Agreement to Establish a Scholarship Fund

Re: The Scholarship Fund

A scholarship fund is hereby established within the Northern Piedmont Community Foundation (“NPCF”), which shall be known as the

The Scholarship Fund,

Initial contributions to the Fund will be made according to the attached Schedule A. This property constitutes an irrevocable gift to NPCF upon acceptance of the gift by the Community Foundation. Distributions from the Fund shall be paid as scholarship(s) for the benefit of See Attachment B. Such distributions shall be made according to the attached scholarship guidelines of NPCF. The scholarships shall be awarded through the NPCF Scholarship Committee according to the attached criteria.

It is understood that the minimum amount for a Scholarship Fund within the Northern Piedmont Community Foundation is $15,000. “Step-up funds” may be established with an initial contribution of $5,000 to build to $15,000 minimum within three years. If the Fund fails to reach $15,000 within three years, the Board of Directors of the Northern Piedmont Community Foundation (the Board) may combine these funds with other unrestricted funds of the Northern Piedmont Community Foundation. No charitable disbursements will be paid until a “step-up fund” reaches $15,000.

The Fund may also include additional property received at any time by NPCF from any source, which has been designated to be part of the Fund and accepted by NPCF for inclusion in the Fund. All future accruals, accumulations, interest, dividends and other capital growth of any nature, less all management fees, will be applied by the Northern Piedmont Foundation to the Fund in accordance with the accounting policies of the foundation, consistently applied.

All distributions made from the Fund shall be in accordance with the spending policy of the Northern Piedmont Community Foundation as approved by the Board of Directors of the Northern Piedmont Community Foundation (the Board) from time to time.

NPCF may rely upon the relevant Treasury Regulations to modify restrictions and conditions that in effect become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served within the sole discretion of the Board of Directors of NPCF.

NPCF may rely upon the Uniform Prudent Management of Institutional Funds Act and model code regarding modification of donor restrictions including any subsequent law passed by the General Assembly of Virginia and the consent of the donor to modify restrictions that become unlawful, impracticable, impossible to achieve, or wasteful. This Agreement is the donor's record of consent. NPCF shall follow the processes and procedures required by the Virginia Code and subsequent laws passed by the General Assembly of Virginia.

The Northern Piedmont Community Foundation will provide all appropriate accounting and financial management services associated with the Fund and shall select the investment advisor(s) for the Fund.

The Fund will be an integral component of the Northern Piedmont Community Foundation. Accordingly, the assets of the Fund and all additions thereto from whatever source shall be credited, net of all other management and other administration expenses, which shall be allocated among all of NPCF’s funds as determined in accordance with the accounting policies of NPCF, consistently applied. No separate portfolio of assets shall be held solely for the Fund but, rather, the Fund shall participate in the investment performance results of the Northern Piedmont Community Foundation, overall.

The Fund shall be a component part of the endowment of the Northern Piedmont Community Foundation and not a separate trust, and nothing in this Agreement shall affect the status of the Northern Piedmont Community Foundation as an organization described in Section 501(c)(3) of the Code, and as an organization which is not a private foundation within the meaning of Section 509(a) of the Code. This Agreement shall be interpreted in a manner consistent with the foregoing intention and so as to conform to the requirements of the Code and the regulations issued pursuant thereto. The Northern Piedmont Community Foundation is authorized unilaterally to amend this Agreement to conform to provisions of any applicable law or government regulation in order to carry out the foregoing intention. References herein to provisions of the Code shall be deemed references to the corresponding provisions of any future Internal Revenue Code or regulations promulgated there under.

Donor(s):\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date

Accepted as of this \_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_.

Northern Piedmont Community Foundation

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

Jane Bowling-Wilson, Executive Director Date

Anonymous Fund? (Check one) \_\_\_Yes \_\_\_No

**Scholarship Fund Agreement**

Schedule A

Pursuant to the Agreement dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, description of property delivered to: The Northern Piedmont Community Foundation.

Property Description:

It is understood that the Northern Piedmont Community Foundation, for its services will assess the fund an annual administrative fee. Such fee will be governed by the fee schedule in effect at the time services are rendered.

Grant of $:

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Attachment B

(this is all created by the donor and executive director and is custom to the scholarship)

The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Scholarship Fund for the benefit of:

* Students who are residents in \_\_\_\_\_\_\_\_\_\_ County and attending a public high school.
* A graduate or a candidate for high school graduation at the end of the current academic year.
* Students pursuing a career in \_\_\_\_\_\_\_\_\_ and/or \_\_\_\_\_\_\_\_and/or other careers that relate to \_\_\_\_\_\_\_\_\_\_\_.

First priority is given to students who:

1. demonstrate financial need.
2. Demonstrate academic merit.

Students should:

1. demonstrate good academic standing,
2. have community service experience and/or work experience and
3. possess an academic record that displays initiative, and
4. show a commitment to their chosen field of study.

The \_\_\_\_\_\_\_\_\_\_\_ Scholarship Fund Criteria:

* Student applications are reviewed by the NPCF Scholarship Committee under the rules and regulations of the NPCF committee.
* Student criteria will be developed above. The donor will be apprised of the selection of the committee and have an opportunity to review the applications if requested.

Northern Piedmont Community Foundation

Scholarship Selection Process and Selection Committee

The Northern Piedmont Community Foundation (NPCF) scholarship funds award post- secondary scholarships to students as part of its grant making and is pursuant with its mission to benefit the community.

Scholarship funds must satisfy certain conditions including NPCF Board appointment of members to the selection committee and NPCF Board approval of the selection process.

Scholarship Committee

The Scholarship Committee’s primary responsibility is to oversee the scholarship activities that include outreach, development and selection of scholarships for qualifying students. The NPCF Board of Directors approves the Scholarship Committee, the scholarship selection process and the scholarship recipients.

The Scholarship Committee is comprised of a diverse representation of the community to include knowledge of the school system and higher education. Donors, Donor appointees and related parties are not permitted to sit on the Scholarship selection committee. Members of the Scholarship Committee disclose any conflicts of interest and adhere to the NPCF’s conflict of interest policy. The members of the committee and the selection process have been developed to insure an objective and nondiscriminatory process. Scholarship Committee Members are to review the scholarship applications for all scholarship funds., unless specified in the contract that a different review policy is approved. This may be relevant for scholarships moved to community colleges or administered through school scholarship procedures.

Scholarship Award Selection Process

* Outreach
  + To school guidance departments and NPCF newsletter
* Thorough, Objective and Nondiscriminatory Review
  + NPCF staff screens applications for completion
  + Applications rated by Scholarship Committee, using an objective rating form with weighted scoring (Committee members do not review students they personally know)
  + Scholarship Committee selects best match and makes recommendation to NPCF Board of Directors
  + NPCF Board of Directors vote on approval of scholarship awards
  + Students accept scholarship awards
  + Donors notified of recipients
* Payment sent to Educational Institution
  + Scholarship check mailed to school specifying the funds are for cost of attendance including tuition, fees, room and board and other educational expenses.

RESOLUTION

Scholarship Fund Procedure Clarification Statement

WHEREAS, The Northern Piedmont Community Foundation (NPCF) has funds that were established for the purpose of providing scholarships and other charitable awards to individuals; and

WHEREAS, federal legislation enacted in August 2006 amends certain provisions of the Internal Revenue Code of 1986, as amended (the “Code”), prohibiting donor advised funds, as defined in Code Section 4966 (“Section 4966 Donor Advised Funds”), from making grants to individuals; and

WHEREAS, Code Section 4966(d)(2)(B)(ii) excepts certain scholarship and award funds from the definition of Section 4966 Donor Advised Funds, provided such grants are made in accordance with certain protocols (“Section 4966 Scholarship Funds”); and

WHEREAS, these protocols require, inter alia, that all grants to individuals be “awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance by the board of directors of the sponsoring organization, and such procedure is designed to ensure that all such grants meet the requirements of paragraphs (1), (2), or (3) of section 4945(g)”;

BE IT HEREBY RESOLVED, that all grants made to individuals from Section 4966 Scholarship Funds of NPCF shall be made only for the purposes set forth in Code Section 4945(g)(1), (2) or (3), or as otherwise authorized by law; and

FURTHER RESOLVED, that all grants to individuals from Section 4966 Scholarship Funds of NPCF will be made on an objective and nondiscriminatory basis from a pool of persons chosen on the basis of criteria reasonably related to the purposes of the particular fund from which the grant is made (for this purpose, limitations based on sex, religion, or race are permitted where not contrary to public policy); and

FURTHER RESOLVED, that no employee of NPCF, nor any member of a selection committee recommending grants to individuals, may derive, directly or indirectly, a private benefit in connection with a grant from a Section 4966 Scholarship Fund; and

FURTHER RESOLVED, that NPCF hereby adopts the already established “Northern Piedmont Community Foundation Scholarship Selection Process and Selection Committee” document (attached and hereinafter referred to as the “Procedures”), which is made a part hereof, in order to insure that grants to individuals from Section 4966 Scholarship Funds meet the requirements of Code Section 4945(g)(1), (2), and (3) and Code Section 4966; and 2. 2

FURTHER RESOLVED, that the Board of Directors of NPCF be, and hereby is, authorized and empowered to appoint, or cause to be appointed, selection committees to enable Section 4966 Scholarship Funds to qualify for the exception to the definition of a donor advised fund under Code Section 4966 and to make non-material changes to the Procedures; and

FURTHER RESOLVED, that the Board of Directors of NPCF be, and hereby is, authorized and empowered to approve or cause to be approved grants hereunder, and each such officer is authorized and empowered to take such other and further action as he or she shall deem necessary or desirable in order to carry out the foregoing.