



## **Knox County Foundation**

Instrument of Transfer

### **ENTER NAME Scholarship Fund**

Endowed Scholarship Fund

This agreement is made this \_\_\_\_day of \_\_\_\_\_, 202\_, by DONOR NAME (hereinafter identified as “Donor”) and the Knox County Foundation (hereinafter identified as “Foundation”), to establish a Scholarship Fund. The Fund, to be known as **ENTER NAME Scholarship Fund** (hereinafter identified as the “Fund”), will be an endowed scholarship fund subject to the following provisions. It is acknowledged by the Donor that the establishment and administration of the Fund is subject to the resolutions and policies of the Foundation, as amended from time to time, governing scholarship funds.

#### **Purpose of Fund**

The Fund is being established by the Donor for the exclusive purpose of providing scholarships for students to further their education at an accredited college, university or technical school. The Fund will provide scholarship assistance to **ENTER SUMMARY TERMS**. Additional scholarship guidelines are provided in Attachment A of this agreement.

#### **Delivery of Irrevocable Gift**

Delivery of property to the Fund shall constitute an irrevocable gift to the Foundation upon acceptance by the Foundation. The Fund shall include the property this day received from the Donor. In addition, the Donor and any individual, corporation, or organization may at any time donate property to this Fund, if such property is determined acceptable by the Foundation. The initial gift, and all subsequent gifts, will be subject to the same terms and conditions set forth within this agreement instrument. The Donor specifically desires principal of the fund (gifts) to remain intact in perpetuity.

Gifts to the fund will be considered endowed gifts to be held in perpetuity unless the donor specifically states the gift, or a portion therein, is available for immediate distribution per the fund purpose. If the cumulative gifts received by the fund do not exceed the current minimum value required to establish an endowed fund, the entire fund, including gift principal, balance may be distributed consistent with the purpose of the fund.

#### **Operation of Fund**

Donor understands and acknowledges that the Fund will be administered by the Foundation per the following terms and conditions:

- Scholarships will be distributed from Fund Assets not less than once annually for the purposes stated in this agreement. Fund Assets shall be herein defined as the amount distributable under the Foundation’s Spending Policy (Attachment B), and may be amended as determined appropriate by the Foundation’s Board.



- It is intended that the Fund herein established will be continued as long as the need therefore exists and money or property is available in the Fund for this purpose. In the event that the Foundation's Board finds that circumstances and conditions shall exist such as to render unnecessary, undesirable, impractical or impossible to implement the Fund as contained in the Agreement, the Foundation Board shall have the right to exercise its variance power to use such funds for other charitable purposes as most nearly approximates the purpose of the Fund.
- The Fund shall at all times be the property of the Foundation owned by it in its normal corporate capacity. In such capacity, the Foundation shall have the ultimate authority and control over all property in the Fund, and the income derived there from, for the charitable purposes of the Foundation. The Fund shall be a component part of the Foundation as defined in Treasury Regulation 1.70A-9(e)(11)(ii) and shall not be deemed a separate trust and shall not be held by the Foundation in a trust capacity.
- The Fund shall be presumed to be intended to be used only for scholarship purposes and to be used in such a manner as not to disqualify any contribution from deduction as a charitable contribution in computing any federal income, gift, or estate tax of a donor or donor's estate and not to disqualify the Foundation from exemption from federal income tax as a qualified charitable organization described in Section 501(c)(3) and 501(a)(1) of the Internal Revenue code and shall not be otherwise applied.
- Foundation shall have full authority and discretion as to the investment and reinvestment of the assets of the Fund. The assets of the Fund may be co-mingled for investment purposes and the Foundation may delegate investment management to Foundation committees and officers, Foundation employees, or contract with independent third parties.
- Foundation will keep accurate financial records related to the administration and management of this Fund and shall provide Donor reports on the activity of the fund.
- Foundation will assess in accordance with its adopted policy an annual fee to satisfy the administrative and investment costs of this Fund. The Foundation reserves the right to amend its fee schedule, but only as part of a policy change that affects all such scholarship funds with the Foundation.
- This agreement shall be interpreted in a manner consistent within the foregoing intentions and so as to conform to the requirements of the foregoing provisions of the federal tax laws and any regulations issued pursuant thereto. Foundation is authorized to retroactively amend this agreement to conform to the provisions of any applicable law or government regulation in order to carry out the provisions contained herein.

### Acceptance of Agreement

By execution of the Agreement, Donor and Foundation signify their acceptance of the terms and conditions as set forth herein.

**Donor**                      **By:** \_\_\_\_\_  
Donor Name

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

**Foundation**              **By:** \_\_\_\_\_  
Jeffrey Scott, Executive Director  
Knox County Foundation

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

## Attachment A

### Scholarship Guidelines



## **Attachment B**

### **Spending Policy**

**Background:** The Knox County Foundation's ("Foundation") annual distribution to charitable beneficiaries of endowment funds is determined by a board-approved payout rate known as the "Spending Policy". The Spending Policy for each fund is calculated by applying the payout rate to the average market value as of December 31 of each endowment fund over the 12 preceding quarters (or quarters in existence for new funds with less than 12 quarters of activity).

The use of the Spending Policy provides for a disciplined stream of income to charitable beneficiaries. It restrains spending in years when total return on funds (growth and income) exceeds the charitable payout, providing for growth of principal and enables level spending in under-performing markets.

The intent of the Spending Policy is to provide reasonably stable grants while preserving the inflation-adjusted value of funds. The Spending Policy developed considers the Foundation's dual responsibility to pay out charitable distributions and to perpetuate endowments entrusted to it by donors.

**Policy:** The Foundation shall consider the following factors in making a determination for appropriate expenditures:

- 1) The duration and preservation of the endowment fund(s);
- 2) The purposes of the institution and the endowment fund(s);
- 3) General economic conditions;
- 4) Projected effect of inflation or deflation;
- 5) The expected total return from income and appreciation of investments;
- 6) The investment policy of the institution.

The Foundation initially adopted a Spending Policy based upon average market value over 12 preceding quarters in 2005. The terms of the current Spending policy as approved by the Board of Directors are as follows:

The Foundation's Spending Policy for endowed funds is 4.5% of the average market value over the 12 preceding rolling quarters (or quarters in existence for new funds with less than 12 years of activity). The 4.5% rate represents the maximum amount of charitable distributions allowable for an endowed fund for a calendar year.

Non-endowed funds, including special project, short-term, operating and other related funds are not subject to this Spending Policy. Donor-advised Fund Spending Policy is based on each individual fund agreement. A donor-advised fund may be endowed, non-endowed, or partially endowed.

**Administrative & Investment Fees:** All funds held by the Foundation are subject to an Administrative and Investment Fee to provide an income stream to cover operational expenses and investment manager costs. The assessed fee for all funds is calculated and paid quarterly, using the fair market value of the most recent quarter-end, not the 12-quarter rolling quarter average balance used for charitable payout. The approved inclusive fee to be charged for all funds, except for Scholarship Funds, is 1% annually. Scholarship Funds with a balance below \$50,000 are assessed a 1.5% annual fee, those with a fund balance between \$50,000 and \$250,000 are assessed a 1.25% annual fee, and those with a fund balance above \$250,000 are assessed a 1% annual fee. The minimum annual fee for any Scholarship Fund is \$100.



**Other Information (UPMIFA):** The state of Ohio adopted the Uniform Management of Institutional Funds Act (UPMIFA) in 2009. Under UPMIFA, the Foundation may expend so much of an endowment fund, including historic gift dollar value, as it considers prudent while considering factors including future appreciation. In addition, the Ohio version of UPMIFA establishes a “safe harbor” annual spending limit of 5% of the fund’s average value over the preceding 12 quarters. In general, the Foundation’s Spending Policy will likely be between 3 – 5% based upon historical return activity and projected future returns. When total return for a year is less than allocated spendable income, distributions from fund assets will be assumed from prior year unspent return before historic gift dollar value is spent.

**Spending Policy Approval:** On an annual basis, the Investment Committee shall review the most recently adopted Spending Policy. Based upon identified factors above, the investment committee shall make a recommendation to the Foundation Board as to whether the policy shall remain unchanged or be amended based upon historical and projected investment returns. Based on the investment committee’s recommendation, the Board shall determine whether a revision to the Spending Policy is required.

Adopted Date: 02/09/2005

Revised Date: 02/10/2016 – Spending Policy increased from 4.0% to 4.5%

Revised Date: 02/04/2024 – Administrative and Investment Fees amended for scholarship funds

Last Reviewed Date: 10/26/24