

# THE PHILADELPHIA FOUNDATION

The Power of Endless Possibilities™

## ADVISED SCHOLARSHIP FUND AGREEMENT

THIS FUND AGREEMENT (“Agreement”) is made this \_\_\_\_\_ day of \_\_\_\_\_ 2015, between THE PHILADELPHIA FOUNDATION, a community foundation (“Foundation”), and \_\_\_\_\_ (“Donor”), to establish a scholarship fund of the Foundation.

### 1. Creation of the Fund.

Initial Contribution. The Donor hereby contributes \$ \_\_\_\_\_ to the Foundation to create the \_\_\_\_\_ Fund (“Fund”). The Donor or any other person may make a subsequent contribution to the Fund, upon approval of the Foundation. All contributions to the Fund shall be administered pursuant to the terms and conditions of this Agreement. The Fund shall be held by The Philadelphia Foundation, Inc.

### 2. Purpose of Fund.

(a) The purpose of the Fund is to provide scholarships for students who meet the **eligibility and selection criteria set forth by the Donor and maintained as part of the permanent records of the Fund at the Foundation.**

(b) In the event that there is no Scholarship Recommendation Committee (as referenced in section 3(e)) to advise on distributions from the fund, the Donor/Advisor can do one of the following. Please initial next to your selection:

- \_\_\_\_\_ i. Recommend that the Foundation make distributions from the Fund to \_\_\_\_\_ (the “Institution(s)”) to provide scholarships according to the **eligibility and selection criteria set forth by the Donor and maintained as part of the permanent records of the Fund at the Foundation.** The Foundation will re-classify the Fund based on the institution’s ability to assume the responsibility of receiving the scholarship payment and the Fund will be charged the appropriate scholarship service fee.
- \_\_\_\_\_ or \_\_\_\_\_ ii. Recommend that the Fund become a fully managed scholarship for which the Foundation assumes complete responsibility for the administration of the scholarship application process and the recommendation of recipients based on the **eligibility and selection criteria set forth by the donor and maintained as part of the permanent records of the Fund at the Foundation.** The Fund will be charged a higher scholarship service fee due to the additional administrative work required.

(c) In the event that it becomes unnecessary, undesirable, impractical or impossible to utilize funds for such purposes or to comply with any other condition of this Agreement, the Foundation shall have the right to utilize the funds for such charitable purposes, or to modify such conditions, as it deems appropriate in accordance with its governing instruments.

### 3. Distributions from the Fund.

(a) The Fund shall be endowed, and the Foundation will make an annual distribution from the Fund calculated in accordance with the Foundation’s Spending Policy as determined from time to time by the Foundation’s Board of Managers. This distribution includes any distribution for scholarships and the Foundation's administrative fee.

(b) If the Fund balance has not reached the (b) minimum distribution level (“Distribution Threshold”) for funds of this type, i.e., \$25,000, only the administrative fee shall be distributed from the Fund.

(c) If the Minimum Distribution Level is not reached within three years, the Foundation, upon approval of the Board of Managers, has the right, using its variance power, to close the Fund and transfer the assets to the Foundation's General Scholarship Fund.

(d) When the Fund reaches the Distribution Threshold or when the first grant distribution is made – whichever comes later – the Fund shall be assessed an additional annual scholarship service fee by the Foundation. The scholarship service fee shall be a percentage of the value of the Fund calculated in the same manner as the Spending Policy and shall be paid from the Fund in addition to the distribution pursuant to the Spending Policy under Section 3(a) above.

(e) The Foundation reserves the right to revise its Spending Policy and fees at any time.

(f) The Foundation shall consult with Scholarship Recommendation Committee ("Committee"), which shall be selected by the Foundation and which may include the Donor, and any successors suggested in writing by the Donor ("Advisors"). The Advisors shall be a minority of any such Committee. The Foundation shall operate the Committee in accordance with such policies and procedures as it develops from time to time.

(g) If the Advisors do not participate in advising the Foundation for any consecutive period of three years, the Foundation may, after notice to the Advisors at the last addresses given to the Foundation, terminate their right to participate in the Committee. If there are no Advisors with the right to participate in advising the Foundation, the Foundation may thereafter administer the Fund without the advice of a Committee, subject to the provisions of this Agreement.

#### **4. Administration.**

(a) The Foundation shall administer the Fund in accordance with the terms of this Agreement, under and subject to the Foundation's governing instruments, as amended from time to time, and in accordance with procedures for the administration of similar funds of the Foundation, including charges for Foundation services. The Fund, and distributions from the Fund, shall be subject to the ultimate control and absolute discretion of the Foundation.

(b) No distribution shall be made from the Fund to satisfy a pledge or other commitment of the Donor, advisors, parties related to the Donor, or any other person with the right to advise the Foundation on distributions from the Fund.

(c) The Fund is intended to be a component part of the Foundation.

(d) Charges shall be assessed against the Fund consistent with the charges assessed from time to time against similar funds of the Foundation. The current fee is 2.5%.

#### **5. Agreement Irrevocable; Limited Power of Amendment.**

This Agreement is irrevocable. For the sole purpose of ensuring that the Fund qualifies as a component part of the Foundation for federal tax purposes, however, the Foundation acting alone shall have the power to modify the terms of this Agreement to the extent necessary to ensure such qualifications.

#### **6. Controlling Law**

This agreement shall be governed in all respects by the laws of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, the Foundation and the Donor have executed this Agreement.

Attest:

**THE PHILADELPHIA FOUNDATION**

\_\_\_\_\_

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

Authorized Officer

Witness:

**DONOR**

\_\_\_\_\_

\_\_\_\_\_ Date: \_\_\_\_\_

SAMPLE