



*Celebrating 20 Years of Excellence*

**FSA Scholarship Foundation**  
SCHOLARSHIPS FOR THE RETAIL FOOD INDUSTRY

**FSA SCHOLARSHIP FOUNDATION  
ENDOWMENT FUND  
POLICIES AND GUIDELINES**

FSA SCHOLARSHIP FOUNDATION (“FSASF”) is a Texas nonprofit corporation and Internal Revenue Service Code Section 501(c)(3) tax exempt organization which qualifies as a public charity under Section 509(a)(1).

To further its charitable mission, FSASF has established an Endowment Fund (the “Endowment Fund”) to provide individual, corporate and nonprofit donors a mechanism to make charitable gifts to endow the FSASF Scholarship Program (“Scholarship Program”). The following policies and guidelines (“Endowment Policies and Guidelines”), along with the FSASF Gift Acceptance Policy and Investment Policy shall govern the operation and management of the Endowment Fund and each gift thereto.

**1. *General Principles of Endowment Fund***

A. **Philanthropic Purpose** – The purpose of the Endowment Fund is to further the charitable mission of the FSASF by providing financial support for the Scholarship Program. No part of the Endowment Fund or any distribution from the Endowment Fund may benefit donors of the Endowment Fund or the officers, directors or employees of FSASF or their families.

B. **Type of Fund** – The Endowment Fund is a designated fund of FSASF under the ultimate control of the FSASF Board of Directors (“Board of Directors”).

C. **Preservation of Capital** – The goal of the Endowment Fund is to provide support for the Scholarship Program in perpetuity. Therefore, the Endowment Fund will be invested in a prudent manner designed to produce an average annual total return that is sufficient to cover Endowment Fund distributions and expenses, as well as to provide for growth of the Endowment Fund principal, without assuming undue risk.

D. **Stability** – A reasonable balance shall be maintained between the Scholarship Program’s needs of today and those of tomorrow to ensure equitable expenditures for current and future generations of scholarship recipients. To provide a measure of predictability in year-to-year distributions from the Endowment Fund and to minimize the effects of short-term volatility inherent in the financial markets, annual distributions from the Endowment Fund will be based on the Endowment Fund’s trailing 3-year average fair market value, as further described in Section 3 below. This will facilitate development of long-term strategies and financial plans.

FSA a 501(c)(3) promoting careers in the food retail industry by providing scholarships to high school seniors and adults in the retail food industry while building relationships between manufacturers, suppliers, brokers and retailers. [www.FSAScholarshipFoundation.org](http://www.FSAScholarshipFoundation.org)

FSA SCHOLARSHIP FOUNDATION

1224 N. Hwy 377, #303-139, Roanoke, TX 76262

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### **2. Management of Endowment Fund and Investment of Assets**

The Finance Committee of the Board of Directors will manage the Endowment Fund and ensure that it is operated in accordance with the Endowment Policies and Guidelines, the Investment Policy adopted by the Board of Directors, any other applicable policies approved by the Board of Directors, The Endowment Fund shall, at all times, be managed and invested in accordance with Internal Revenue Service and U.S. Treasury statutes and regulations and the Texas Uniform Prudent Management of Institutional Funds Act, as amended from time to time.

The Financial Committee, with Board of Directors' approval, may select one or more banks, trust companies or other investment advisors to manage the investments of the Endowment Fund. Those investments will be managed in strict accordance with the Investment Policy that is approved by the Board of Directors from time to time.

### **3. Distributions from Endowment Fund**

Distributions from the Endowment Fund shall be made to help support the Scholarship Program. Distributions may not be used for the organization's general operating purposes. All distributions from the Endowment Fund must be approved by the Board of Directors and in accordance with the Endowment Guidelines and Policies in effect at the time of the distribution.

There shall be no distribution from the Endowment Fund until three years after the first donation to the Endowment Fund is received or until the Endowment Fund balance reaches \$500,000.00, whichever is first.

Thereafter, the total annual amount available for distribution from the Endowment Fund shall not exceed a percentage rate multiplied by the trailing 3-year average fair market value of the Endowment Fund. Initially, the rate shall be five percent (5%). The percentage rate shall be reviewed annually by the Board of Directors and adjusted as it deems appropriate. The Board of Directors may determine the timing of the annual distribution in its discretion. There is no requirement that the Board of Directors make an annual distribution.

### **4. Gifts to Endowment Fund**

A donor must specifically designate that a donation or gift is to be made to the Endowment Fund. The Board Directors may also, from time to time, designate a portion of the organization's unrestricted funds to be transferred to the Endowment Fund. There is no minimum amount for gifts to the Endowment Fund, except as otherwise agreed to by the Board of Directors.

The Finance Committee will not approve gifts to the Endowment Fund that are too restrictive in purpose. Gifts that are too restrictive include those that violate the terms of the FSAF Certificate of Formation or Bylaws, Internal Revenue Service or Treasury Department statutes or regulations governing Section 501 (c)(3) organizations or gifts that are too difficult to administer. The Finance Committee may also decline any gift that it believes is not in the best interest of the organization. All final decisions on the restrictive nature of a gift, and/or its acceptance or refusal, shall be made by the Board of Directors.

FSASF shall acknowledge receipt of all gifts to the Endowment Fund in an appropriate and timely manner and in accordance with the requirements of federal tax law.

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### 5. *Acceptable Gifts to Endowment Fund*

A. The following classes of donor gifts to the Endowment Fund are acceptable:

1. **Cash and Cash Equivalents**
2. **Securities**
  - (a) **Publicly Traded Securities**
  - (b) **Closely-Held Securities**
3. **Tangible Personal Property**
4. **Real Estate**
5. **Life Insurance Interests**
6. **Trusts**
  - (a) **Charitable Remainder Trusts**
  - (b) **Charitable Lead Trusts**
7. **Bequests**
8. **Retirement Plan Beneficiary Designations**

Each gift shall be processed by in accordance with the guidelines set forth in the FSASF Gift Acceptance Policy with regard to such gift's specific gift class.

B. Donated securities and assets other than cash or cash equivalents shall be liquidated as soon as reasonable practical unless it is determined by the Finance Committee that it would be more prudent to sell them at a later date.

C. All gifts made to the Endowment Fund of a class not expressly set forth in subsection A above shall be reviewed on a case-by-case basis by the Finance Committee and accepted or rejected pursuant to the FSASF Gift Acceptance Policy.

**6. Amendments** – The Endowment Fund Policies and Guidelines be amended from time to time only the approval of a majority of the Board of Directors.

**7. Termination** – It is the intent of the Board of Directors that the Endowment Fund be maintained in perpetuity to support the Scholarship Program. However, the Endowment Fund may be terminated upon the approval of a majority of the Board of Directors. Upon termination of the Endowment Fund, its funds shall be distributed at the direction of the Board of Directors first to fulfill outstanding Scholarship Fund obligations and then to fulfill the FSASF charitable mission.

This Policy was approved by the FSA Scholarship Foundation Board of Directors on the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

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Secretary, FSA Scholarship Foundation

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Date

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