



Scholarship Fund Agreement, External Selection

This agreement (“Agreement”) is made to create a Scholarship Fund between _____ (collectively, “Donor”) and Benton Community Foundation (“BCF”). The terms of this Agreement may be subject to approval by BCF’s Board of Directors and acceptance of the Donor’s gift described herein below; thus, this Agreement shall be effective only upon signature of BCF’s President & CEO.

Upon the effective date of this Agreement, Donor shall transfer to BCF the following gift:

This gift constitutes an irrevocable gift to BCF and is subject to the following terms and conditions:

1. Establishment of Fund. A Scholarship Fund shall be established as a fund on the books of BCF and known as the _____ (the “Fund”). *[OPTIONAL LANGUAGE FOR PAYMENT OVER FIVE YEARS OF GIFTS TO ESTABLISH MINIMUM BALANCE OF NAMED FUNDS: Donor understands and agrees that s/he has five (5) years from the date of the Agreement to raise the minimum balance of \$25,000 required to establish the Fund. All gifts (or the net sales proceeds of the gifts) received for this purpose shall be irrevocable and will be held in a temporarily restricted account until the minimum balance is achieved. Fees shall be deducted monthly from the temporarily restricted account as set forth in Paragraph 3. In the event that total gifts are less than \$5,000 on the 1st anniversary of the date of this Agreement; \$10,000 on the 2nd anniversary of the date of this Agreement; \$15,000 on the 3rd anniversary of the date of this Agreement; \$20,000 on the 4th anniversary of this Agreement; or \$25,000 on the 5th anniversary of this Agreement, the account may be closed and the gifts to the account will be treated as unrestricted gifts for use as determined by BCF’s Board of Directors. If circumstances so warrant, BCF staff will work with Donor to ensure that Donor has reasonable time to achieve each financial benchmark prior to account closure. No distributions shall be made from the account until the principal balance of the Fund is at least twenty-five thousand dollars (\$25,000). Once the minimum balance is achieved, a Scholarship Fund shall be established as a fund on the books of BCF and known as the (name of fund) (the “Fund”).*

The Fund shall be held, managed and maintained by BCF as a (*permanently restricted endowment or temporarily restricted fund.*) The Fund shall include the property transferred with this Agreement and any other gift that the Donor or others may later transfer to BCF for inclusion in the Fund subject to acceptance by BCF board. All gifts (or the net sales proceeds of the gifts) to the Fund shall be irrevocable. Assets of the Fund may be commingled for purposes of investment with other assets of BCF. BCF has the sole responsibility to manage and invest the funds and may retain firms or individuals to assist in this responsibility.

2. Beneficiary Designation. Donor and BCF agree that the Fund is established to award scholarships to: _____ (example: high school seniors).

3. Administrative Fees. Annual administrative fees will be assessed to the Fund as provided in Schedule A. This fee schedule is subject to periodic review and revision by BCF’s Board of Directors from time to time, but increases in fees, if any, will be effective only upon thirty (30) days written notice by BCF to the Donor.

4. Selection of Grantees. Donor has the option to establish an External Selection Committee in accordance with the Policy on External Selection Committees, attached here to and incorporated herein as Schedule B. In the event Donor elects, in any given year, not to establish an External Selection Committee, BCF’s Grants Committee shall be charged with the evaluation of candidates for scholarship grants for this Fund. The Grants Committee shall advertise the availability of the Scholarship Grants and encourage potential awardees to submit applications for scholarship aid. Upon receipt of qualified applications, the External Selection

Committee or BCF's Grants Committee, as appropriate, shall formulate recommendations on awards to be presented as an action item at the next meeting of BCF's Board of Directors. The Board shall review and independently approve or disapprove each recommendation before determining what awards shall be made.

5. Criteria for Selection. All recipients must meet the following criteria:

(The following are examples of criteria for donor's consideration)

- a. Financial need.
- b. Cumulative grade point average ("GPA") of at least _____.
- c. Demonstrated excellence in extracurricular, sports or leadership activities while in high school.
- d. Intent to enroll no later than Fall term in an accredited college in the field of: _____.¹
- e. Probability that recipient will complete a four year degree (may be demonstrated by the student's ability to "stay the course" in times of extreme stress or hardship during high school).

6. Minimum Award. The minimum scholarship award to be granted at any time from the Fund is \$500. The amount of the scholarship award(s) will be determined by the "distributable income" generated annually by the Fund. The "distributable income" is calculated pursuant to BCF's Investment and Spending Policy, . If the distributable amount available from the Fund in any given year is less than \$500, BCF, in its sole discretion, may forego making a distribution in said year in order to increase the long term average of the fund value; or BCF may couple the distributable amount of the Fund with another Scholarship Fund to make an award of at least \$500.

7. Donor Acknowledges that Fund will be Administered Pursuant to Foundation's Policies. Donor acknowledges that the Fund shall be administered in accordance with all BCF Policies. BCF policies shall be periodically reviewed and amended. Specifically, Donor and BCF agree that Fund shall be administered in accordance with its Investment and Spending Policy, attached here to and incorporated herein as Schedule C, which shall be periodically reviewed and amended and any such revision in effect shall control at any given time.

8. Permission to Use Donor and Fund Name in BCF Publications. Donor (*select one of the following options*) consents/does not consent to the legal use by the BCF (and its designees) of (*select one or both of the following options:*) Donor's name and/or Photo and/or the name of Donor's Fund in any form or medium, for news stories, publicity, and website posting. (*If consent is given, add the following*) Donor waives any right to inspect or approve the finished products or the copy or printed matter that may be used with the use by BCF of Donor's *name and/or photo and/or the name of Donor's Fund*. Donor hereby releases BCF from any and all claims in connection with the use of Donor's *name and/or photo and/or the name of Donor's Fund*, including any and all claims of libel

9. Variance Power. Donor acknowledges and agrees that, pursuant to tax law, the board shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations set forth above, if, in the sole judgment of the board (without the approval of any trustee, custodian, or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.

10. Fund is Component Part of Foundation. Donor and BCF agree that the Fund shall be a component part of BCF and not a separate entity for tax purposes, and that nothing in this Agreement shall affect the status of BCF as a charitable organization described in Section 501(c) (3) of the Code, and as an organization that is not a private foundation within the meaning of Section 509(a) of the Code. This Agreement shall be interpreted to

¹ EXAMPLES: Mathematics, Chemistry, Physics, Chemical Engineering, Electrical Engineering, Mechanical Engineering, Metallurgical Engineering and/or Nuclear Engineering.

conform to the requirements of the foregoing provisions of the federal tax laws and any regulations issued pursuant thereto. BCF is authorized to amend this Agreement to conform to the provisions of any applicable law or government regulation in order to carry out the purposes of the Fund.

DONOR:

Date: _____

ACCEPTED AND APPROVED by BCF on _____.

Date: _____

President/CEO

SCHEDULE A

Annual Fees Charged to Scholarship Funds of Benton Community Foundation

The following annual administrative fees will be assessed to all Scholarship Funds. This fee schedule is subject to periodic review and revision by BCF's Board of Directors from time to time, but increases in fees, if any, will be effective only upon thirty (30) days written notice by BCF to the Donor. The fees are graduated based on the size of the Fund.

The first \$2,000,000	1.5% per annum
Additional amounts >\$2,000,000	.75% per annum

BCF administrative fees are separate from the investment management fees charged by the professional investment managers and our consultant. All investment performance is reported net of these fees. Investment management fees are a fixed annual fee that is assessed quarterly on the fund balance. The fee is currently less than 0.12%. BCF does not charge a set-up fee to establish an Endowment Fund.

DONOR:

Date: _____

SCHEDULE B

POLICY ON EXTERNAL SCHOLARSHIP COMMITTEES

(Click here for Schedule B)

SCHEDULE C

INVESTMENT & SPENDING POLICY

(Click here for Schedule C)