



**LEBANON AREA FOUNDATION
SCHOLARSHIP FUND AGREEMENT**

FOR THE:

THIS AGREEMENT, is made and entered into on the _____ day of _____, 20____ by and between (hereinafter “the Donor”) and the Lebanon Area Foundation (hereinafter the “Foundation”).

WITNESSETH:

WHEREAS, the Donor desires to provide for the establishment of a permanently endowed charitable fund to be known as the Fund (hereinafter the “Scholarship”) within the Foundation; and

WHEREAS, the Foundation is fully tax exempt under sections 501(c)3 and 170(b)(1)(A)(vi) of the Internal Revenue Code, and accordingly an appropriate organization within which to establish such a fund; and

WHEREAS, the Donor does hereby irrevocably give, transfer, and assign to the Foundation certain assets, **TO HAVE AND TO HOLD** the same and any other assets which the Foundation may acquire as an addition to the Scholarship all of which shall be subject to the terms and conditions herein set forth.

Now, therefore, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. NAME OF THE SCHOLARSHIP FUND:

There is hereby established in the Foundation, and as a part thereof, a fund designated as the _____ Fund (hereinafter the “Fund”) to receive gifts, in whatever form of money or property, and to administer the same. The Donor agrees that the Fund is publicly recognized along with distributions of the Fund.

2. PURPOSE:

The primary purpose of the Fund shall be to provide support for educational scholarships for students who are accepted into and attend accredited two- or four-year public or private institutions of higher learning, and in particular to such students as further defined in the Fund’s *Scholarship Guidelines*, attached and made a part of this agreement.

3. GIFTS:

The Donor hereby irrevocably transfers to the Foundation the property described in the attached *Exhibit A* to establish the Fund. Subject to the right of the Foundation to reject any particular gift, the Donor, and the parties other than the Donor, may make additional irrevocable gifts to the Foundation for the purposes of the Fund by a transfer to the Foundation of property acceptable to the Foundation. All such gifts and bequests shall be irrevocable. All gifts, bequests, and devises to this Fund are subject to the legal and fiduciary control of the Foundation.

4. AWARDS:

Awards from the Scholarship shall be restricted for scholarships for students as described in *Exhibit B*. The Scholarship guidelines attached as *Exhibit B* are a part of this agreement.

5. DISTRIBUTIONS:

The Foundation shall make distributions from the Scholarship in accordance with the schedule set forth in *Exhibit B* attached hereto and as it may be amended, in writing, from time to time by the Foundation. The ordinary income, capital appreciation (realized and unrealized), and the principal (both historic dollar value and any principal contributions, accumulations, additions, or reinvestments) allocable to the Fund, net the fees and expenses set forth in this agreement, may be committed, granted, or expended pursuant to the distribution (or spending) policy of the Foundation, as such policy may be amended from time to time by the Foundation, solely for the purposes described in this agreement; provided, however, that such purposes are consistent with the exempt status and purposes of the Foundation. The Foundations' distribution (or 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 charitable and similar exempt purposes of such endowments.

6. FUND DURATION:

The Fund is perpetual.

7. SCHOLARSHIP SELECTION PROCESS:

Award recipients shall be selected by a committee appointed by _____

8. FOUNDATION AS OWNER OF THE FUND:

The Fund shall be the irrevocable property of the Foundation, which shall have the ultimate authority and control of all property in the Fund, and the income derived therefrom for the charitable purposes as defined in this Agreement. Notwithstanding anything herein to the contrary, the Foundation shall hold and administer the Fund, and all contributions and assets allocable to the Fund, subject to the Bylaws as amended from time to time. Nothing in this Agreement shall affect the status of the Foundation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and as an organization which is not a private foundation within the meaning of Section 509(a) of the Code.

9. CONDITIONS FOR ACCEPTANCE OF FUNDS:

The establishment of the Fund herein created is made in recognition of, and subject to, the terms and conditions of the Organizational Documents and Bylaws of the Foundation as from time to time amended, and 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 donor's direction; and
- (c) Amendments.

10. CONTINUITY:

The Fund shall continue so long as assets are available in the Fund and the purposes in the Fund can be served by its continuation. If the assets in the Fund become, in the good faith opinion of the Foundation’s Board, uneconomical to administer, has not reached the minimum principal balance defined herein, or remains below the minimum principal balance of \$10,000 for three consecutive (3) years with no additional contributions, or if the Fund is otherwise terminated; the Foundation shall transfer all remaining fund assets to the Foundation’s Legacy Endowment Fund exclusively for charitable or other exempt purposes that:

- (a) are within the scope of the Foundation’s Organizational Documents and Bylaws as from time to time amended; and
- (b) most nearly approximate, in the good faith opinion of the Board, the original charitable purpose(s) and donor intent of the Fund.

11. FUND EXPENSES:

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

12. INVESTMENT OF FUNDS:

The Foundation shall invest the assets of the Scholarship, as it deems appropriate and may commingle said assets with other assets of the Foundation, provided that the Scholarship shall be accounted for separately.

I ACCEPT the terms and conditions set forth herein (including *Exhibits A and B*) and do hereby **EXECUTE** this agreement this _____ day of _____, 20____.

BENEFACTOR

For the FOUNDATION

Exhibit A

INITIAL CONTRIBUTION: [Gift defined] irrevocably made payable to the Lebanon Area Foundation for the benefit of the [Fund Name].

Exhibit B

PROCEDURES AND GUIDELINES FOR ADMINISTRATION OF
THE _____ SCHOLARSHIP FUND

1. **Projected Number of Scholarships and Amount(s):** _____

As the Fund grows in assets through investment or further additions, the donor's scholarship committee will be empowered to increase the number of awards and amount.

2. **Criteria for Selection and Eligibility:**

The criteria to be used in selecting scholarship recipients from a fund established at the Foundation must be based on criteria that are appropriate to accomplishing the underlying purpose of the scholarship fund as described in the agreement creating such Fund. Foundation Board members will work with donors to establish Funds that fulfill the donor's charitable goals and feature clear selection criteria.

A. **Scholarship Awards**

For Scholarship Awards, such criteria may include, but are not limited to, the following: prior academic performance, performance of each applicant on tests designed to measure ability and aptitude for educational work; recommendations from instructors or such applicant and any others who have knowledge of the applicant's capabilities, additional biographical information regarding an applicant's career, academic and other relevant experiences, financial need and conclusions which the selection committee may draw as to the applicant's motivation, character, ability or potential. Criteria may also include the applicant's place of residence, past or future attendance at a particular school, past or proposed course of study or evidence of his or her artistic, scientific, or other special talent. Preference may be given to applicants of a particular sex, race, ethnic background, or religion so long as such preference does not violate public policy.

Criteria:

1. _____
2. _____
3. _____
4. _____
5. _____

The contact person for this Scholarship Fund is as follows:

Name: _____

Address: _____

Telephone Number: _____

Email Address: _____

The Members of the Scholarship Selection Committee shall be as follows:
[Minimum of three, attach pages for additional members, if necessary]

Member Number 1:

Name: _____

Address: _____

Telephone Number: _____

Email Address: _____

Member Number 2:

Name: _____

Address: _____

Telephone Number: _____

Email Address: _____

Member Number 3:

Name: _____

Address: _____

Telephone Number: _____

Email Address: _____