

STATE OF ALABAMA  
COUNTY OF MONTGOMERY

**SCHOLARSHIP FUND AGREEMENT**

THIS SCHOLARSHIP FUND AGREEMENT ("Agreement") is made this \_\_\_\_\_ day of \*\*\*\*\*, 2002, between the Central Alabama Community Foundation, Inc., an Alabama nonprofit corporation and community foundation ("Foundation"), and \_\_\_\_\_ ("Charitable Donor"), to create a scholarship fund ("Fund") of the Foundation. All persons and organizations making contributions to the Fund created hereunder shall be bound by the terms of this Agreement.

1. Introduction.

- (a) The Charitable Donor, in furtherance of his charitable purposes and functions, has decided to create a scholarship endowment fund to aid and assist outstanding and deserving graduates with their post-secondary education expenses.
- (b) The Foundation is a publicly supported community foundation exempt from federal income taxation pursuant to Sections 501(c)(3) and 170(b)(1)(A)(vi) of the Internal Revenue Code and is an appropriate organization within which to establish such a scholarship endowment fund.

2. Name of Fund. The name of the Fund created hereby is the

\_\_\_\_\_. Any recipient of benefits from this Fund shall be advised that such benefits are from the \_\_\_\_\_.

3. Contributions to the Fund.

- (a) Initial Contribution. Upon signing this Agreement, the Charitable Donor has transferred and delivered to the Foundation the assets listed on Appendix B for the establishment of this fund. The fund is created and this contribution made for the purposes and uses and upon the terms and conditions set forth in this Agreement.
- (b) Subsequent Contributions. Any person or organization (hereinafter referred to as "Donor") may make a contribution to the Foundation for the purposes of the Fund by a transfer to the Foundation in whole or in part for the Fund. All contributions to the Fund, including the Charitable Donor's initial

contribution described in the preceding paragraph, shall be irrevocable. The Foundation, the Charitable Donor, and any other Donor may from time to time make additions to the Fund from money or property available to them.

4. Incorporation of Governing Instruments of the Foundation. The Foundation acknowledges receipt of the contribution and agrees to hold and administer the contribution and any subsequent contributions to the Fund under this Agreement, on the terms and subject to the conditions set forth in the Foundation's governing instruments, including its articles of incorporation and its bylaws, as amended from time to time, and any resolutions and procedures from time to time in effect. All the provisions of such governing instruments of the Foundation and such resolutions and procedures are incorporated in this Agreement and by this reference made a part hereof.
5. Purpose. The purpose of the Fund is to provide monetary aid and assistance to outstanding and deserving graduates of \_\_\_\_\_, for their post-secondary educational needs.
6. Use of the Fund. It is the general policy of the Foundation that a substantial part of the scholarship fund shall remain as a permanent endowment to the Foundation. It is also the general policy of the Foundation that an amount equal to the net income of a the scholarship fund shall be distributed during the fiscal year in which such net income is realized or before the end of the next fiscal year. Consistent with those policies of the Foundation, \_\_\_\_\_ annual awards of \$\_\_\_\_\_each shall be awarded upon the recommendation of the Scholarship Review Committee, as specifically set forth and hereby incorporated in Appendix A, and subsequent approval by the Foundation's Board of Directors.
7. Distributions. The money or other property in the Fund shall be held and administered and distributions from the Fund shall be made upon the recommendation of a Scholarship Review Committee and with the approval of the Board of Directors of the Foundation. Acknowledging the policies of the Foundation, the Donor requests (but does not direct) that:
  - [  ] Distributions of income only be made from the Fund.
  - [  ] Distributions of income and/or principal be made for the purposes stated above. Any income not distributed shall be added to principal at least annually.

[ \_\_\_ ] Other: \_\_\_\_\_

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The Foundation agrees to provide the Charitable Donor such information relating to the Fund as the Charitable Donor may reasonably request from time to time.

8. Designation of Trustee, Custodian, or Agent. The Charitable Donor requests, but does not direct that \*\*\*name of bank\*\*\* as Trustee, have custody of and administer the investment and reinvestment of the Fund hereby created on behalf of the Foundation. Any designation hereunder shall be subject to the power of replacement or removal of any participating trustee, custodian, or agent vested in the Board of Directors of the Foundation and to all of the powers and authority of the Board of Directors of the Foundation, as set forth in the Foundation's governing instruments, including its articles of incorporation and bylaws, as amended from time to time, and any resolutions and procedures from time to time in effect.
9. Investment of Fund. The Charitable Donor requests, but does not direct, that this fund be invested in a manner which emphasizes:
  - [ \_\_\_ ] Income production rather than capital growth.
  - [ \_\_\_ ] Capital growth rather than income production.
  - [ \_\_\_ ] Income production and capital growth equally.
10. Foundation as Owner of the Fund. This Fund shall be the property of the Foundation, owned by it in its normal corporate capacity. In such capacity, the Foundation shall have the ultimate authority and control of all property in the Fund, and the income derived therefrom, for the charitable purposes of the Foundation. Anything herein to the contrary notwithstanding, this Agreement shall be subject to and governed by the Articles of Incorporation and Bylaws of the Foundation, as from time to time amended; and the Fund hereby created shall be held and managed, and the income or principal or both used, in all respects, in accordance with the terms of the governing instruments of the Foundation, as amended from time to time, and resolutions and procedures adopted by the Board of Directors of the Foundation under the authority of its governing instruments.
11. Compensation to the Foundation. As compensation for its services, the Foundation shall receive those fees which it customarily charges for services of a

nature similar to those required herein (such fees are currently 1.5% of the fair market value of the Fund).

12. Definitions.

- (a) For the purpose of this Agreement, "charitable purposes" include charitable, religious, scientific, literary, or educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, contributions for which are deductible under section 170(c)(2) of the Internal Revenue Code.
- (b) All references in this Agreement to sections of the Internal Revenue Code shall be considered references to the Internal Revenue Code of 1986, as from time to time amended, and to the corresponding provisions of any applicable future United States Internal Revenue Law, and to all regulations issued under such sections and provisions.

IN WITNESS WHEREOF, Central Alabama Community Foundation, Inc. and the Charitable Donor have executed this Agreement, as of the day and year first written above.

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\*\*\*\*\* , Donor

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Winifred Stakely  
President, Central Alabama Community Foundation

## **Appendix A**

### **Guidelines for Distributions**

*(Sample)*

\*\*\*\*\* Scholarship Fund

The \*\*\*\*\* Scholarship Fund has been established for the benefit of graduates of \*\*\*\*\* High School, \*\*\*\*\*, Alabama. It is the wish of the donor that the income from this fund be used to fund two \$1,000 scholarship awards annually. Criteria for awarding the scholarships will be based 50% on academic accomplishment and 50% on need.

An advisory committee shall be established to review all applications to ensure applicants are scholastically qualified and show a financial need. This advisory committee shall make recommendations to the Board of Directors of the Central Alabama Community Foundation on scholarship awards. The advisory committee shall be comprised of the Donor, William W. Jordan, or his designee; the Principal of Elmore County High School; the Superintendent of Elmore County Schools or his representative; the Senior Class sponsor; and a member of the Board of Directors of the CACF. Upon the death or incapacitation of Mr. Jordan, Mrs. Martha Ward, sister of the late Ramona P. Jordan, shall serve as a member of the advisory committee. If Mrs. Ward is unable to serve, Mrs. Mary McGarr, sister of the late Ramona P. Jordan, shall serve as a member of the advisory committee.

## **Appendix B**

Gifted to the Central Alabama Community Foundation -