

**(NAME OF NONPROFIT) PROJECT FUND  
OF  
EAST TEXAS COMMUNITIES FOUNDATION**

1. **Agreement** - This agreement is made on this date of \_\_\_\_\_, between \_\_\_\_\_ (the "Nonprofit") and East Texas Communities Foundation, Inc. (the "Foundation").
2. **Fund Name** - The Nonprofit hereby contributes the assets listed in Addendum I to the Foundation to establish a nonprofit project fund to support the charitable or educational purposes of the Nonprofit, and to be known as the \_\_\_\_\_ Project Fund (the "Fund").
3. **Purpose** - The purpose of the Fund shall be to support the Nonprofit for the following charitable project or program \_\_\_\_\_ in (geographic location) \_\_\_\_\_. The Foundation shall ensure that all grants from the Fund fall within the Purpose of the Fund.
4. **Distributions** - Distributions from the Fund shall be made only to the Nonprofit, or its successor, which meets the requirements of a public charity as defined by 170(b)(1)(A) of the Internal Revenue Code (i.e. churches, schools, hospitals, government entities, and publicly supported 501(c)(3) organizations). Distributions from the Fund may be made from income or principal.
5. **Ownership and Administration** - This contribution is irrevocable, and the Foundation shall be the sole and exclusive owner of the Fund. The Fund shall be administered in accordance with the Foundation's Articles of Incorporation, Bylaws and Policy for Project Funds, as amended from time to time, copies of which shall be provided to the Nonprofit upon request.
6. **Variance Power** - In accordance with IRS regulations and the Bylaws of the Foundation, the board of directors shall have the power to modify any restriction or condition imposed by a donor on the investment or distribution of assets if, in the sole judgment of the board of directors, such restriction or condition becomes illegal, unnecessary, uneconomical, impossible to perform, or inconsistent with the charitable needs of the community or area served, and such modification would more effectively serve the charitable purposes of the foundation taking into consideration the wishes of the donor.
7. **Recommendations** - The Nonprofit shall be an advisor to the Foundation regarding the investment and/or distribution from the Fund to the Nonprofit. However, such recommendations are advisory only, and the Foundation shall not be bound by such recommendations.
8. **Remainder**
  - A. **Nonprofit Termination** - If the Nonprofit ceases to exist with no successor, or if the Nonprofit ceases to qualify as a public charity as defined in Section 170(b)(1)(A) of the Internal Revenue Code, and such condition is not cured within 30 days following written notice delivered by the Foundation to the Nonprofit at its last known address, then the Fund shall terminate and its assets shall become unrestricted assets of the Foundation.
  - B. **Foundation Termination** - If the Foundation ceases to exist with no successor, or if the Foundation ceases to qualify as a public charity as defined in Section 170(b)(1)(A) of the Internal Revenue Code, and such condition is not cured within 30 days, then the assets of the Fund shall be transferred to the Nonprofit outright.

9. **Pledges and Benefits** - No distribution from the Fund shall be made to satisfy a written pledge or legal obligation of any person, and no person may receive any benefit or privilege (such as gifts or tickets to events) in return for a distribution from the Fund.
10. **Fees** - The Foundation shall charge the Fund an annual administrative fee, plus any out-of-pocket expenses incurred directly by the Fund.

Nonprofit:

East Texas Communities Foundation:

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Kyle L. Penney, President

Project Form Revised: August 18, 2011

**ADDENDUM I**

**PROJECT FUND AGREEMENT**

Dated \_\_\_\_\_, 200\_\_

**Initial Transfer of Assets  
and Initial Investment**

**Transfer of Assets**

The Donors transfer the following assets to the East Texas Communities Foundation to establish the \_\_\_\_\_ Project Fund:

\_\_\_\_\_

**Initial Investment**

The Donor(s) recommend that the funds be initially invested in the (select one)

- Cash Fund
- Money Market Fund
- Conservative Fund
- Moderate Fund
- Moderate Index Fund, or
- Growth Fund.

If no recommendation is made, assets will be invested in the Moderate Fund.

Donor:

East Texas Communities Foundation:

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\_\_\_\_\_

Kyle L. Penney, President