuity with the RJCEF is not, and should not be viewed as, an investment. Rather, it is a way to receive annuity-like payments while making a charitable donation. In this respect, all gift annuities, including one issued by the RJCEF are different from commercial annuities. Gift annuities are not regulated by state insurance commissions (or similar regulatory bodies) and do not participate in state level insurance guaranty funds. However, the fact that you are making a charitable gift may provide you with tax benefits, including a current federal income tax charitable deduction (if you itemize your deductions), annuity payments which are partially tax-free, as well as gift and estate tax savings.

Who is promising to pay this gift annuity?

This gift annuity is an unsecured, general obligation of the RJCEF. The RJCEF is a Florida charitable trust operating under an irrevocable agreement dated June 19, 2000. The RJCEF is controlled by a board of directors (hereafter "Board") that currently has three members: Thomas Wilkins, chair, Frances Neu and Robert F. Shuck. These individuals were the initial directors of the RJCEF and they serve in that capacity until the earlier of their resignation or death. The board may, in its discretion choose to expand its membership.

The RJCEF board has entered into a contract with RJTNA to serve as its trustee. RJTNA is a wholly owned subsidiary of Raymond James Financial, Inc. (RJF). RJF is a financial services firm with its headquarters in St. Petersburg, Florida. RJF is engaged in a variety of financial services including retail and institutional brokerage, investment management, banking and trust services. Certain RJF subsidiaries, including Raymond James & Associates, Inc., Raymond James Financial Services, Inc. and Eagle Asset Management may, from time to time, provide services to and be compensated by the RJCEF.

Neither RJTNA nor RJF nor any other subsidiary or affiliate is a party to gift annuities issued by the RJCEF. Neither RJTNA nor RJF nor any other subsidiary or affiliate guaranty the payments of annuity amounts called for by RJCEF gift annuities. None of the assets of RJTNA, RJF or any other subsidiary or affiliate back gift annuities issued by the RJCEF.

A majority of the RJCEF board at all times must be unaffiliated with RJTNA, its parents and affiliates. Robert F. Shuck is Vice Chairman of Raymond James Financial. The other two directors are not affiliated.

How will a gift annuity contribution be invested?

The RJCEF will maintain a gift annuity reserve fund. The entire amount of any gift annuity contribution, less the cost of sale of any in-kind contributions, will be credited to the gift annuity reserve fund. Within the gift annuity reserve fund a sub-account for each annuity agreement will be created and the amount of each gift annuity contribution will be further credited such a sub account.

Within each sub-account, the RJCEF will enter into a commercial annuity contract with a large, financially secure, highly rated life insurance company. All such commercial annuity contracts will have the same annuitant(s) as the corresponding gift annuity. All such commercial annuity contracts will specify an annuity payment equal to at least the amount of the annuity promised under the corresponding gift annuity.

For the balance of each gift annuity sub-account, the RJCEF offers donors the following three investment objectives:

- **Balanced.** The Balanced Objective will seek to balance the production of income, preservation of capital and growth of capital.
- **Growth with Income.** The Growth with Income Objective will seek to emphasize the growth of capital over the production of income.
- **Growth.** The Growth Objective will primarily seek the growth of capital. Income may or may not be sought and will always be secondary.

There can be no guarantee that any objective will be met.

The foregoing objectives will be invested exclusively in open-end mutual funds selected by the Board. The Board will make its selections from among those funds receiving a Highly Recommended rating from the Raymond James

& Associates, Inc. Mutual Fund Research Department (an affiliate of RJTNA). The mutual funds may include funds offered by the Eagle family of funds, an affiliate of RJTNA.

The gift annuity reserve fund will make distributions only for the following purposes: 1) to make annuity payments to gift annuitants, 2) to pay investment management, trustee, administrative expenses and the costs of transactions and 3) to transfer the balance of a gift annuity sub-account at the death of the annuitant(s) to a donor advised account within the RJCEF.

What advice may a donor give?

With respect to each gift annuity sub-account within the reserve fund, gift annuity donors may offer the RJCEF advice regarding:

- The name of the sub-account. Absent a suggestion, the title of the sub-account will be the donor's name with the words "Family Foundation" appended. Donors may suggest an alternative name.
- The investment objective for that portion of the sub-account not invested in the commercial annuity contract as outlined above. The donor may change that recommendation, subject to board approval, up to four times per calendar year.
- The initial donor advisor(s) for the donor advised account into which the balance of sub-account will be transferred at the annuitant's(s') death.
- In lieu of a donor advisor, the donor may recommend that the balance of the sub-account become a grant to one or more charitable institutions (either in lump sum or on-going) provided such grant request otherwise meets the criteria for grants as established by the Board from time to time. No grant recommendations may be made during the life (lives) of the annuitant(s).

How is the gift annuity rate determined?

Generally, the gift annuity rates paid by the RJCEF are those suggested by the American Council on Gift Annuities (hereafter "ACGA"), which is a national organization of charities that has been in existence since 1927. These rates have been calculated so as to provide attractive payments to the donor and/or other annuitant(s) and also to result in a significant portion of the contribution remaining for charity. Because a charitable gift is involved, the rates are lower than those available through commercial annuities offered by insurance companies and other financial institutions.

The annuity rates are entirely age dependent - the older the annuitant(s), the higher the rate. The ACGA adjusts its suggested rates (both up and down) periodically to reflect changing market conditions and actuarial assumptions. Changes in ACGA suggested rates will not affect existing gift annuities; only those issued after the change is effective. For more information on the ACGA rates visit their web site at www.acga-web.org.

The RJCEF will enter into gift annuity transactions at annuity rates lower than those suggested by the ACGA, but only upon request of the donor(s). A lower than suggested annuity rate increases the gift to the RJCEF and permanently and irrevocably lowers the annuity income to the annuitant(s).

What assets back this gift annuity?

The annuity payments are a general obligation of the RJCEF, and they are backed by all of our assets. At December 31, 2008 our total net assets exceeded \$86 million. RJCEF net assets include roughly \$82 million in stocks, bonds, mutual funds and money market funds. A copy of the most recent audited financial statements, including footnotes and the independent auditor's opinion are included in the appendix on page 9 of this brochure.

The gift annuity reserve fund will be invested in accordance with the laws of the states in which we offer gift annuities. Assets received by the RJCEF for gift annuities are managed by RJTNA and such other financial services, investment advisory or mutual fund firms as it may employ from time to time (including affiliates), in a conservative and disciplined manner. If the RJCEF should ever fail financially, individuals entitled to receive annuities will qualify as general creditors of the RJCEF.

The RJCEF was established in June 2000. Responsibility for governing the organization is vested in a Board as described above. Common investment funds managed by our organization are exempt from registration requirements of the federal securities laws, pursuant to the exemption for collective investment funds and similar funds maintained by charitable organizations under the Philanthropy Protection Act of 1995 (P.L. 104-62). Information in this statement is provided to you in accordance with the requirements of that Act.

What are the fees and other charges associated with this gift annuity?

There is no charge or cost imposed by the RJCEF. All fees charged represent either the cost of securities transactions, fees imposed by RJTNA for its fiduciary services and the internal expenses of the mutual funds owned within the gift annuity reserve fund.

In-kind gifts of securities will incur transaction costs when those securities are sold. The current transaction charge collected by Raymond James & Associates, Inc. (an affiliate of RJTNA) is \$30 per stock position and \$50 per bond position contributed. There are no commissions charged in addition to these transaction charges unless the contribution is sold through another broker-dealer. The fees imposed and collected by the federal Securities and Exchange Commission are also deducted from sales proceeds of in-kind gifts of securities. The \$30/\$50 transaction fees are

imposed regardless of the dollar value or number of shares/bonds/units contributed for each position.

There are no commissions paid for the purchase of the commercial annuity used to reinsure each gift annuity. The investment of the gift annuity contribution in excess of the commercial annuity purchased into the mutual fund objectives described above will incur transaction fees of \$30 per mutual fund position purchased. Purchases of mutual funds attributable to more than one gift annuity reserve sub account are generally bundled together to keep transaction charges to a minimum. The \$30 transaction fee per fund also applies when the mutual fund objectives are rebalanced annually.

RJTNA imposes the following trustee fees calculated per gift annuity reserve fund sub account:

- Account set up fee \$100 (imposed in first year only)
- Annuity maintenance fee \$400 (collected monthly in arrears during the life (lives) of the annuitant(s))
- Annuity reserve sub-account investment management fee of 1% per year of the mutual funds within each gift annuity reserve account (collected quarterly during the life (lives) of the annuitant(s))

In addition, RJTNA may receive shareholder services fees from the money market mutual fund used within the RJCEF. Those shareholder services fees currently equal 0.15% (or \$0.15 per \$100) of the amount invested in the money market mutual fund. Certain affiliates of RJTNA may receive transaction fees or commissions associated with the purchase or sales of securities on behalf of the RJCEF.

RJTNA may enter into agreements with its affiliates or other financial services providers to assist in the servicing, investment and administration of the gift annuity reserve

fund. RJTNA will pay these firms, including its affiliates, up to one half of its fee annually. The portion of the trustee fee shared with other firms, including affiliates, may be further shared with individuals acting as employees or independent contractors who actually render service to RJTNA.

The mutual funds purchased within the gift annuity reserve fund all have internal expenses associated with the management and administration of the fund. Those expenses will vary from fund to fund and from time to time but are generally 1% of mutual fund assets or less. Mutual fund internal expenses are not expressly deducted from the gift annuity reserve fund. Rather, these expenses are reflected in the net asset value of the fund. Mutual funds are purchased at net asset value and no commissions, loads or contingent deferred sales charges are imposed. If any mutual fund imposes fees under Section 12(b)-1 (typically .25% or less of mutual fund assets) and re-allows those fees to any affiliate of RJTNA, such 12(b)-1 fees will be contributed to the general fund of the RJCEF.

Does Raymond James Trust N.A. underwrite or back this gift annuity?

No. Neither RJTNA nor any of its affiliates nor its parent RJF underwrite, guaranty or provide financial backing for the performance of the RJCEF's obligations under any RJCEF gift annuity. The sole recourse of any RJCEF gift annuitant is against the assets of the RJCEF.

What are the terms of the gift annuity?

Minimum age: Fifty-five (age is calculated based on nearest birthday). For joint annuities the youngest annuitant must be at least 55. However, for tax purposes the deduction for each gift annuity must equal at least 10% of the amount contributed based on actuarial assumptions that change from time to time. In some cases, depending on these

factors, the minimum age may be higher.

Maximum age: There is no maximum age limit

Minimum contribution: \$50,000

Maximum contribution: There is no maximum contribution. However, the amount deductible for income tax purposes is subject to various limitations that vary from taxpayer to taxpayer. It is possible to make a gift annuity contribution that generates a deductible amount too large to be fully utilized.

Joint Annuities: Annuities covering one or two lives may be issued. Two life annuities may be either joint and survivor or successive. Joint and survivor annuities pay the annuity amount to both annuitants while both are alive and then to surviving annuitant. Successive annuity payments are made to the first annuitant for his/her life and then to the second annuitant for his/her life

Payment Frequency: Annuity payments may be made monthly, quarterly at the end of the calendar quarter (March, June, September and December), semi-annually at the end of June and December or annually in December. The frequency of the payment impacts the deduction to a limited degree. The more frequent the payments, the smaller the deduction.

Assignment of Annuity Payment Rights: Annuitants may not assign or transfer their right to receive annuity payments.

Form of Annuity Payment: Annuity payments are made by check or ACH transfer.

In-kind Gifts: Gifts of marketable securities may be made in-kind. In-kind gifts of insurance, annuity, real estate, tangible personal property and intangible personal property, other than cash and marketable securities, will not be accepted. In-kind gifts of marketable securities held for less than one year will not be accepted.

Governing Law: RJCEF gift annuities are governed by the laws of the state of Florida except as otherwise required.

What happens to the gift annuity contribution after the death of the annuitant(s)?

After the annuitant's(s') death, the balance of the gift annuity reserve sub-account will be credited to a donor advised account within the RJCEF. For more information on donor advised accounts, see above and the Disclosure Brochure for the RJCEF donor advised fund program.

How much of the gift annuity contribution is tax deductible?

The amount of the gift annuity deduction will depend primarily on three factors – the age of the gift annuitant(s), the annuity rate and a “discount” interest rate published monthly by the Internal Revenue Service. Generally speaking, older annuitants receive larger deductions than younger annuitants, holding other factors constant. If the discount rate rises, the amount of the deduction also rises. The deduction is calculated by determining, using IRS approved calculation methods, the present value of the annuitant's(s') right to receive income and subtracting that amount from the value of the contribution.

The value of the contribution equals the cash contributed plus the fair market value of any in-kind contributions of marketable securities on the date of contribution. The fair market value of in-kind contributions will vary depending on the type of security contributed. For example, common stocks are valued based on the average of the high and low price on the date of contribution. Mutual fund shares are valued based on the closing net asset value on the date of contribution.

The date of contribution for cash is the date the check is mailed by the donor(s) or a wire of funds is received by the

RJCEF. The date of contribution for electronic transfers of marketable securities is the date such securities are posted to the RJCEF account. The date of contribution for physical certificates of marketable securities is the date both the certificate and the irrevocable transfer documentation are received by the RJCEF.

There are various limitations on the amount of the gift annuity deduction that may be taken in any given tax year. Those limitations depend upon the donor's adjusted gross income, other itemized deductions, other charitable contributions and whether cash, marketable securities (or both) are contributed. In some situations, the portion of the gift annuity contribution that is not deductible in the year of contribution may be carried forward for up to five future tax years. Gift annuity contributions may or may not be deductible for state income tax purposes. Specific questions about the applicability of any deduction limitation, state tax law or other tax question should be directed to your tax advisor.

Gift annuity donors will receive from the RJCEF a schedule calculating the gross amount of the federal income deduction for each gift annuity. This schedule should be provided to your tax advisor for the preparation of your income tax return.

How is a gift annuity payment taxed for income tax purposes?

Gift annuity payments are partially taxable. If cash is contributed, the taxable portion of the annuity payment is all considered ordinary income. If marketable securities are contributed, the taxable portion may be divided between an ordinary income portion and a capital gain portion. If the gift annuitant(s) out live the assumed life expectancy, the entire annuity payment is taxable as ordinary income. A Form 1099R will be provided each year stating the amounts

taxable as ordinary income and capital gain. For further information, please contact your tax advisor.

What are the gift and estate tax implications of a gift annuity?

The portion of the gift annuity contribution deductible for income tax purposes is also deductible for gift tax purposes and will serve to reduce future estate taxes. A gift annuity contribution may involve a taxable gift (in excess of applicable deductions) if the annuitant(s) is/are an individual(s) other than the donor and his/her spouse (or the spouse is not a US citizen). The generation skipping transfer tax may apply if the annuitant(s) are more than one generation younger than the donor(s) (if related) or if the annuitant(s) are more than 37 1/2 years younger than the donor(s) (if unrelated). The donor(s) may be required to file a Form 709 Gift Tax return, although no tax may be due. For further information, consult with your tax advisor.

For More Information

This disclosure statement is intended to provide basic information regarding the gift annuities issued by the RJCEF. If you have additional questions concerning the RJCEF gift annuity program, please call 1-877-0UR-FUND, visit us on the web at www.myfamilyfoundation.org or write to us at 880 Carillon Parkway, St. Petersburg, FL 33716.

APPENDIX
MOST RECENT FINANCIAL STATEMENT

December 31, 2008

STATEMENT OF FINANCIAL POSITION

Assets

Cash	\$ 459,893
Investments, at fair value	81,730,307
Contributions receivable	233,420
Interest and dividends receivable	136,971
Pooled income funds	2,173,956
Beneficial interest in charitable remainder and lead trusts	1,644,918
Other assets	584,886
Total assets	<u>\$ 86,964,351</u>

Liabilities and Net Assets

Liabilities:	
Accounts payable	\$ 78,710
Grants payable	136,220
Deferred revenue - pooled income funds	1,280,336
Charitable gift annuity obligations	475,285
Total liabilities	<u>1,970,551</u>
Net assets:	
Unrestricted	78,790,288
Temporarily restricted	6,203,512
Total net assets	<u>84,993,800</u>
Total liabilities and net assets	<u>\$ 86,964,351</u>

STATEMENT OF ACTIVITIES

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Contributions	\$ 24,841,199	\$ 665,859	\$ 25,507,058
Net unrealized gain (loss) on investments	(15,679,745)	(1,696,900)	(17,376,645)
Net realized gain (loss) on sale of investments	(9,003,699)	(390,864)	(9,394,563)
Dividend and interest income	2,842,083	168,369	3,010,452
Other income	106,004	4,879	110,883
Change in estimated value of:			
Remainder interest in pooled income funds	-	(221,477)	(221,477)
Charitable lead trusts and remainder trusts	-	(546,322)	(546,322)
Net assets released from restrictions	512,118	(512,118)	-
Total revenue	<u>\$ 3,617,960</u>	<u>\$ (2,528,574)</u>	<u>\$ 1,089,386</u>
Expenses:			
Grants	\$ 10,212,363	-	\$ 10,212,363
Trustee, investment management and other fees	950,412	-	950,412
Total expenses	<u>\$ 11,162,775</u>	<u>-</u>	<u>\$ 11,162,775</u>
Decrease in net assets	<u>\$ (7,544,815)</u>	<u>\$ (2,528,574)</u>	<u>\$ (10,073,389)</u>
Net assets at beginning of year	\$ 86,335,103	\$ 8,732,086	\$ 95,067,189
Net assets at end of year	<u>\$ 78,790,288</u>	<u>\$ 6,203,512</u>	<u>\$ 84,993,800</u>

See notes to financial statements.

STATEMENT OF CASH FLOWS

Cash flows from operating activities:	
Decrease in net assets	\$ (10,073,389)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Net unrealized loss on investments	17,376,645
Net realized loss on sale of investments	9,394,563
Noncash contributions of securities	(15,139,991)
(Increase) decrease in operating assets:	
Contributions receivable	155,754
Interest and dividends receivable	(41,203)
Pooled income funds	406,446
Split interest agreements	188,883
Other assets	(408,905)
Increase (decrease) in liabilities:	
Accounts payable	(7,090)
Grants payable	(215,061)
Deferred revenue - Pooled income funds	215,906
Charitable gift annuity obligations	299,192
Net cash provided by operating activities	<u>2,151,750</u>
Cash flows from investing activities:	
Proceeds from sale of investments	53,676,266
Purchases of investments	<u>(56,351,135)</u>
Net cash used in investing activities	<u>(2,674,869)</u>
Net decrease in cash	(523,119)
Cash at beginning of year	983,012
Cash at end of year	<u>\$ 459,893</u>
Noncash investing activity:	
Contribution of securities	<u>\$ 15,139,991</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

(1) Organization.

Raymond James Charitable Endowment Fund (the "RJCEF") is a public charity that operates a donor advised fund. The RJCEF was formed through the Declaration of Trust dated June 19, 2000, (date of inception). The RJCEF administers 853 individual donor advised accounts; each established with an instrument of gift describing either the advised general or specific purposes for which grants are to be made. The RJCEF is organized as a Florida charitable trust and Raymond James Trust, NA (the "Trustee") has been retained to serve as Trustee.

(2) Summary of Significant Accounting Policies

- (a) Basis of Presentation - The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.
- (b) Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principals requires
- (c) Income Taxes - The RJCEF is exempt from income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as other than a private foundation.
- (d) Accounting for Uncertainty in Income Taxes - FASB Staff Position (FSP) 48-3 defers the effective date of FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*, for certain nonpublic enterprises for fiscal years beginning after December 15, 2008. The RJCEF has elected to defer the application of FIN 48 in accordance with FSP 48-3. During the deferral period of the application of FIN 48 the RJCEF will continue to evaluate uncertain tax positions utilizing the underlying principals of FAS 109, *Accounting for Income Taxes*, and FAS 5, *Accounting for Contingencies*.
- (e) Investment Valuations - Investment are recorded at fair value. Investments in securities traded on a national securities exchange or reported on a national market, are stated at the last reported sales price on the day of valuation, or if such exchange or market was not open on the relevant valuation date, then at the last reported sales price on the last full business day on which such exchange or market was open for trading preceding the valuation date. Securities traded in the over-the-counter market and listed securities for which no sales were reported on the valuation date are stated as the mean between representative bid and ask quotations.

- (f) Investment Transactions and Income – Investment transactions are recorded on the trade date. Realized and unrealized gains or losses on investments are determined on the identified cost basis. Dividend income is recognized on the ex-dividend date. Interest income is recorded on the accrual basis. Investment income (including gains and losses on investments, interest and dividends) is reported in the statement of activities as an increase or decrease in unrestricted net assets unless the income is temporarily restricted by the donor.
- (g) Net Assets – The net assets of the RJCEF and changes therein are classified and reported as follows:
- (1) Unrestricted net assets - consist of investments and otherwise unrestricted amounts that are available for use in carrying out the activities of the RJCEF. U.S. generally accepted accounting principles provide that if the governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as unrestricted net assets. Accordingly, the financial statements classify these net assets as unrestricted.
 - (2.) Temporarily restricted net assets - represent net assets that are not available until future periods or have been donor restricted for a specific use. Net assets released from restriction represent funds for which donor restrictions have been met or through the passage of time have caused them to be unrestricted. Donor restricted contributions whose restrictions are met in the same reporting periods are classified as unrestricted.
- (h) Contribution Revenue Recognition - Contributions are recorded at fair value and are recorded as unrestricted or temporarily restricted depending on the existence of any donor restrictions. Contributions are recognized as revenue upon receipt of the completed Authority to Transfer Funds Form and the receipt of the contributed cash or security. Contributions of securities are recognized when the transfer is executed and provided that the Trustee does accept the gift. Contributions of securities are recorded at fair value using the average of the high and low price for the security on the day of contribution.
- (i) Split Interest Agreements – represent trust or other arrangements under which RJCEF receives benefits that are shared with other beneficiaries. The revenue recognition and measurement principles for each type of split interest agreement follows:
- (1) Pooled income funds – represent trust agreements for which the RJCEF maintains custody of the related asset and makes specified distributions to a designated beneficiary or beneficiaries over the term of the trust. The pooled income funds are recorded at fair value and the funds are invested in mutual funds with investment objectives similar to those available to donors through the RJCEF.
Deferred revenue is recognized on gifts to the pooled income funds representing the discounted value of the assets for the estimated time period until the donor's death. The difference between the recorded assets and the deferred revenue associated with pooled income funds is reported as temporarily restricted net assets.
Upon termination of the income interest, the value of the assigned units reverts to RJCEF whereby the donor may recommend that the remainder interest be placed in a donor advised account with the RJCEF or a grant be made to one or more charities recommended by the donor.
 - (2) Charitable Lead Trusts - The RJCEF has beneficial interests in various charitable lead trusts, whereby the RJCEF receives distributions from the charitable lead trust which are administered by a third party or the Trustee. The beneficial interest in charitable lead trusts are recorded at the present value of the estimated future distributions expected to be received by the RJCEF and is classified as temporarily restricted net assets.
 - (3) Charitable Remainder Trusts - The RJCEF has irrevocable beneficial interests in certain charitable remainder trusts that are held by third party or the Trustee. Pursuant to these trusts, a designated beneficiary or beneficiaries are entitled to a life income interest calculated pursuant to the terms of each trust. Upon the death of the last individual beneficiary of each trust the remaining corpus is payable to the RJCEF for its unrestricted use.
The RJCEF beneficial interests in these trusts are measured based on the actuarial present value of the remainder interest for each charitable remainder trust and is recorded as temporarily restricted net assets and is adjusted annually through the statement of activities to reflect yearend fair value.
- (j) Charitable Gift Annuities – A charitable gift annuity in an arrangement between a donor and RJCEF in which the donor contributes assets to the RJCEF in exchange for a promise by RJCEF to pay a fixed amount for a specified period for time to the donor or to stated annuitants during a specified period of time. The assets are held as general assets of RJCEF and the annuity liability is a general obligation of RJCEF. To fund these annuity obligations, RJCEF has purchased insurance policies. The present value of the revenue stream to be received by RJCEF under the terms of the insurance policies was reported as other assets in the statement of financial position.
A donor to a charitable gift annuity may recommend that the remainder interest be placed in a donor advised account with the RJCEF or a grant be made to one or more charities recommended by the donor.
- (k) Grant Expense – Grants to qualified charities are expensed upon approval by the board of directors of the RJCEF. The RJCEF policy is to distribute at least 5% of its average unrestricted net assets on a five-fiscal-year rolling basis as grants to qualified charities.

(3) Concentration of Credit Risk

RJCEF maintains cash balances on deposit with financial institutions at various times in excess of Federal Deposit Insurance Corporation (FDIC) coverage. In October 2008, the FDIC temporarily increased FDIC coverage from \$100,000 to \$250,000. As of year end, RJCEF had \$686,347 which exceeded the federally insured limit.

(4) Fair Value Measurements

The RJCEF adopted Statement of Financial Accounting Standard 157 Fair Value Measurements (SFAS 157) on December 31, 2008. The adoption of this standard did not impact the financial position or operating results of the RJCEF. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements required under other accounting

pronouncements, but does not require any new fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The RJCEF determines the fair values of its financial instruments and assets and liabilities recognized at fair value in the financial statements on a recurring basis in accordance with SFAS 157. The fair value of debt and equity securities are based on quoted market prices in active markets for identical assets (Level 1).

(5) Investments

Investments consist of various mutual funds and privately managed portfolios principally invested in the following at December 31, 2008:

United States government obligations	\$ 8,001,884
Domestic equities	34,112,118
International equities	6,126,749
Corporate bonds	33,489,556
Total	<u>\$ 81,730,307</u>

(6) Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2008 consisted of the following:

Donor advised fund - Scholarships and hospice ...	\$ 3,443,444
Contributions receivable	233,420
Beneficial interest:	
Pooled income funds	881,730
Charitable lead and remainder trusts	1,644,918
Total	<u>\$ 6,203,512</u>

(7) Net Assets Released From Restrictions

Net assets released from restrictions consisted of the following:

Purpose restriction accomplished:	
Donor advised fund	\$ 10,000
Time restrictions accomplished:	
Donor advised fund	49,477
Contributions receivable	389,174
Pooled income funds	63,467
Total	<u>\$ 512,118</u>

(8) Trustee, Investment Management and Other Fees

Trustee, investment management and other fees consisted of the following:

Trustee fees	\$ 712,861
Investment management fees	182,331
Other fees	55,220
Total	<u>\$ 950,412</u>

(9) Related Party Transactions

Affiliates of the Trustee, Raymond James & Associates, Inc. ("RJA") and Raymond James Financial Services, Inc. ("RJFS") provide brokerage services to the RJCEF. The amount of such services in 2008 was \$130,819. For donor advised accounts invested with private portfolio managers, brokerage services are provided at customary institutional rates. All other securities transactions are executed according to the transaction fee schedule that normally applies to transactions initiated by the Trustee on behalf of its clients. Approximately \$99,400 in Section 12(b)-1 fees earned, as a result of mutual fund shares owned by the RJCEF, was donated by RJA and RJFS, and is reported in other income on the statement of activities.

Private portfolio management services are provided to the RJCEF by Eagle Asset Management, Inc. ("EAM") and Raymond James Consulting Services, a division of RJA, both affiliated entities of the Trustee. Investment management fees paid to affiliates were \$182,331 for the year ended December 31, 2008.

The RJCEF may invest in mutual funds from the Eagle Family of Funds, an affiliated entity of the Trustee. All mutual funds purchased by the RJCEF are purchased at net asset value subject to transaction fees normally paid by customers of the Trustee. At December 31, 2008, the RJCEF had investments of \$1,933,299 in the Eagle Family of Funds.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Raymond James Charitable Endowment Fund:

We have audited the accompanying statement of financial position of the Raymond James Charitable Endowment Fund ("RJ-CEF") as of December 31, 2008 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of RJCEF's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Raymond James Charitable Endowment Fund as of December 31, 2008, and the changes in its net assets and its cash flows, for the year then ended in conformity with accounting principles accepted in the United States of America.

Cheng, Bekart & Holland, J.T.P.

Tampa, Florida
May 4, 2009

RJCEF PRIVACY NOTICE

Maintaining privacy in financial transactions and relationships is an important issue today. Raymond James Charitable Endowment Fund recognizes the importance of protecting our donors' personal information. We do not share donor information with any third party except: 1) when our donor advisors ask us to provide their identity to charitable organizations receiving grants, 2) when required by the Internal Revenue Service or other regulatory agency of government having a right to the information under applicable law or 3) when required by Raymond James Trust N.A., as trustee, for administration and processing.

The Raymond James Trust N.A. also maintains a strict privacy policy pursuant to which nonpublic personal information is not shared with third parties unless required by applicable law or regulation, or required in order to process transactions in the ordinary course of their business.

RJCEF PRIVACY POLICY

Privacy in financial transactions and relationships is an important issue. We recognize the importance of protecting personal information as central to our role as a fiduciary. We have developed policies, procedures and various electronic and legal safeguards to protect the confidentiality of information.

We collect nonpublic personal information from the various sources including information we receive from applications, account agreements or other forms or through our web site; information about transactions with us, our affiliates or others; and information we may receive from attorneys, accountants and others in the normal course of our fiduciary duties.

We may share relevant information with other companies in the Raymond James family - that is, companies that are owned by Raymond James Financial. That may include information shared by the Eagle Family of Funds with Raymond James broker/dealers and investment advisors, and information shared among other Raymond James financial service providers such as Financial Advisors and insurance and annuity consultants. We may also share information with outside vendors who assist us by providing tax processing, investment performance reporting, proxy distribution and software support for our trust accounting system. These vendors have all contractually agreed that they will not share any information with any third party, except as required by law. We share information only to the extent necessary to process transactions or otherwise service accounts with us. We may also be required to share information by federal and state regulatory agencies having jurisdiction over us. Simply put, we do not disclose any nonpublic personal information about clients to anyone except as noted above. We follow the same policy with respect to nonpublic information received from all clients and former clients.

Raymond James has policies that restrict access to nonpublic personal information to those employees who have need for that information to provide investment alternatives or services, or to employees who assist those who provide investment alternatives or services. We maintain physical, electronic and procedural safeguards to protect nonpublic personal information.

STATE SPECIFIC DISCLOSURES

Alaska:

Notice to Donor: A qualified charitable gift annuity is not an insurance policy in the State of Alaska, is not subject to regulation by the division, and is not protected by the Alaska Life and Health Insurance Guaranty Association or any other association that guarantees payment under a policy of insurance, and the state does not in any way approve or endorse the annuity.

Arizona:

Notice to Donor: This charitable gift annuity is not insurance under the laws of this state, is not subject to regulation by the director and is not protected by any state guaranty fund.

Colorado:

Notice to Donor: This annuity is not issued by an insurance company nor regulated by the Colorado Division of Insurance and is not protected by any state guaranty fund or protective association.

Connecticut:

Notice to Donor: A charitable gift annuity is not insurance under the laws of Connecticut and is not subject to regulation by the Insurance Commissioner or protected by an insurance guaranty association.

Florida:

Notice to Donor: This annuity is not issued by an insurance company, is subject only to limited regulation by the State of Florida and is not protected or otherwise guaranteed by any government agency.

Georgia:

Notice to Donor: A charitable gift annuity is not insurance under the laws of Georgia and is not subject to regulation by the Insurance Commissioner or protected by any insurance guaranty association.

Idaho:

Notice to Donor: This charitable gift annuity is not insurance under Idaho law and is not subject to regulation by the department of insurance or protected by a guaranty association affiliated with the department.

Iowa:

Notice to Donor: A qualified charitable gift annuity is not insurance under the laws of Iowa and is not subject to regulation by the commissioner or protected by an insurance guaranty fund or an insurance guaranty association.

Mississippi:

Notice to Donor: A qualified charitable gift annuity is not insurance under the laws of Mississippi and is not subject to regulation by the insurance commissioner or protected by an insurance guaranty association.

Missouri:

Notice to Donor: This is a charitable gift annuity. A charitable gift annuity is not insurance under the laws of Missouri and is not subject to regulation by the Missouri Department of Insurance or protected by a guaranty association.

Montana:

Notice to Donor: A qualified charitable gift annuity is not insurance under the laws of Montana and is not subject to regulation by the commissioner of insurance or protected by an insurance guaranty association.

Nevada:

Notice to Donor: A charitable gift annuity is not insurance under the laws of Nevada and is not subject to regulation by the insurance commissioner or protected by an insurance guaranty association.

New Hampshire:

Notice to Donor: A charitable gift annuity is not insurance under the laws of New Hampshire and is not subject to regulation by the insurance department or protected by an insurance guaranty association.

New Mexico:

Notice to Donor: A charitable gift annuity is not insurance under the laws of New Mexico and is not subject to regulation by the New Mexico Insurance Division or protected by a guaranty association affiliated with the division.

Oklahoma:

Notice to Donor: A charitable gift annuity is not regulated by the Oklahoma Insurance Department and is not protected by a guaranty association affiliated with the Oklahoma Insurance Department.

Oregon

Notice to Donor: This annuity is not issued by an insurance company, is subject only to limited regulation by the State of Oregon, and is not backed or protected in any way by the State of Oregon.

South Dakota:

Notice to Donor: Charitable gift annuities are not regulated by and are not under the jurisdiction of the South Dakota Division of Insurance.

Tennessee:

Notice to Donor: A charitable gift annuity is not insurance under the laws of the State of Tennessee and is not subject to regulation by the Commissioner of Commerce and Insurance or protected by an insurance guaranty association.

Texas:

Notice to Donor: This charitable gift annuity is not insurance under the laws of the state of Texas and is not subject to regulation by the Texas Department of Insurance or protected by a guaranty association affiliated with the department.

Vermont:

Notice to Donor: A charitable gift annuity is not insurance under the laws of the State of Vermont, and is not subject to regulation by the department of banking, insurance, securities, and health care administration or protected by an insurance guaranty association.

Virginia:

Notice to Donor: This charitable gift annuity is not insurance under the laws of the Commonwealth of Virginia and is neither subject to regulation by the Insurance Commission nor protected by the Virginia Life, Accident and Sickness Insurance Guaranty Association.

Trustee

Raymond James Trust N.A.

P.O. Box 14407, St. Petersburg, FL 33733-4407

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