



Lake County's Community Foundation

**ADVISED SCHOLARSHIP ENDOWMENT FUND AGREEMENT  
BETWEEN  
LEGACY FOUNDATION, INC.,  
AND**

\_\_\_\_\_ (“DONORS”)

**THIS AGREEMENT** (the “Agreement”) is made and entered into as of \_\_\_\_\_, 20\_\_, by and between Legacy Foundation, Inc. (“Legacy Foundation”), and \_\_\_\_\_ (“Donors”).

**Recitals**

**WHEREAS**, Donors desire to establish an advised scholarship endowment fund in Legacy Foundation with respect to which Donors, or a Donor Representative (as defined below), may participate in an advisory committee established by Legacy Foundation to recommend to Legacy Foundation potential scholarship recipients from such fund; and

**WHEREAS**, Legacy Foundation is an Indiana nonprofit corporation exempt from federal income taxes under Internal Revenue Code (“Code”) section 501(c)(3), a public charity described in Code section 170(b)(1)(A)(vi), and accordingly an appropriate institution within which to establish such an advised scholarship endowment fund; and

**WHEREAS**, Legacy Foundation is willing and able to hold and administer such an advised scholarship endowment fund, subject to the terms and conditions hereof.

**General Provisions**

**NOW THEREFORE**, the parties agree as follows:

**1. GIFT AND FUND DESIGNATION.** Donors hereby transfer irrevocably to Legacy Foundation the property (cash, publicly traded securities, or other assets) described in the attached Exhibit A to establish an advised scholarship endowment fund to be known as the \_\_\_\_\_ Fund (the “Fund”). Subject to the right of Legacy Foundation to reject any particular gift, from time to time Legacy Foundation may accept additional irrevocable gifts of property from Donors or 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 Legacy Foundation.

**2. PURPOSE.** The purpose of the Fund shall be to provide support as directed by the Board of Directors (the “Board”) of Legacy Foundation for educational scholarships for students who are accepted into and attend accredited two- or four-year public or private institutions of higher learning as described in Code section 170(b)(1)(A)(ii), and in particular to such students who meet the following qualifications [such as students who graduate from a particular high school, district, or county, students enrolled in a particular field of study, etc.]:

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In the event that the above criteria are too restrictive (because no student acceptable to Legacy Foundation meets the criteria, or for other reasons), the purpose of the Fund shall include the support of educational scholarships for deserving students who most closely satisfy the criteria. All support provided from the Fund shall further the educational, charitable, or other exempt purposes of Legacy Foundation within the meaning of Code section 170(c)(1) or 170(c)(2)(B) and shall be consistent with the mission and purposes of Legacy Foundation.

**3. DISTRIBUTIONS.** The ordinary income, capital appreciation (realized and unrealized), and principal (both historic dollar value and any principal contributions, accumulations, additions, or reinvestments) allocable to the Fund, net of the fees and expenses set forth in this Agreement, may be committed, granted, or expended pursuant to the distribution (or spending) policy of Legacy Foundation, as such policy may be amended from time to time by Legacy Foundation, solely for the purposes described in this Agreement. In addition, all Fund assets shall be available to make payments in support of previously approved educational scholarships (for example, a four-year scholarship awarded with the understanding that scholarship payments will continue as long as the recipient remains in good standing with a particular grade point average). Legacy Foundation’s 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 educational, charitable, and similar purposes of such endowments.

If any gift to Legacy Foundation for the Fund is accepted subject to conditions or restrictions as to the use of the gift or income therefrom, such 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 educational, charitable, or other exempt purposes of Legacy Foundation or the needs of the community served by Legacy Foundation. No distribution shall be made from the Fund that may in the judgment of Legacy Foundation jeopardize or be inconsistent with Legacy Foundation’s Code section 501(c)(3) status or result in the imposition of any excise tax, penalty, or other tax, fine, or assessment under the Code.

**4. SCHOLARSHIP ADVISORY COMMITTEE AND CRITERIA.** Until the last to die of (i) the surviving Donor and (ii) the Donor Representative (if any) (as defined below), Legacy Foundation shall establish a Scholarship Advisory Committee (the “Committee”) for the purpose of providing advice and recommendations to Legacy Foundation with respect to proposed recipients of educational scholarships from the Fund and shall appoint members of the Committee as provided below. The final selections of recipients shall be made by Legacy

Foundation subject to Legacy Foundation's objective and nondiscriminatory selection criteria for awarding scholarships to individuals, such criteria previously having been approved by the Board consistent with Code section 4945(g) and corresponding Treasury Regulations. The following guidelines shall be followed in establishing and conducting the affairs of the Committee:

- a. Legacy Foundation shall consider and may appoint to membership on the Committee either (i) one or both Donors or (ii) one representative (the "Donor Representative") jointly identified and nominated by Donors, or identified and nominated by the Donor who is last to survive. An appointed Donor or appointed Donor Representative shall participate with the other members of the Committee in recommending to the Foundation proposed scholarship recipients consistent with the purposes described in this Agreement.
- b. At no time shall Donors or the Donor Representative, in combination with any persons related to either Donor or the Donor Representative, constitute a majority of the Committee's membership or otherwise directly or indirectly control the Committee.

**5. RECOMMENDATIONS FOR DISTRIBUTIONS.** Subject to Legacy Foundation's principles and procedures for advised funds, the commitments, grants, or expenditures from the Fund contemplated in this Agreement shall be made at such time or times and in such amount or amounts as may be determined by Legacy Foundation; provided, however, that the Committee (if any) may from time to time submit to Legacy Foundation the names of proposed recipients for educational scholarships from the Fund. All recommendations from the Committee shall be solely advisory, and Legacy Foundation may accept or reject them, applying reasonable standards and guidelines with regard thereto.

**6. ADMINISTRATIVE PROVISIONS.** Notwithstanding anything herein to the contrary, Legacy Foundation shall hold and administer the Fund, and all contributions and assets allocable to the Fund, subject to the provisions of applicable law and Legacy Foundation's Articles of Incorporation and Bylaws, as amended from time to time. The Board shall oversee distributions from the Fund and shall have all powers of modification and removal specified in United States Treasury Regulation section 1.170A-9(f)(11)(v)(B) or corresponding provisions of any subsequent federal tax laws.

The Board agrees to provide Donors a copy of any annual examination of the finances of Legacy Foundation as reported 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.

**7. CONDITIONS FOR ACCEPTANCE OF GIFTS.** Donors agree and acknowledge that the establishment of the Fund is made in recognition of, and subject at all times to, applicable law and the terms and conditions of the Articles of Incorporation and Bylaws of

Legacy Foundation, as amended from time to time, and that 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 Donors' direction; and
- c. Amendments.

**8. CONTINUITY OF THE FUND.** The Fund shall continue so long as assets are available in the Fund and the purposes of the Fund can be served by its continuation. If the Fund is terminated, Legacy Foundation shall use any remaining assets in the Fund exclusively for educational, charitable, or other exempt purposes that:

- a. are within the scope of the educational, charitable, and other exempt purposes of Legacy Foundation; and
- b. most nearly approximate, in the good faith opinion of the Board, the original purpose of the Fund.

**9. NOT A SEPARATE TRUST.** The Fund shall be a component part of Legacy Foundation. All money and property in the Fund shall be held as general assets of Legacy Foundation and not segregated as trust property of a separate trust.

**10. ACCOUNTING.** The receipts and disbursements of the Fund shall be accounted for separately and apart from those of other gifts to Legacy Foundation.

**11. INVESTMENT OF FUND ASSETS.** Legacy Foundation shall have all powers necessary, or in its judgment desirable, to carry out the purposes of the Fund including, but not limited to, the power to retain, invest, and reinvest the assets of the Fund and the power to commingle the assets of the Fund for investment purposes with those of other funds or Legacy Foundation's general assets. **Funds may be invested in uninsured securities and are subject to investment risks that may result in loss of value.**

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

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**Execution**

**IN WITNESS WHEREOF**, Donors and Legacy Foundation, by a duly authorized officer, have executed this Agreement as of the day and year first above written.

DONORS:

\_\_\_\_\_  
Donor

\_\_\_\_\_  
Donor

LEGACY FOUNDATION, INC.:

By: \_\_\_\_\_

Title: \_\_\_\_\_

**Board Approval Date:** \_\_\_\_\_

**EXHIBIT A**

LIST OF INITIAL DONATIONS TO FUND

Cash: \_\_\_\_\_

Publicly Traded Securities:

Other:

Governance Committee: 1/20/2016  
Board Approval of Template: 2/2/2016