

COMMUNITY FOUNDATION for LOUDOUN and NORTHERN FAUQUIER COUNTIES
SCHOLARSHIP FUND
Community Foundation Selection Committee

1. Gift. We wish to establish a scholarship component fund with the Community Foundation for Loudoun and Northern Fauquier Counties (hereafter "the Foundation"), a Virginia nonprofit corporation, with the gift of the following-described property:

A gift of \$XXXXX for endowment

The initial endowment contribution equaling or exceeding \$25,000.00 will be placed in a separate subaccount maintained by the Foundation. All monies shall immediately upon contribution become the property of the Foundation over which the Foundation shall exercise exclusive legal control, and shall not be refundable under any circumstances.

2. Fund Name; Fundraising/Outreach. The fund shall be known as the XXXXXXXXX **Scholarship** fund, a component fund of the Community Foundation for Loudoun and Northern Fauquier Counties which name shall be used at all times when referring to the fund (hereafter "the Fund").

Any fundraising program to benefit or that mentions the Fund shall require prior written consent of the Foundation and subject to the Foundation's policies.

3. Administration.

a. The Fund is intended as to serve as a permanent endowment and shall be dedicated to the payment of scholarships for qualifying students (hereafter "the charitable purpose" as described in paragraph 5.

b. Distributions from endowment shall be made in the amounts determined under the Foundation's Distributions Policy in effect from time to time. These Foundation policies track both current market value of the Fund and Historic Dollar Value, defined as "the fair value of the endowment funds at the time it is established, as increased by each donation to the Fund and by accumulations as directed by the applicable gift instrument." (Historic Dollar Value does *not* include interest, dividends, appreciation, or other earnings, to a fund's balance unless the Fund instrument so specifies. It also does not include grant distributions that are not distributed or taken during any given fiscal year.) Unless otherwise determined by the Foundation's Board of Directors or its designated committee, a Fund balance that is equal to or less than Historic Dollar Value

shall suspend grantmaking distributions from the endowment portion of the Fund in order to protect future grantmaking provisions of the Fund.

“Pass-through” funds held shall not be subject to the Foundation’s Distribution and Investment Policy but held for short- and mid-term grant recommendations from the Fund’s Advisory Committee identified in Paragraph 5, below.

c. We recommend that the investment advisor that shall hold the Fund shall be determined by the Foundation’s Board of Directors or its designated committee.

d. The Fund shall be open-ended, i.e., additional contributions of cash or property are permitted to be made by any person or entity.

e. We recognize that the Foundation's administrative fee of not more than three percent (3%) will be calculated and 1/12th deducted monthly from the Fund based on a monthly market value. In addition, investment fees as assessed by investment advisors will be calculated and deducted from the Fund.

The Foundation’s Board of Directors or its designated Scholarship Committee shall be authorized to assume selection responsibility and apply the criteria for distributions selection as set forth in this agreement after which not more than three percent (3%) will be calculated and 1/12th deducted monthly from the Fund based on a monthly market value. In addition, investment fees as assessed by investment advisors will be calculated and deducted from the Fund.

4.Variance Power; Investment Authority. We recognize and consent that the Fund is subject to the terms and provisions of the Articles of Incorporation and Bylaws of the Foundation, including the authority of the Foundation’s Board of Directors (a) to modify any restriction or condition on the distribution of funds for any specified charitable purpose or purposes or to a specified charitable organization or organizations if in the sole judgment of the Foundation’s Board of Directors (without the necessity of the approval of any participating 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; (b) to replace any participating trustee, custodian, or agent for breach of fiduciary duty under Virginia law; and (c) to replace any participating trustee, custodian, or agent for failure to produce a reasonable return of net income over a reasonable period of time, as determined by the Foundation’s Board of Directors all without the necessity of obtaining my approval or the approval of any other person or interested party.

The Foundation is authorized, at its discretion, to direct the investment advisor to invest any part or all of the Fund in securities or in other property, real or personal, in good faith and with the care that an ordinarily prudent person in like circumstances would invest his or her own funds in similar circumstances. Investment decisions about an individual asset shall be made not in isolation but rather in the context of the Foundation's portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the Fund and to the Foundation. I recognize that the Fund will not hold interests in any closely-held businesses, unless specific provision is made therefore.

5. Charitable Purpose.

The Community Foundation prohibits grants to or the establishment of component funds for organizations that promote hate, violence, or harm to specific groups or individuals and to organizations that negatively affect the actual and perceived safety and wellbeing of others, both explicit and implied.

Distributions are intended to offset of up to two years of full-time enrollment

Eligible recipients shall include part-time students, however, use of funds available must be applied over a sequential two-year period taking into consideration distribution limits as described in the above paragraph.

Renewable scholarships shall be announced and publicized at the same time as a general scholarship announcement. It shall be the responsibility of a past year recipient to apply for renewed funding.

- a. An eligible first year recipient shall:
 - i. Be a resident of XXXXX
 - ii. Include a letter of recommendation
 - iii. Submit a one-page essay sharing 250 words or less:
 - iv. Apply and, if requested, appear before an interview committee.

In order to qualify for a renewed scholarship after the first year of study, the recipients shall:

- i. Not have previously received and lost a scholarship from the Fund;
- ii. Maintain a cumulative Grade Point Average of 2.5 or C+ or higher;
- ii. Present appropriate evidence of his or her eligibility to return to such educational institution; and,

- iv. Complete and deliver by an annual deadline set and publicized by the Foundation annually a renewal application to the Foundation.

- b. All applicants shall be considered, however, emphasis shall be placed on applicants with financial need.

- c. The financial award shall be made payable to the institution to benefit the individual. Funds may be used to offset tuition, books, tools, parking fees, and other fees associated with certification of completion.

- d. In the event that a recipient does not in fact timely attend the institution, or is unable to attend at a full-time enrollment of 12 hours or more, the amount of the Fund dedicated to payment of the scholarship awarded to that recipient shall be added back to the endowment portion of the Fund with the exception of originating funds provided at the onset of this Fund Agreement held as "pass through" that shall continue to be held for "pass through" purposes until exhausted.

- f. No scholarship awards from this fund shall be made to any family member or family members of the Fund Selection Committee (hereinafter referred to as "family member"). For purposes of this subparagraph, the term "family member" shall mean any sibling, children (whether natural or adopted); ancestor, descendant, or a spouse thereof.

- g. The recipients shall be determined from among the pool of eligible nominated recipients and recommended for approval to the Foundation's Board of Directors by a Fund Selection Committee annually designated by the Foundation's Board of Directors.

6. Fund Selection Committee

The Foundation's Board of Directors or its designated Scholarship Committee shall be authorized to assume selection responsibility and apply the criteria for distributions selection as set forth in this agreement

8. Fund Acceptance. We recognize that the Fund must be approved by the Foundation's Board of Directors and will not be approved if implementation of the objectives of the Fund are not within the parameters permitted so that such implementation would negatively impact on the Foundation's status as a tax-exempt organization exempt from income taxes as a community foundation under Internal Revenue Code Section 501(c)(3).

XXXXXXXXX
ADDRESS

Date

XXXXXXXXX
ADDRESS

Date

APPROVED AS AUTHORIZED:
Community Foundation for Loudoun and Northern Fauquier Counties

President

Date

SAMPLE