



SCHOLARSHIP FUND AGREEMENT

PLEASE INDICATE THE NAME OF YOUR SCHOLARSHIP FUND
e.g., Smith Family Scholarship,

FUND ID
For internal use only

PLEASE DESCRIBE THE PURPOSE OF YOUR SCHOLARSHIP
e.g., "To provide financial assistance to students from San Joaquin County high schools who are pursuing higher education." You will be able to specify detailed criteria for selection of scholarship recipients on the Scholarship Addendum form. Foundation staff are available to assist you in completing that form.

FOUNDING DONOR 1

As a Founding Donor, your privileges include the ability to access fund information, name other Fund Representatives, modify scholarship criteria, and conduct other fund administration business. Founding Donors may serve on scholarship committees but may constitute no more than 50% of the voting members.

Name

Title or Salutation

Organization (if applicable)

Mailing Address Home Business

City

State ZIP

Preferred Phone Home Cell | Work

AlternatePhone Home – Cell Work

Email Address

FOUNDING DONOR 2 (optional)

As a Founding Donor, your privileges include the ability to access fund information, name other Fund Representatives, modify scholarship criteria, and conduct other fund administration business. Founding Donors may serve on scholarship committees but may constitute no more than 50% of the voting members.

Name

Title or Salutation

Organization (if applicable)

Mailing Address Home Business

City

State ZIP

Preferred Phone Home Cell Work

AlternatePhone Home Cell Work

Email Address

ADDITIONAL FUND CONTACTS (*optional*)

All Fund Advisors and Representatives will have online access to Fund information and will receive fund statements quarterly online, as well as other standard publications from the Foundation. We recommend no more than four contacts per fund.

FUND REPRESENTATIVE 1

Fund Representatives have access to fund information and may be nominated to serve on the Scholarship Selection Committee.

Name

Title or Salutation

Organization (if applicable)

Mailing Address Home Business

City

State

ZIP

Preferred Phone Home Cell Work

Alternate Phone Home Cell Work

Email Address

FUND REPRESENTATIVE 2

Fund Representatives have access to fund information and may be nominated to serve on the Scholarship Selection Committee.

Name

Title or Salutation

Organization (if applicable)

Mailing Address Home Business

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Alternate Phone Home Cell Work

Email Address

Fund privileges follow the position at an organization and are transferred to the new position holder. Please notify us of staff and/or board changes.

ONLINE ACCESS TO FUND INFORMATION

All Fund Contacts are automatically signed up for the Foundation's online fund service, **Foundant**. With **Foundant**, Fund Contacts are able to view fund information at any time. Unique login and password information are provided to each Contact.

GIFT TO ESTABLISH FUND

*The minimum to establish a scholarship fund is \$25,000. See also Fees in **Fund Terms and Conditions**.*

- Check for \$ _____ payable to San Joaquin Community Foundation
 - Marketable securities: _____ shares of _____ stock
 - Mutual funds
 - Real estate
 - IRA/retirement plan/insurance policy
 - Other (please describe) _____
- I have included a gift to this Fund at the San Joaquin Community Foundation in my estate plans.**
(Please provide a copy of the relevant portion of the document.)

INVESTMENTS

This Fund is an:

- ENDOWED FUND – fund will be permanent; it will be invested to provide an annual amount that will be spent to carry out the fund’s charitable purpose in perpetuity.
- EXPENDABLE FUND – fund may make grant distributions until all fund assets are exhausted.

You may select the investment option that closely matches your desires:

- Growth Pool
- Moderate Pool
- Environmental, Social, Governance (ESG)
Fixed Income Pool



SUPPORTING THE FOUNDATION

The Foundation's operating expenses are covered by modest Support Fees and the generosity of caring donors. We invite you to consider a contribution to the *San Joaquin Community Foundation Endowment* to support the Foundation's operations. Your gift will ensure that the Foundation will continue to be responsive to community needs and work toward expanding philanthropy in this region. If you would like to support the *San Joaquin Community Foundation Endowment*, please select one of these two options:

- _____ % or \$ _____ annually
- One-time gift of \$ _____

DONOR ACKNOWLEDGEMENT AND SIGNATURES

I/We acknowledge that I/we have read the San Joaquin Community Foundation Scholarship Fund Agreement Terms and Conditions and agree to the fees, terms, and conditions described therein. I/We understand that any contribution, once accepted by the Foundation's Board of Directors, represents an irrevocable gift to the Community Foundation of San Joaquin. The Foundation's Board of Directors has variance power under IRS regulations, and this gift is not refundable to me.

I/We hereby certify, to the best of my knowledge, all information presented in connection with this form is accurate, and I will notify San Joaquin Community Foundation promptly of any changes.

FOUNDING DONOR 1

Signature

Print Name

Date

FOUNDING DONOR 2

Signature

Print Name

Date

SAN JOAQUIN COMMUNITY FOUNDATION SIGNATURE

Authorized Signature

Print Name

Title

Date

TERMS AND CONDITIONS

IRS RULES OF INDIVIDUAL GRANTMAKING AS THEY PERTAIN TO SCHOLARSHIPS

Because a scholarship award benefits an individual and not an organization, the San Joaquin Community Foundation (“Foundation”) refers to the awarding of scholarships as “individual grantmaking.” The Internal Revenue Service has certain regulations pertaining to individual grantmaking with which the Foundation and its affiliates must comply. The Internal Revenue Service also details rules that apply to the role of “advisors” in recommending grants from the Foundation.

In summary:

- All awards must be given for charitable purposes.
- The applicant pool should be large enough to make scholarship awards competitive. Ideally, there should be at least four applicants for every scholarship award.
- Selection of recipients must be made on an objective, nondiscriminatory basis.
- There must be no benefit to a donor, relative of a donor, or an individual selected solely by the donor. Members of a selection committee must disclose any family or personal relationship with an applicant.
- There must be broad dissemination of eligibility requirements and deadlines for each scholarship fund.
- Each applicant must be ranked against stated selection criteria.
- Donors and/or family members cannot make up the majority of any advisory committee.
- Scholarship awards should only be applied toward tuition, books, and educational expenses. Scholarship awards used for other purposes, such as room and board, may be considered taxable income.
- Scholarship payments are issued to the institution the student is attending.

OVERSIGHT

Scholarship funds established at the Foundation are subject to the Pension Protection Act of 2006, and the Foundation will provide uniform oversight to all scholarship funds.

SCHOLARSHIP SELECTION COMMITTEE

The Pension Protection Act of 2006 (PPA) requires community foundations to follow specific policies and procedures for selecting scholarship recipients. A Founding Donor has the option to participate in the student selection process. If a Founding Donor wishes to participate in the student selection process, he or she must adhere to the following policy regarding committee member appointments and committee composition. If a Founding Donor does not wish to participate in the student selection process, he or she may delegate that responsibility to an outside scholarship committee or to the Foundation.

Scholarship Committees may either be internal to the Foundation or function as an Outside Scholarship Committee. The Foundation shall appoint all members of any selection committee charged with the evaluation of candidates for scholarship grants. Appointments shall be made by designated staff of the Foundation. For Outside Committees, the composition of any selection committee will be reviewed by the Foundation and each person approved or denied. All committee members must be appointed each year in advance of the student selection process.

Founding Donors and Fund Representatives may provide advice with respect to the selection of grant or award recipients solely as members of a selection committee. No combination of Founding Donors, persons recommended

or designated by Founding Donors (or persons related to any of these persons) to a Fund that makes Scholarship Grants or Individual Achievement Awards may, directly or indirectly, control any selection committee established in connection with such Fund. For example, Founding Donors, persons recommended or designated by Founding Donors and persons related to any of these persons shall not constitute a majority of any such selection committee (persons may include individuals, partnerships, corporations, or trusts). Where a Founding Donor recommends a person for appointment to a selection committee based on objective criteria related to the expertise of such person, such person will not be deemed to be appointed or designated by the Founding Donor.

A non-related party Chair will be designated who has no controlling interest in the outcome of the review process. A Conflict of Interest disclosure for all committee review members will be filed prior to any scholarship at the beginning of any scholarship review process. Documentation of the review process will be maintained by the Foundation.

SCHOLARSHIP DISBURSEMENTS

In order to qualify for a scholarship from a Foundation fund, the proposed recipient must be enrolled in a qualified charitable entity (e.g., schools, colleges and universities) located in the United States.

Scholarship checks are sent directly to the organization and are accompanied by a Foundation letter specifying the name of the recipient and the Scholarship Fund. Scholarships made from funds at the Foundation are issued on checks with the name of the Foundation and the Scholarship Fund.

TAX STATUS OF CONTRIBUTION

Funds established at the San Joaquin Community Foundation and its affiliates are component funds of the Foundation, a Section 501(c)(3) public benefit corporation. All contributions to the Foundation's funds are treated as gifts to a Section 501(c)(3) public charity and are tax-deductible, to the extent allowed by law, subject to individual and corporate limitations. Acceptance of all gifts is subject to the provisions of the Foundation's Gift Acceptance Policy. Any assets contributed to funds at the Foundation, once accepted by the Board of Directors of the Foundation, represent unconditional and irrevocable gifts and are not refundable. Legal control and responsibility for the funds rest with the Foundation.

VARIANCE POWER

All funds established at the Foundation are subject to the Foundation's "variance power," as set forth in its Bylaws. Variance power grants the Foundation's Board of Directors the power to modify any condition or restriction on the distribution of funds for any specified charitable purpose or purposes, or to a specified organization or organizations if, in its sole judgment (without the necessity of the approval of any other party), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served by the Foundation.

INVESTMENT OF ASSETS

All assets contributed to funds established at the Foundation are invested in the Foundation's investment pools and are managed in accordance with the Foundation's Investment Policy. A copy of the Foundation's current Investment Policy is available upon request.

For the purposes of investments, the Foundation does not segregate the assets of any single fund from the assets of the Foundation's other component funds, but will keep a separate account of the fund's assets, and the fund's proportionate share of all investment earnings and investment fees applied to the fund. In establishing a fund, the donor acknowledges that the investments in the fund are subject to market and interest rate fluctuations. All

investment returns are reported net of all investment fees.

All endowed funds are invested in the Foundation's endowment pool. For expendable funds, the Donor may select from a number of expendable pools. The asset allocation of these pools is geared towards the donor's spending horizon for the fund. Annually, the donor may select to move to a different pool.

SPENDING RULES

Endowed funds: The spending policy for endowed funds utilizes a formula to determine the amount available to grant from a fund each year. It is designed to maintain a level of current spending while preserving the endowment in order to support future spending. The Foundation shall appropriate for expenditure, for the purposes for which the Fund is established, so much of the Fund as the Foundation deems prudent, in accordance with the Spending Policy adopted by the Foundation (as amended from time to time).

The amount available to spend (ATS) is determined by calculating the rolling average of the market value of the Fund over the previous three years. This rolling average is then multiplied by the current spending percentage to arrive at the amount available to spend from the Fund in the following year. The Board reviews its spending policy annually, and may increase or decrease the percentage available to spend. As of the approval date of this agreement, the spending policy is up to 5% of the total market value of the Fund.

Expendable funds: The current balance of an expendable fund (excluding uncleared checks and pending stock transfers) must be adequate to cover the distribution amount and any current applicable Support Fees. If the Donor desires to keep the Fund open, the Foundation's required minimum balance of \$500 must remain in the Fund.

RESTRICTIONS ON GRANTS

In compliance with the Internal Revenue Code, grants, including scholarship awards, are not permitted for non-charitable purposes; for political contributions or to support political campaign activities; or for any purpose that would provide benefits, goods or services to a Donor to the Fund, the Fund's Advisor(s) or other related parties. A Fund Advisor is subject to IRS penalties if the Fund's Donor(s), Advisor(s), or other related parties receive benefits, goods or services in connection with a grant recommendation.

FUNDRAISING

Additional gifts may be made directly to a fund at any time. Donors contributing to Foundation funds have the option to donate via credit card. The Foundation reserves the right to deduct the credit card fee from the donation.

SUPPORT FEES

As a nonprofit public benefit organization, the Foundation supports its work on behalf of fundholders and the community by charging Support Fees to manage charitable funds. Within the Foundation, the fees cover fund establishment, gift acknowledgement, investment management, grants administration and individualized donor services, such as research on nonprofit organizations and special requests. For the community, the fees are used

strategically to improve lives by initiating or partnering in efforts to address key local issues, paying attention to areas of community need not covered by other organizations. The Foundation's commitment to the local community is what sets the Foundation apart from commercial charitable funds, and all of the fees paid by fundholders stay in the region to support the work that the Foundation does in partnership with fundholders.

The Foundation shall retain reasonable compensation for its services and expenses. Such compensation shall be established by the Board of Directors of the Foundation in the form of annual Support Fees. Fees are determined by the level of service required to administer the fund as well as by the amount in the fund, and are initially set at the time the agreement is signed.

FUND CONTACTS

The **Founding Donor(s)** of a Scholarship Fund may participate on the scholarship selection committee, access fund information, name other **Fund Representatives**, modify scholarship criteria, and conduct other fund administration business. Fund Representatives may access fund information and participate on the scholarship selection committee as approved.

INDEMNITY

In consideration of the Foundation's creating a Fund at the request of the undersigned individual(s) or entity and for other good and valuable consideration, the undersigned hereby agree to indemnify and hold harmless the Foundation against any liability, cost, or expense which the Foundation may incur by reason of its acting upon instructions or recommendations given to the Foundation by any of the undersigned or by persons authorized to make recommendations with regard to the Fund.

The fee associated with this unique scholarship fund shall be*: _____%

*this fee may be changed at a later date upon both parties agreement.

Notes on fee associated with this fund (if any):