

CENTRAL INDIANA COMMUNITY FOUNDATION, INC.

**SCHOLARSHIP PASS-THROUGH FUND AGREEMENT FOR
Legal Name of Donor**

THIS AGREEMENT, made and entered into on _____, 20__, by and between Central Indiana Community Foundation, Inc. (the “Community Foundation”) and _____ (“Donor”) [or “Donors”],

WITNESSETH:

WHEREAS, Donor desires to create a scholarship fund in the Community Foundation (the “Fund”) with respect to which the selection committee appointed by the Community Foundation (the “Selection Committee”) can recommend scholarship recipients;

WHEREAS, the Community Foundation is a non-profit organization exempt from taxation under Internal Revenue Code (“Code”) Section 501(c)(3), a public charity described in Section 170(b)(1)(A)(vi) of the Code, and accordingly an appropriate institution within which to establish such a charitable fund; and

WHEREAS, the Community Foundation is willing and able to create such a scholarship pass-through fund, subject to the terms and conditions hereof.

NOW THEREFORE, the parties agree as follows:

GENERAL PROVISIONS:

1. GIFT Donor hereby transfers irrevocably to the Community Foundation, the property described in the attached Exhibit A to establish the Fund. Subject to the right of the Community Foundation to reject any particular gift, the Community Foundation may receive additional irrevocable gifts of property acceptable to the Community Foundation from time to time from Donor and from any other source to be added to the Fund, all subject to the provisions hereof. All gifts, bequests and devises to this Fund shall be irrevocable once accepted by the Community Foundation.

2. PURPOSE The primary purpose of the Fund shall be to assist students to further their education at an accredited educational institution as directed by the Board of Directors of the Community Foundation (the “Board”) for any and all charitable or other tax-exempt purposes within the meaning of Code Sections 170(c)(1) or 170(c)(2)(B) that are consistent with the tax-exempt purposes of the Community Foundation.

3. DISTRIBUTION The total assets of the Fund, net of investment and administrative costs, as provided in paragraph 11 hereof, may be committed, granted or expended for purposes described

in Code Section 170(c)(1) or 170(c)(2)(B) to organizations described in Section 509(a)(1), (2), or (3). If any gifts to the Community Foundation for the purposes of the Fund are received and accepted subject to a Donor's conditions or restrictions as to the use of the gift or income therefrom, said conditions or restrictions will be honored, subject, however, to the authority of the Board to vary the terms of any gift if continued adherence to any condition or restriction is in the judgment of the Board unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by the Community Foundation. No distribution shall be made from the Fund to any entity if such distribution will in the judgment of the Community Foundation endanger the Community Foundation's Code Section 501(c)(3) status.

4. RECOMMENDATIONS FOR DISTRIBUTION Subject to the Community Foundation's policies and procedures for scholarship funds, the commitments, grants or expenditures from the Fund contemplated in paragraph 3 shall be made on an annual basis with the selection of recipients based on the criteria specified in paragraph 14 and using the selection process specified in paragraphs 15 and 16. All recommendations from the Selection Committee shall be solely advisory, and the Community Foundation may accept or reject them, applying reasonable standards and guidelines with regard thereto.

5. ADMINISTRATIVE PROVISIONS Notwithstanding anything herein to the contrary, the Community Foundation shall hold the Fund, and all contributions to the Fund, subject to the provisions of the applicable federal and Indiana laws and the Community Foundation's Bylaws and Articles of Incorporation. The Board shall monitor the distribution of the Fund, and shall have all powers of modification and removal specified in United States Treasury Regulation Section 1.170A-9(e)(11)(v)(B).

Upon request, the Board agrees to provide Donor a copy of the annual examination of the finances of the Community Foundation as reported upon by independent certified public accountants.

This Agreement and all related proceedings shall be governed by and interpreted under the laws of the State of Indiana. Any action with respect to this Agreement shall be brought in or venued to a court of competent jurisdiction in Indiana.

6. CONDITIONS FOR ACCEPTANCE OF FUNDS Donor agrees and acknowledges that the establishment of the Fund herein created is made in recognition of, and subject to, the terms and conditions of the Bylaws and the Articles of Incorporation of the Community Foundation as from time to time amended, and that the Fund shall at all times be subject to such terms and conditions, including but not by way of limitations, provisions for:

- (a) Presumption of Donor's intent;
- (b) Variance from Donor's direction;
- (c) Amendments.

7. CONTINUITY OF THE FUND 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 Fund is terminated, the Community Foundation shall devote any remaining assets in the Fund exclusively for charitable purposes that:

- (a) Are within the scope of the charitable purposes of the Community Foundation's Bylaws and Articles of Incorporation; and
- (b) Most nearly approximate, in the good faith opinion of the Board, the original purpose of the Fund.

8. NOT A SEPARATE TRUST The Fund shall be a component part of the Community Foundation. All money and property in the Fund shall be held as general assets of the Community Foundation and not segregated as trust property of a separate trust; provided that the Fund shall be allocated its pro rata share of the net earnings of the Community Foundation's pool in which the Fund is invested, such percentage interest being subject to adjustment at the time of each addition to, or reduction of, assets in the pool in which the Fund is invested.

9. ACCOUNTING The receipts and disbursements of this Fund shall be accounted for separately and apart from those of other gifts to the Community Foundation.

10. INVESTMENT OF FUNDS The Community Foundation shall have all powers necessary, or in its sole discretion desirable, to carry out the purposes of the Fund, including, but not limited to, the power to retain, invest and reinvest the Fund and the power to commingle the assets of the Fund with those of other funds for investment purposes.

For funds with long-term intent or vision, the Community Foundation may elect to invest the Fund in the long-term pool. The Community Foundation's long-term pool is a well-diversified investment pool with a long-term investment return objective. Funds invested in this pool are subject to the volatility of market conditions and there is no guarantee of investment return or preservation of principal. In the event the Fund is invested in the long-term pool, the Community Foundation shall not be responsible for any loss or reduction in value with respect to any assets held in the Fund unless any loss or reduction in value is due to the intentional misconduct or gross negligence of the Community Foundation or its employees or agents.

11. COSTS OF THE FUND It is understood and agreed that the Fund shall share a fair portion of the total investment and administrative costs of the Community Foundation. Those costs annually charged against the Fund shall be determined in accordance with the then current fee schedule identified by the Community Foundation as applicable to funds of this type, as such schedule may be amended by the Community Foundation from time to time. Any costs to the Community Foundation in accepting, transferring or managing property donated to the Community Foundation for the Fund shall also be paid from the Fund. In the event the Fund balance declines below the required minimum amount

to establish the Fund, the annual administrative fee shall be the Community Foundation's then-current minimum administrative fee for funds of its type.

SPECIFIC PROVISIONS:

12. NAME OF THE FUND The name of the Fund shall be the _____
Scholarship Fund.

13. SURVIVAL OF THE FUND After the death or incapacity of Donor, the assets of the Fund, if any, will continue to be distributed as a scholarship fund through the Community Foundation in accordance with the criteria stated below. When the balance of the Fund declines to zero, the Fund will be terminated.

14. CRITERIA Specifically, the Fund is designed to provide scholarship assistance in the form of grants for tuition, room and board, and related fees (e.g. books) to students who meet the following criteria:

- **Geographic Criteria:**
- **Type of College:**
- **Other Criteria:**

The selection criteria may be modified in the "Scholarship Fund Selection Statement Form," an example of which is attached hereto as Exhibit B, signed annually by the Community Foundation and Donor. The selection criteria must be broad enough so that the pool of potential recipients constitutes a charitable class as defined by federal law and regulations. Selection criteria are subject to change by the Community Foundation, as necessary, to ensure adherence to state or federal laws and regulations.

15. SCHOLARSHIP SELECTION COMMITTEE The Community Foundation will annually appoint the Selection Committee comprised of an uneven number of individuals, and a chair thereof, in consultation with Donor. At no point may "Disqualified Persons" directly control the selection of recipients of scholarships by constituting a majority of the Selection Committee, or a sub-committee thereof, or by indirectly controlling the selection of recipients by other means. "Disqualified Persons" include:

- **For Donor Individuals:** Donor, persons related to Donor, employees of Donor, and Donor's professional advisors;
- **For Donor Organizations:** board members or employees of the Donor Organization;

- **For All Donors:** individuals or businesses recommended or appointed by Donor, unless such individuals or businesses meet objective criteria related to a certain role or expertise.

Donor designates _____ as the chair of the Selection Committee or as the interim contact for the Selection Committee until such time as a chair is chosen.

16. SCHOLARSHIP PROCESS The Community Foundation must annually review and approve the application and selection processes used by the Selection Committee before the processes start. The Selection Committee will recommend one or more recipients, based on the criteria listed in paragraph 14 and subsequent Scholarship Fund Selection Statement Forms, to the Board of Directors of the Community Foundation for final approval. All recommendations from the Selection Committee shall be solely advisory, and the Community Foundation may accept or reject such recommendations, applying reasonable standards and guidelines with regard thereto.

All recommendations will be made based on objective and non-discriminatory criteria. Members of the Selection Committee shall avoid all potential conflicts of interest, private inurement or appearance of impropriety by disclosing all relationships (family, business, etc.) with any scholarship applicants. If any potential conflicts of interest arise, the committee member will not be involved for the applicable year(s) in the selection process.

If at any time the Selection Committee does not want to recommend recipient(s) or ceases to exist, the Community Foundation's Blue Ribbon Scholarship Advisory Committee, or successor thereto, will recommend to the Community Foundation the recipient(s) with such recommendation based on the selection criteria defined above.

17. AWARDS The amount of awards is subject to change based on Community Foundation policy; however, minimum annual awards of \$3,000.00 per student are recommended. Unless current or future Community Foundation policy mandates otherwise, the Fund will award scholarships with renewable opportunities and fund a student to degree attainment if the student remains in school, remains in good academic standing, continues to meet the Fund's criteria, and applies for renewal. The Fund will award scholarships in every year that the Selection Committee recommends a qualified candidate and so long as funds are available. At any time, the Fund may support [The Indianapolis Foundation or the Legacy Fund] Community Scholarship Fund if a qualified candidate cannot be selected. All scholarship awards will be granted to a college or university for the benefit of the scholarship recipient. No scholarship awards will be granted directly to an individual scholarship recipient.

18. COMPLIANCE WITH THE PENSION PROTECTION ACT OF 2006 The parties to this agreement acknowledge and agree that grants, including scholarships and awards, may not be made to individuals from the Fund without approval of the selection criteria and the selection process by the Board. No changes in the selection criteria or the selection process may be made without the prior written approval by the Community Foundation.

19. INCAPACITY “Incapacity,” as used herein, shall refer to an individual’s disability to perform any function assigned hereunder, as evidenced by the statement of a physician licensed to practice medicine in the jurisdiction where the individual resides.

20. ORIGINAL AND ENTIRE AGREEMENT This Agreement may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile transmission, by electronic mail in “portable document format” (“.pdf”) form, or by any other electronic means intended to preserve the original appearance of a document, or by a combination of such means, shall constitute effective execution and delivery of this Agreement. Signatures by the parties electronically transmitted shall be deemed to be original signatures for all purposes. This Agreement supersedes all other prior discussions, representations, and agreements, whether oral or written, express or implied, between the parties relating to the matters contemplated herein and constitutes the entire agreement between the parties relating to the subject matter hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, Donor has executed this Agreement and the Community Foundation has caused this Agreement to be approved by its Board of Directors and to be executed by a duly authorized officer, all as of the day and year first above written.

Donor

Central Indiana Community Foundation, Inc.

[Name of Donor]

Brian Payne, President and CEO or
Robert A. MacPherson, VP for Development

10/16 smw

EXHIBIT A

LIST OF INITIAL DONATIONS TO FUND

EXHIBIT B

Scholarship Fund Selection Statement Form

2016 John Smith Endowed Scholarship Fund Selection Statement

In accordance with the Pension Protection Act of 2006 (also known as HR-4), the John Smith Endowed Scholarship Fund submits the following information about 2016 scholarship selection procedures to the CICF Board of Directors for approval.

Selection Procedures & Timeline

- November 2015 - March 2016: Scholarship opportunities announced by CICF
- March 2, 2016: Scholarship applications due to CICF
- March 10, 2016: Scholarship selection committee roster finalized. Scholarship selection committees must meet the following requirements:
 - Total number of committee members equals an odd number (from 3 to 9 members)
 - No majority of interested or related parties present on committee roster
 - Interested or related parties include the donor as well as the donor's relatives, employees, business partners, and the donor's lawyer
 - The majority of committee members are selected based on objective criteria such as expertise (i.e., a local high school principal) or interest (i.e., a community theater director to help select recipients for a dramatic arts scholarship)
- March 11, 2016: CICF Board of Directors reviews and approves selection process and committee roster
- March 2-25, 2016: Applications processed by CICF staff
- March 25, 2016: Applications are made available to selection committee members
- Before April 22, 2016: All committee members review submitted applications and meet together to select award recipients using the objective and nondiscriminatory criteria as described in the fund agreement:
 - Candidates will be evaluated by the following criteria:
 - Be a resident of the State of Indiana
 - Plan to pursue a two- or four-year degree in or related to a career in psychology or counseling
 - Demonstrate financial need, academic promise, community and/or school involvement and service, good character, citizenship, and a healthy lifestyle
 - Intend to continue to serve the community
 - Preference is given to students attending an Indiana educational institution
 - Committee members will select recipient(s) by majority vote
- April 22, 2016: Committee selection completed; signed forms submitted to CICF for each scholarship recipient

Selection Committee Roster (attach additional sheet if necessary)

**Provide name, title, employer's name, preferred email address, preferred phone number*

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

Statement of Compliance

I, _____ (print name), do hereby affirm that the majority of the John Smith Endowed Scholarship Fund selection committee consists of persons who are not my relatives, employees, business partners, or legal advisors. I affirm that the selection committee's decisions will not be controlled by the fund donor, related parties, or interested parties. I affirm that awards shall be given by majority vote based on the nondiscriminatory and objective criteria outlined in the fund agreement using the selection process approved by the CICF Board of Directors.

Signature _____ Date: _____

Relationship to fund: _____