**Discretionary Scholarship Fund Agreements**

A Discretionary Scholarship Fund typically is established to provide educational scholarships to individuals, with no advice or recommendations from the Donor (or persons designated by the Donor). If the Donor wishes to be involved in the selection of scholarship recipients (or wishes to designate one or more persons to be involved in the selection of scholarship recipients), the Advised Scholarship Fund Agreement forms should be used.

**PLEASE NOTE: To maximize the scholarship benefit to students, scholarship endowment minimums are $25,000, as set by the Kosciusko County Community Foundation Board of Directors, September 2013. We estimate a $25,000 scholarship endowment fund will award about $1,000 each year.**

**As of September 2013, nonpermanent scholarship funds will not be accepted.**

**Donors may take up to two years to build the minimum level of $25,000. However, should the new fund not grow to $25,000 within that time the donor may choose one of the following options as long as doing so does not conflict with any IRS guidelines or regulations:**

1. Transfer or add to any existing endowment fund at the Foundation.
2. Create a designated endowment fund with at least $5,000, which annually grants to a specific college or university, designated for scholarship purposes. The college selects recipients.
3. Create a new non-scholarship endowment fund with at least $5,000, such as a community unrestricted, designated, or field of interest fund.

*This sample legal document was prepared by the attorneys for the Kosciusko County Community Foundation following a template provided by Indiana Philanthropy Alliance and is for illustrative purposes only. The document should be reviewed by your legal counsel to be certain that it is appropriate for your charitable goals and will accomplish the purposes intended by you. The Foundation reserves the right to have all documents submitted to it reviewed by its counsel before execution by the Foundation.*

# DISCRETIONARY SCHOLARSHIP ENDOWMENT FUND AGREEMENT BETWEEN Kosciusko County Community FOUNDATION, INC., AND \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“DONORS”)

**THIS AGREEMENT** (the “Agreement”) is made and entered into as of \_\_\_\_\_\_\_\_\_\_\_\_\_, 2019, by and between Kosciusko County Community Foundation, Inc. (the “Community Foundation”), and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“Donors”).

**Recitals**

**WHEREAS**, Donors desire to establish a discretionary scholarship endowment fund in the Community Foundation; and

**WHEREAS**, the Community Foundation is an Indiana nonprofit corporation exempt from federal income taxes under Internal Revenue Code (“Code”) section 501(c)(3), a public charity described in Code section 170(b)(1)(A)(vi), and accordingly an appropriate institution within which to establish such a discretionary scholarship endowment fund; and

**WHEREAS**, the Community Foundation is willing and able to hold and administer such a discretionary scholarship endowment fund, subject to the terms and conditions hereof.

**General Provisions**

**NOW THEREFORE**, the parties agree as follows:

**1. GIFT AND FUND DESIGNATION.** Donors hereby transfer irrevocably to the Community Foundation the property (cash, publicly traded securities, or other assets) described in the attached Exhibit A to establish a discretionary scholarship endowment fund to be known as the **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** (the “Fund”). Subject to the right of the Community Foundation to reject any particular gift, from time to time the Community Foundation may accept additional irrevocable gifts of property from Donors or from any other source to be added to the Fund, all subject to the provisions hereof. All gifts, bequests, and devises to this Fund shall be irrevocable once accepted by the Community Foundation.

1 - **2. PURPOSE.** The purpose of the Fund shall be to provide support as directed by the Board of Directors (the “Board”) of the Community Foundation for educational scholarships for students who are accepted into and attend accredited vocational training programs, and in particular to such students who meet the following qualifications:

* Resident of Kosciusko County
* May be a current High School Senior
* May be a Non-traditional student
* May already be enrolled and making progress towards completion of a program
* Must be pursuing education and training in a Vocational or technical program, such as welding, plumbing, electrician, construction, masonry, HVAC, auto mechanic, diesel mechanic, or other vocational trade.

In the event that the above criteria are too restrictive (because no student acceptable to the Community Foundation meets the criteria, or for other reasons), the purpose of the Fund shall include the support of educational scholarships for deserving students who most closely satisfy the criteria. All support provided from the Fund shall further the educational, charitable, or other exempt purposes of the Community Foundation within the meaning of Code section 170(c)(1) or 170(c)(2)(B) and shall be consistent with the mission and purposes of the Community Foundation.

**2 - 2. PURPOSE.** The purpose of the Fund shall be to provide support as directed by the Board of Directors (the “Board”) of the Community Foundation for educational scholarships for students who are accepted into and attend accredited two- or four-year public or private institutions of higher learning as described in Code section 170(b)(1)(A)(ii), and in particular to such students who meet the following qualifications :

* applicants MUST be going into a medical field of study that involves direct patient care,
* applicants may be graduating seniors at High Schools located in Kosciusko County
* may be graduating high school seniors who reside in Kosciusko County,
* may be students originally from Kosciusko County that are already enrolled in college, including those in graduate medical programs,
* and also may be non- traditional college students currently residing in Kosciusko County.
* Successful applicants will be in good academic standing, with a B or B+ average or better,
* and demonstrate community engagement through volunteer activities, solid work history or extra-curricular activities.

Financial need should not be a deciding factor in awarding this scholarship.

All applicants should answer the following essay question, in 250 words or less: Why are you interested in a career in the medical field?

In the event that the above criteria are too restrictive (because no student acceptable to the Community Foundation meets the criteria, or for other reasons), the purpose of the Fund shall include the support of educational scholarships for deserving students who most closely satisfy the criteria. All support provided from the Fund shall further the educational, charitable, or other exempt purposes of the Community Foundation within the meaning of Code section 170(c)(1) or 170(c)(2)(B) and shall be consistent with the mission and purposes of the Community Foundation.

**3. DISTRIBUTIONS.** The ordinary income, capital appreciation (realized and unrealized), and principal (both historic dollar value and any principal contributions, accumulations, additions, or reinvestments) allocable to the Fund, net of the fees and expenses set forth in this Agreement, may be committed, granted, or expended pursuant to the spending policy of the Community Foundation, as such policy may be amended from time to time by the Community Foundation, solely for the purposes described in this Agreement. The Community Foundation’s spending policy, as applied to endowments such as the Fund, shall be designed to take into account total return concepts of investment and spending, with the goal of preserving the real spending power of endowments over time while balancing the need for consistent spending to support the educational, charitable, and similar purposes of such endowments.

In compliance with the Foundation’s Conflict of Interest Policy, the following individuals and their family members are not eligible for assistance from this scholarship fund: Employees of the Foundation, members of the board of directors or voting board advisors of the Foundation, scholarship advisory committee members for this fund and the founding contributors and persons for whom the fund is named or memorialized. Family members are defined as all lineal descendants, ancestors and siblings (adopted, step, whether by whole or half-blood), parents, spouse, children and their spouses, grandchildren and their spouses, great-grandchildren and their spouses, and brothers and sisters and their spouses.

If any gift to the Community Foundation for the Fund is accepted subject to conditions or restrictions as to the use of the gift or income therefrom, such conditions or restrictions will be honored, subject, however, to the authority of the Board to vary the terms of any gift if continued adherence to any condition or restriction is in the judgment of the Board unnecessary, incapable of fulfillment, or inconsistent with the educational, charitable, or other exempt purposes of the Community Foundation or the needs of the community served by the Community Foundation. No distribution shall be made from the Fund that may in the judgment of the Community Foundation jeopardize or be inconsistent with the Community Foundation’s Code section 501(c)(3) status or result in the imposition of any excise tax, penalty, or other tax, fine, or assessment under the Code.

**4. ADMINISTRATIVE PROVISIONS.** Notwithstanding anything herein to the contrary, the Community Foundation shall hold and administer the Fund, and all contributions and assets allocable to the Fund, subject to the provisions of applicable law and the Community Foundation’s Articles of Incorporation and Bylaws, as amended from time to time. The Board shall oversee distributions from the Fund and shall have all powers of modification and removal specified in United States Treasury Regulation section 1.170A-9(f)(11)(v)(B) or corresponding provisions of any subsequent federal tax laws.

The Board agrees to provide Donors a copy of any annual examination of the finances of the Community Foundation as reported by independent certified public accountants.

This Agreement and all related proceedings shall be governed by and interpreted under the laws of the State of Indiana. Any action with respect to this Agreement shall be brought in or venued to a court of competent jurisdiction in Indiana.

**5. CONDITIONS FOR ACCEPTANCE OF GIFTS.** Donors agree and acknowledge that the establishment of the Fund is made in recognition of, and subject at all times to, applicable law and the terms and conditions of the Articles of Incorporation and Bylaws of the Community Foundation, as amended from time to time, and that the Fund shall at all times be subject to such terms and conditions, including, but not by way of limitation, provisions for:

a. Presumption of Donors’ intent;

b. Variance from Donors’ direction; and

c. Amendments.

**6. CONTINUITY OF THE FUND.** The Fund shall continue so long as assets are available in the Fund and the purposes of the Fund can be served by its continuation. If the Fund is terminated, the Community Foundation shall use any remaining assets in the Fund exclusively for educational, charitable, or other exempt purposes that:

a. are within the scope of the educational, charitable, and other exempt purposes of the Community Foundation; and

b. most nearly approximate, in the good faith opinion of the Board, the original purpose of the Fund.

**7. NOT A SEPARATE TRUST.** The Fund shall be a component part of the Community Foundation. All money and property in the Fund shall be held as general assets of the Community Foundation and not segregated as trust property of a separate trust.

**8**. **ACCOUNTING.** The receipts and disbursements of the Fund shall be accounted for separately and apart from those of other gifts to the Community Foundation.

**9. INVESTMENT OF FUND ASSETS.** The Community Foundation shall have all powers necessary, or in its judgment desirable, to carry out the purposes of the Fund including, but not limited to, the power to retain, invest, and reinvest the assets of the Fund and the power to commingle the assets of the Fund for investment purposes with those of other funds or the Community Foundation’s general assets. **Funds may be invested in uninsured securities and are subject to investment risks that may result in loss of value.**

**10**. **COSTS OF THE FUND.** It is understood and agreed that the Fund shall share a fair portion of the total investment and administrative costs and expenses of the Community Foundation. Those costs and expenses charged against the Fund shall be determined in accordance with the then current administrative fee policy identified by the Community Foundation as applicable to funds of this type, as such policy may be amended by the Community Foundation from time to time. Any costs and expenses incurred by the Community Foundation in accepting, transferring, or managing property donated to the Community Foundation for the Fund, including without limitation the Community Foundation’s costs and expenses (including reasonable attorneys fees) of any claim or proceeding with respect to the Fund in which the Community Foundation is prevailing party, also shall be paid from the Fund.

**[GO TO NEXT PAGE]Execution**

**IN WITNESS WHEREOF**, Donors and the Community Foundation, by a duly authorized officer, have executed this Agreement as of the day and year first above written.

DONORS:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Donor

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Donor

Kosciusko County Community FOUNDATION, INC.:

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**EXHIBIT A**

LIST OF INITIAL DONATIONS TO FUND

Cash: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Publicly Traded Securities:

Other: This endowment will be funded with a bequest of $25,000 or more from the estate of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.