

**ENDOWED, QUASI-ENDOWED AND PROVISIONAL DONOR-ADVISED FUND  
AGREEMENT  
BETWEEN THE CHESTER COUNTY COMMUNITY FOUNDATION  
AND xxx**

THIS AGREEMENT, made and entered into by and between THE CHESTER COUNTY COMMUNITY FOUNDATION, INC. (the “Foundation”), and xxx (hereinafter referred to as the “Founding Contributors”),

**WITNESSETH:**

WHEREAS the Founding Contributors desire to create a permanently endowed, donor-advised fund (with a provisional fund component as well as a quasi-endowed component) within the Chester County Community Foundation; and

WHEREAS, the Foundation is a non-profit Pennsylvania corporation 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 fund; and

WHEREAS, the Foundation is willing and able to create this fund, subject to the terms and conditions hereof;

NOW THEREFORE, the parties agree as follows:

1. **NAME OF THE FUND.** There is hereby established in the Foundation, and as a part thereof, a fund named the “xxx” (hereinafter referred to as the “Fund”), designated to receive gifts, in whatever form of money or property, and to administer the same.
2. **PURPOSE.** The purpose of this Fund shall be to make distributions for charitable purposes to nonprofit organizations and other charitable causes as recommended by the Fund Advisors and approved by the Board of the Community Foundation.
3. **GIFTS.** The Founding Contributors will transfer irrevocably to the Foundation assets to establish the Fund. Subject to the right of the Foundation to reject any particular gift, any person whether an individual, corporation, trust, estate or organization (hereinafter referred to as “Donor”) may make additional gifts to the Foundation for the purposes of the Fund by a transfer to the Foundation of property acceptable to the Foundation in whole or in part for the Fund. All such gifts, bequests and devises to this Fund shall be irrevocable once accepted by the Foundation.

The donors will instruct the Foundation as to whether the contribution will be added to the endowed component, the quasi-endowed component, or the provisional component of this Fund. Absent such an instruction, the contribution once accepted by the Foundation will be added to the endowed fund.

4. **DISTRIBUTION.**

(a) The advisor/s for this Fund will be xxxxx.

(b.1.) Within 12 months following the end of the Foundation’s fiscal year (6/30), up to 5% of the year-end asset value of the **Endowed Component** of this Fund may be

distributed to fulfill the purpose of this Fund.

(b.2.) Within 12 months following the end of the Foundation's fiscal year (6/30), up to 20% of the year-end asset value of the **Quasi-Endowed Component** of this Fund may be distributed to fulfill the purpose of this Fund.

(b.3.) Portions up to 100% of the **Provisional Component** of this Fund may be granted out at any time.

(c) The advisor may designate in writing a successor advisor, to advise the Foundation in the event of withdrawal, incapacity or death of the advisor. In the event that no one advises the Foundation on the distribution of the Fund for three consecutive years, the Foundation may deem that no one has an interest in advising with respect to the Fund, and may terminate such rights after written notice to the last known address of the last designated fund advisor. In that case, the Board of Directors of the Foundation will assume responsibility for making grant distributions in alignment with the Purpose as outlined above and from a review of any grant history.

(d) Per IRS regulations, donor-advised funds cannot be used to pay for dues, memberships, benefit tickets, golf tournaments, irrevocable pledges or tithes, or to pay for other events or activities for which advisors or others will receive personal benefits.

(e) Both the principal and interest of the Fund must be committed, granted or expended for purposes described in Code Section 170(c)(2)(b) to organizations described in Code Sections 509(a)(1), (2), (3).

(f) If any gifts to the 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 Foundation's Board of Directors (hereinafter "the Board") to vary the terms of any gift if continued adherence to any condition or restriction is in the judgment of the Foundation's Board of Directors unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by the Foundation. No distribution shall be made from the Fund to any individual or entity if such distribution will, in the judgment of the Foundation, endanger the Foundation's Code section 501(c)(3) status.

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

The Board agrees to provide the Founding Contributors, at their request, a copy of the annual audit of the finances of the Foundation as reported upon by independent certified public accountants.

The Foundation will also report to the advisors, at least quarterly, the status of the Fund including contributions received, fees charged, interest earned by the endowed and/or quasi-endowed components, and distributions made during the prior quarter.

6. **CONDITIONS FOR ACCEPTANCE OF FUNDS.** Founding Contributors 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 Articles of Incorporation and Bylaws of the 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 limitation, provisions for:

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

7. **CONTINUITY.** The Fund shall continue during the lifetime of the Founding Contributors, and for perpetuity under the direction of named successor fund advisers so long as assets are available in the Fund and the purposes of the Fund can be served by their continuation. If the Fund is terminated, the Community Foundation shall devote any remaining assets exclusively for charitable purposes that:

(a) are within the scope of the charitable purposes of the Foundation's Articles of Incorporation; and,

(b) most nearly approximate, in the good faith opinion of the Board, the original purpose of this Fund.

8. **NOT A SEPARATE TRUST.** The Fund shall be a component part of the Foundation. All money and property in the Fund shall be held as general assets of the Foundation and not segregated as trust property of a separate trust; provided that for purposes of determining the share of the Foundation's earnings allocable to the Fund and the value of the principal of the Fund, the interest of the Fund in the general assets of the Foundation shall be a percentage determined by dividing the gifts to the Fund by the then value of the total assets of the Foundation, such percentage interest being subject to adjustment at the time of each addition to or reduction of the assets of the Foundation.

9. **ACCOUNTING.** The receipts and disbursements of this Fund shall be accounted for separately and apart from those of other gifts to the Foundation. The Foundation shall provide for an annual independent audit of this and all other Funds under management.

10. **INVESTMENT OF FUNDS.** The 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 endowed assets of the Fund.

11. **COSTS OF THE FUND.** It is understood and agreed that the Foundation is to be paid for its services hereunder and that said compensation is to be paid from the assets of the Fund. A fee schedule is included as Attachment A. The Board of Directors at their discretion may revise the attached fee schedule pursuant to notice of such fee revision provided to the Fund Advisors. The compensation of the Foundation is to be calculated and paid prior to any distributions made pursuant to paragraph 4 above. Any investment fees that may be charged by the Fund's investment manager(s) will be deducted prior to reporting the net earnings of the endowed Fund.

IN WITNESS WHEREOF, the Founding Contributors have executed this Agreement and the 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 written.

**FOUNDING CONTRIBUTOR/S:**

Name: \_\_\_\_\_ Name: \_\_\_\_\_

**CHESTER COUNTY COMMUNITY FOUNDATION, INC.:**

President/CEO: \_\_\_\_\_

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

**ATTACHMENT A: FUND FINANCIAL POLICIES**

It is understood and agreed that the Foundation is to be paid for its services hereunder and that said compensation is to be paid from the assets of the Fund. The Foundation shall be paid an amount based on the graduated scale noted below. The Board of Directors at their discretion may revise the following schedule pursuant to notice of such revision provided to the Fund Advisors.

**ENDOWED FUNDS: designed to last for perpetuity**

**Fees:** Charged quarterly, based on endowed fund balance:

*For fund balances up to \$1,000,000*                      *1.0% annually (25 basis points quarterly)*  
*For balances between \$1 million-\$5 million*                      *.75% annually (18.75 basis points quarterly)*  
*For balances over \$5 million*                      *.50% annually (12.50 basis points quarterly)*

**Earnings:** Endowed funds earn their pro-rated share of invested returns, net of manager’s fees, posted monthly.

**Spending Policy:** 5% of the June 30 balance can be granted annually.

**QUASI-ENDOWED FUNDS: designed to last for several years and/or for a larger annual grants payout**

**Fees:** Charged quarterly, based on endowed fund balance.

*For fund balances up to \$1,000,000*                      *1.25% annually (31.25 basis points quarterly)*  
*For balances between \$1 million-\$5 million*                      *1.0% annually (25 basis points quarterly)*  
*For balances over \$5 million*                      *.75% annually (18.75 basis points quarterly)*

**Earnings:** Quasi-endowed funds earn their pro-rated share of invested returns, net of manager’s fees.

**Spending Policy:** 20% of the June 30 balance can be granted annually.

**ENDOWED SCHOLARSHIP FUNDS:**

**Fees:** 2% per year on fund balance, calculated quarterly on average daily balance for that quarter

**Earnings:** All endowed funds earn their pro-rated share of invested returns, posted monthly.

**Spending Policy:** 5% of the June 30 balance can be granted annually.

**PROVISIONAL FUNDS: designed for short-term**

**Fees:** One-time charge, calculated at the time such gifts are donated:

*For contributions up to \$500,000*                      *2.50%*  
*For the next \$500,000*                      *2.00%*                      *(\$500,001 through \$1,000,000)*  
*For the next \$500,000*                      *1.50%*                      *(\$1,000,001 through \$1,500,000)*  
*For the next \$500,000*                      *1.00%*                      *(\$1,500,001 through \$2,000,000)*  
*For the next \$500,000 and up*                      *.75%*                      *(\$2,000,001 and up)*

**Earnings:**

Provisional funds with balances below \$1 million do not earn interest.

Provisional funds with balances over \$1million earn a pro-rated 50% share of interest/earnings for the amounts over \$1 million, to be allocated at least quarterly to the fund.

**Spending Policy:** Quarterly provisional fund grant distributions are encouraged. Additional fees may be assessed for provisional funds making more than 24 grant distributions annually. Provisional funds are designed to spend all of the principal in the form of grants, at some point.

**FUND RAISING EVENT – FISCAL SPONSORSHIP:**

**Fees:** 5% of contributions, calculated at the time such gifts are donated.

**Earnings and Spending Policy** for endowed or provisional funds apply as appropriate.

**FOUNDING CONTRIBUTOR/S:**

Name: \_\_\_\_\_ Name: \_\_\_\_\_  
**CHESTER COUNTY COMMUNITY FOUNDATION, INC.:**  
President/CEO: \_\_\_\_\_ Date: \_\_\_\_\_