Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0052

2012

For calendar year 2012, or tax year beginning , 2012, and ending ,

Name of foundation: THE HAGAN SCHOLARSHIP FOUNDATION

Number and street (or P O box number if mail is not delivered to street address): PO BOX 1225

Room/suite:

City or town: COLUMBIA

State: MO

ZIP code: 65205

A Employer identification number: 68-6260880

B Telephone number (see the instructions): (573) 875-2020

C If exemption application is pending, check here ► ☐

D 1 Foreign organizations, check here ► ☐

2 Foreign organizations meeting the 85% test, check here and attach computation ► ☐

E If private foundation status was terminated under section 507(b)(1)(A), check here ► ☐

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ► ☐

G Check all that apply: ☐ Initial return ☐ Initial Return of a former public charity ☐ Final return ☐ Amended return ☐ Address change ☐ Name change

H Check type of organization. ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

I Fair market value of all assets at end of year *(from Part II, column (c), line 16)* ► $ 112,403,908.

J Accounting method: ☒ Cash ☐ Accrual ☐ Other (specify) *(Part I, column (d) must be on cash basis)*

Part I **Analysis of Revenue and Expenses** *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))*

		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
REVENUE	1 Contributions, gifts, grants, etc, received (att sch)	37,186,111.			
	2 Ck ► ☐ if the foundn is **not** req to att Sch B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	1,953,541.	1,953,541.	1,953,541.	
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain/(loss) from sale of assets not on line 10				
	b Gross sales price for all assets on line 6a				
	7 Capital gain net income (from Part IV, line 2)				
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit/(loss) (att sch)				
	11 Other income (attach schedule)				
	12 **Total.** Add lines 1 through 11	39,139,652.	1,953,541.	1,953,541.	
OPERATING AND ADMINISTRATIVE EXPENSES	13 Compensation of officers, directors, trustees, etc				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach sch)				
	c Other prof fees (attach sch)				
	17 Interest				
	18 Taxes (attach schedule)(see instrs) See Line 18 Stmt	178,652.	167,558.	167,558.	11,094.
	19 Depreciation (attach sch) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings	25,435.			25,435.
	22 Printing and publications	1,047.			1,047.
	23 Other expenses (attach schedule) See Line 23 Stmt	33,398.		38.	33,360.
	24 **Total operating and administrative expenses.** Add lines 13 through 23	238,532.	167,558.	167,596.	70,936.
	25 Contributions, gifts, grants paid	281,252.			281,252.
	26 **Total expenses and disbursements.** Add lines 24 and 25	519,784.	167,558.	167,596.	352,188.
	27 Subtract line 26 from line 12:				
	a **Excess of revenue over expenses and disbursements**	38,619,868.			
	b **Net investment income** (if negative, enter -0-)		1,785,983.		
	c **Adjusted net income** (if negative, enter -0-)			1,785,945.	

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		Part II Balance Sheets — Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)	Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
ASSETS	1	Cash – non-interest-bearing	16,081.		
	2	Savings and temporary cash investments	188,687.	88,697.	88,697.
	3	Accounts receivable ►			
		Less: allowance for doubtful accounts ►			
	4	Pledges receivable ►			
		Less: allowance for doubtful accounts ►			
	5	Grants receivable	164,967.	351,078.	351,078.
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7	Other notes and loans receivable (attach sch) ►			
		Less: allowance for doubtful accounts ►			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments – U.S. and state government obligations (attach schedule)			
	b	Investments – corporate stock (attach schedule)			
	c	Investments – corporate bonds (attach schedule)			
	11	Investments – land, buildings, and equipment: basis ►			
		Less: accumulated depreciation (attach schedule) ►			
	12	Investments – mortgage loans			
	13	Investments – other (attach schedule)			
	14	Land, buildings, and equipment: basis ►			
		Less: accumulated depreciation (attach schedule) ►			
	15	Other assets (describe ► L-15 Stmt)	55,366,127.	93,916,984.	111,964,133.
	16	**Total assets** (to be completed by all filers – see the instructions. Also, see page 1, item I)	55,735,862.	94,356,759.	112,403,908.
LIABILITIES	17	Accounts payable and accrued expenses		1,029.	
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, & other disqualified persons			
	21	Mortgages and other notes payable (attach schedule)			
	22	Other liabilities (describe ►)			
	23	**Total liabilities** (add lines 17 through 22)		1,029.	
NET ASSETS OR FUND BALANCES		**Foundations that follow SFAS 117, check here ► ☒ and complete lines 24 through 26 and lines 30 and 31.**			
	24	Unrestricted	55,279,751.	93,091,597.	
	25	Temporarily restricted	456,111.	1,264,133.	
	26	Permanently restricted			
		Foundations that do not follow SFAS 117, check here ► ☐ and complete lines 27 through 31.			
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, building, and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds			
	30	**Total net assets or fund balances** (see instructions)	55,735,862.	94,355,730.	
	31	**Total liabilities and net assets/fund balances** (see instructions)	55,735,862.	94,356,759.	

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year – Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	55,735,862.
2	Enter amount from Part I, line 27a	2	38,619,868.
3	Other increases not included in line 2 (itemize) ►	3	
4	Add lines 1, 2, and 3	4	94,355,730.
5	Decreases not included in line 2 (itemize) ►	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6	94,355,730.

Part IV Capital Gains and Lo[illegible]s for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e g , real estate, 2-story brick warehouse; or common stock, 200 shares MLC Company)	(b) How acquired P — Purchase D — Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1 a				
b				
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a				
b				
c				
d				
e				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	(l) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
a				
b				
c				
d				
e				

2	Capital gain net income or (net capital loss). If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7	2	
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8	3	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☐ No

If 'Yes,' the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (column (b) divided by column (c))
2011	482,096.	44,144,369.	0.010921
2010	87,948.	24,597,236.	0.003576
2009	55.	7,542,938.	0.000007
2008	0.	14.	0.000000
2007			

2	**Total** of line 1, column (d)	2	0.014504
3	Average distribution ratio for the 5-year base period — divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.003626
4	Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	4	70,808,104.
5	Multiply line 4 by line 3	5	256,750.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	17,860.
7	Add lines 5 and 6	7	274,610.
8	Enter qualifying distributions from Part XII, line 4	8	1,160,210.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 – see instructions)

1 a Exempt operating foundations described in section 4940(d)(2), check here ► ☐ and enter 'N/A' on line 1. Date of ruling or determination letter: ________ (attach copy of letter if necessary – see instrs)				
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► ☒ and enter 1% of Part I, line 27b			1	17,860.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, column (b)				
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)			2	0.
3 Add lines 1 and 2			3	17,860.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)			4	0.
5 **Tax based on investment income.** Subtract line 4 from line 3. If zero or less, enter -0-			5	17,860.
6 Credits/Payments:				
a 2012 estimated tax pmts and 2011 overpayment credited to 2012	6 a			
b Exempt foreign organizations – tax withheld at source	6 b			
c Tax paid with application for extension of time to file (Form 8868)	6 c			
d Backup withholding erroneously withheld	6 d			
7 Total credits and payments. Add lines 6a through 6d			7	
8 Enter any **penalty** for underpayment of estimated tax. Check here ☒ if Form 2220 is attached			8	240.
9 **Tax due.** If the total of lines 5 and 8 is more than line 7, enter amount owed ►			9	18,100.
10 **Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the amount overpaid ►			10	0.
11 Enter the amount of line 10 to be: Credited to 2013 estimated tax ►		Refunded ►	11	

Part VII-A Statements Regarding Activities

		Yes	No
1 a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1 a		X
b Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)?	1 b		X
If the answer is 'Yes' to **1a** *or* **1b**, *attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.*			
c Did the foundation file **Form 1120-POL** for this year?	1 c		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year. (1) On the foundation ► $ ________ (2) On foundation managers ► $ ________			
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ► $ ________			
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? *If 'Yes,' attach a detailed description of the activities*	2		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If 'Yes,' attach a conformed copy of the changes*	3	X	
4 a Did the foundation have unrelated business gross income of $1,000 or more during the year?	4 a		X
b If 'Yes,' has it filed a tax return on **Form 990-T** for this year?	4 b		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If 'Yes,' attach the statement required by General Instruction T.*	5		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7 Did the foundation have at least $5,000 in assets at any time during the year? *If 'Yes,' complete Part II, column (c), and Part XV*	7	X	
8 a Enter the states to which the foundation reports or with which it is registered (see instructions) ► MO - Missouri			
b If the answer is 'Yes' to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If 'No,' attach explanation*	8 b	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? *If 'Yes,' complete Part XIV*	9	X	
10 Did any persons become substantial contributors during the tax year? *If 'Yes,' attach a schedule listing their names and addresses*	10	X	

Part VII-A Statements Regarding Activities *(continued)*

				Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes', attach schedule (see instructions)		11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If 'Yes,' attach statement (see instructions)		12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?		13	X	

Website address ► www.hsfmo.org

14 The books are in care of ► DAN HAGAN Telephone no. ► (573) 474-4815

Located at ► PO BOX 1225 COLUMBIA MO ZIP + 4 ► 65205-1225

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041** — Check here ► ☐

and enter the amount of tax-exempt interest received or accrued during the year ► 15

			Yes	No
16	At any time during calendar year 2012, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16		X
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country ►			

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the 'Yes' column, unless an exception applies.

				Yes	No
1 a	During the year did the foundation (either directly or indirectly):				
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	☐ Yes ☒ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☒ Yes ☐ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐ Yes ☒ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	☐ Yes ☒ No			
	(6) Agree to pay money or property to a government official? (**Exception.** Check 'No' if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)	☐ Yes ☒ No			
b	If any answer is 'Yes' to 1a(1)-(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)?		1 b		X
	Organizations relying on a current notice regarding disaster assistance check here ► ☐				
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2012?		1 c		X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))				
a	At the end of tax year 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? If 'Yes,' list the years ► 20__ , 20__ , 20__ , 20__	☐ Yes ☒ No			
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer 'No' and attach statement – see instructions.)		2 b		
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ► 20__ , 20__ , 20__ , 20__				
3 a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☐ Yes ☒ No			
b	If 'Yes,' did it have excess business holdings in 2012 as a result of **(1)** any purchase by the foundation or disqualified persons after May 26, 1969; **(2)** the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or **(3)** the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2012.)*		3 b		
4 a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4 a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2012?		4 b		X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required *(continued)*

5 a During the year did the foundation pay or incur any amount to.

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc, organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) ☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

b If any answer is 'Yes' to 5a(1)-(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? **5 b**

Organizations relying on a current notice regarding disaster assistance check here ► ☐

c If the answer is 'Yes' to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ Yes ☐ No

If 'Yes,' attach the statement required by Regulations section 53.4945-5(d).

6 a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6 b** X

If 'Yes' to 6b, file Form 8870.

7 a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No

b If 'Yes,' did the foundation receive any proceeds or have any net income attributable to the transaction? **7 b**

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	**(b)** Title, and average hours per week devoted to position	**(c)** Compensation **(If not paid, enter -0-)**	**(d)** Contributions to employee benefit plans and deferred compensation	**(e)** Expense account, other allowances
DAN HAGAN PO BOX 1225 COLUMBIA MO 65205	TRUSTEE 10.00	0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1 — see instructions). If none, enter 'NONE.'

(a) Name and address of each employee paid more than $50,000	**(b)** Title, and average hours per week devoted to position	**(c)** Compensation	**(d)** Contributions to employee benefit plans and deferred compensation	**(e)** Expense account, other allowances
NONE				

Total number of other employees paid over $50,000 ► None

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors *(continued)*

3 Five highest-paid independent contractors for professional services (see instructions). If none, enter 'NONE.'

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over $50,000 for professional services		None

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 NONE	0.
2	
All other program-related investments. See instructions. 3	
Total. Add lines 1 through 3	None

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc, purposes:		
a	Average monthly fair market value of securities	1a	70,637,975.
b	Average of monthly cash balances	1b	844,053.
c	Fair market value of all other assets (see instructions)	1c	404,372.
d	**Total** (add lines 1a, b, and c)	1d	71,886,400.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) 1e		
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	71,886,400.
4	Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	1,078,296.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4	5	70,808,104.
6	**Minimum investment return.** Enter 5% of line 5	6	3,540,405.

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ► ☒ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	
2a	Tax on investment income for 2012 from Part VI, line 5 2a		
b	Income tax for 2012. (This does not include the tax from Part VI.) 2b		
c	Add lines 2a and 2b	2c	
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	
6	Deduction from distributable amount (see instructions)	6	
7	**Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc, purposes:		
a	Expenses, contributions, gifts, etc — total from Part I, column (d), line 26	1a	352,188.
b	Program-related investments — total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc, purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	808,022.
4	**Qualifying distributions.** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	1,160,210.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see instructions)	5	17,860.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	1,142,350.

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see instructions)

		(a) Corpus	(b) Years prior to 2011	(c) 2011	(d) 2012
1 Distributable amount for 2012 from Part XI, line 7					0.
2 Undistributed income, if any, as of the end of 2012:					
a Enter amount for 2011 only				0.	
b Total for prior years: 20 __, 20 __, 20 __					
3 Excess distributions carryover, if any, to 2012:					
a From 2007	0.				
b From 2008	0.				
c From 2009	0.				
d From 2010	0.				
e From 2011	456,962.				
f **Total** of lines 3a through e		456,962.			
4 Qualifying distributions for 2012 from Part XII, line 4 ► $	1,160,210.				
a Applied to 2011, but not more than line 2a					
b Applied to undistributed income of prior years (Election required – see instructions)					
c Treated as distributions out of corpus (Election required – see instructions)					
d Applied to 2012 distributable amount					
e Remaining amount distributed out of corpus		1,160,210.			
5 Excess distributions carryover applied to 2012 *(If an amount appears in column (d), the same amount must be shown in column (a).)*					
6 **Enter the net total of each column as indicated below:**					
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5		1,617,172.			
b Prior years' undistributed income. Subtract line 4b from line 2b			0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed					
d Subtract line 6c from line 6b. Taxable amount – see instructions			0.		
e Undistributed income for 2011. Subtract line 4a from line 2a. Taxable amount – see instructions				0.	
f Undistributed income for 2012. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2013					0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)		352,188.			
8 Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions)		0.			
9 **Excess distributions carryover to 2013.** Subtract lines 7 and 8 from line 6a		1,264,984.			
10 Analysis of line 9:					
a Excess from 2008	0.				
b Excess from 2009	0.				
c Excess from 2010	0.				
d Excess from 2011	104,774.				
e Excess from 2012	1,160,210.				

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9)

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2012, enter the date of the ruling . . . . ► 10/20/09

b Check box to indicate whether the foundation is a private operating foundation described in section ☒ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			
	(a) 2012	(b) 2011	(c) 2010	(d) 2009	(e) Total
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed	1,785,945.	1,083,344.	802,594.	300,444.	3,972,327.
b 85% of line 2a	1,518,053.	920,842.	682,205.	255,377.	3,376,477.
c Qualifying distributions from Part XII, line 4 for each year listed . ..	1,160,210.	492,930.	87,948.	55.	1,741,143.
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c . .	1,160,210.	492,930.	87,948.	55.	1,741,143.
3 Complete 3a, b, or c for the alternative test relied upon. a 'Assets' alternative test – enter: (1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i) . . .					
b 'Endowment' alternative test – enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed . ..	2,360,270.	1,471,479.	819,908.	251,431.	4,903,088.
c 'Support' alternative test – enter: (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had $5,000 or more in assets at any time during the year – see instructions.)

1 **Information Regarding Foundation Managers:**

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000) (See section 507(d)(2).)

DAN HAGAN

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

2 **Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc, Programs:**

Check here ► ☐ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds If the foundation makes gifts, grants, etc (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number or e-mail of the person to whom applications should be addressed:

THE HAGAN SCHOLARSHIP FOUNDATION C/O DAN HAGAN TRUSTEE
PO BOX 1225
COLUMBIA MO 65203 (573) 875-2020

b The form in which applications should be submitted and information and materials they should include:

SEE WEBSITE FOR FORMS & INSTRUCTIONS (AVAIL DURING APPL SEASON ONLY)

c Any submission deadlines:

NOVEMBER 15

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

SEE WEBSITE FOR SCHOLARSHIP ELIGIBILITY CRITERIA

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
***a** Paid during the year*				
SCHOLARSHIP RECIPIENTS VARIOUS VARIOUS MO 65205	NONE	N/A	SCHOLARSHIP AWARDS	217,622.
INTERVIEW RECIPIENTS VARIOUS VARIOUS MO 65205	NONE	N/A	INTERVIEW AWARDS	13,500.
VOLUNTEERS VARIOUS VARIOUS MO 65205	NONE	N/A	GIFT CERTIFICATES	1,125.
WORKSHOP PARTICIPANTS VARIOUS VARIOUS MO 65205	NONE	N/a	COMPUTERS	49,005.
Total ► **3a**				281,252.
***b** Approved for future payment*				
Total ► **3b**				

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions.)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue.					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities			18	1,953,541.	
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory					
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue:					
a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)				1,953,541.	

13 **Total.** Add line 12, columns (b), (d), and (e) . . . . 13 1,953,541.

(See worksheet in line 13 instructions to verify calculations.)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes). (See instructions.)

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

		Yes	No
1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a Transfers from the reporting foundation to a noncharitable exempt organization of:			
(1) Cash	**1 a (1)**		X
(2) Other assets	**1 a (2)**		X
b Other transactions:			
(1) Sales of assets to a noncharitable exempt organization	**1 b (1)**		X
(2) Purchases of assets from a noncharitable exempt organization	**1 b (2)**		X
(3) Rental of facilities, equipment, or other assets	**1 b (3)**		X
(4) Reimbursement arrangements	**1 b (4)**		X
(5) Loans or loan guarantees	**1 b (5)**		X
(6) Performance of services or membership or fundraising solicitations	**1 b (6)**		X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	**1 c**		X

d If the answer to any of the above is 'Yes,' complete the following schedule. Column **(b)** should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column **(d)** the value of the goods, other assets, or services received.

(a) Line no.	**(b)** Amount involved	**(c)** Name of noncharitable exempt organization	**(d)** Description of transfers, transactions, and sharing arrangements

2 a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

b If 'Yes,' complete the following schedule.

(a) Name of organization	**(b)** Type of organization	**(c)** Description of relationship

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge

Signature of officer or trustee	Date	Title	May the IRS discuss this return with the preparer shown below (see instructions)?
	4-16-13	TRUSTEE	☐ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
WILLIAM G STOCKGLAUSNER		3/27/2013		P01448879

Firm's name ► WILLIAM G STOCKGLAUSNER CPA PC
Firm's EIN ► 43-1852875
Firm's address ► 2716 FORUM BLVD SUITE 3
COLUMBIA MO 65203
Phone no (573) 441-2421

Schedule B
(Form 990, 990-EZ, or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

► **Attach to Form 990, Form 990-EZ, or Form 990-PF**

OMB No 1545-0047

2012

Name of the organization
THE HAGAN SCHOLARSHIP FOUNDATION

Employer identification number
68-6260880

Organization type (check one):

Filers of:	**Section:**
Form 990 or 990-EZ	☐ 501(c)(____) (enter number) organization
	☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
	☐ 527 political organization
Form 990-PF	☒ 501(c)(3) exempt private foundation
	☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation
	☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule See instructions.

General Rule

☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, $5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

Special Rules

☐ For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33-1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of (1) $5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II.

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than $1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc, purposes, but these contributions did not total to more than $1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc, purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc, contributions of $5,000 or more during the year . . . . ► $ __________

Caution: An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF) but it **must** answer 'No' on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on Part I, line 2, of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990EZ, or 990-PF.

Schedule **B** (Form 990, 990-EZ, or 990-PF) (2012)

Name of organization	Employer identification number
THE HAGAN SCHOLARSHIP FOUNDATION	68-6260880

Part I **Contributors** (see instructions) Use duplicate copies of Part I if additional space is needed.

(a) Number	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	DAN HAGAN PO BOX 1225 COLUMBIA MO 65205	$ 37,000,000.	Person ☒ Payroll ☐ Noncash ☒ (Complete Part II if there is a noncash contribution.)

(a) Number	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
2	THE HAGAN ENDOWMENT FOUNDATION PO BOX 1225 COLUMBIA MO 65205	$ 9,500.	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)

(a) Number	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
3	THE HAGAN TRUST PO BOX 1225 COLUMBIA MO 65205	$ 176,111.	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)

(a) Number	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)

(a) Number	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)

(a) Number	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution.)

Schedule **B** (Form 990, 990-EZ, or 99[illegible] (2012) Page 1 to 1 of **Part II**

Name of organization
THE HAGAN SCHOLARSHIP FOUNDATION

Employer identification number
68-6260880

Part II Noncash Property (see instructions). Use duplicate copies of Part II if additional space is needed

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	RENTAL REAL ESTATE	$ 37,000,000.	12/28/12

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

Additional Information

PAGE 1, PART I, LINE 24; PAGE 5, PART VII-B, LINE 1a(3)

THE TRUST RECEIVES ADMINISTRATIVE SUPPORT FROM THE GRANTOR, DAN HAGAN, WITHOUT CHARGE. THE VALUE OF THESE SERVICES IS NOT RECORDED AS REVENUE OR EXPENSE BY THE TRUST.

Additional Information

PAGE 2, PART II, LINE 15

THE HAGAN SCHOLARSHIP FOUNDATION ASSETS ARE MANAGED BY THE HAGAN TRUST PURSUANT TO AN INVESTMENT MANAGEMENT AGREEMENT BETWEEN THE HAGAN TRUST AND THE HAGAN SCHOLARSHIP FOUNDATION. THE MARKET VALUE OF THE HAGAN SCHOLARSHIP FOUNDATION ASSETS MANAGED BY THE HAGAN TRUST AS OF DECEMBER 31, 2012 WAS $74,425,832. THE HAGAN TRUST DID NOT CHARGE AN INVESTMENT MANAGEMENT FEE IN 2011.

Form 990-PF, Page 1, Part I, Line 18

Line 18 Stmt

Taxes	Rev/Exp Book	Net Inv Inc	Adj Net Inc	Charity Disb
EXCISE TAXES	11,094.			11,094.
FOREIGN TAXES	167,558.	167,558.	167,558.	
Total	178,652.	167,558.	167,558.	11,094.

Form 990-PF, Page 1, Part I, Line 23

Line 23 Stmt

Other expenses:	Rev/Exp Book	Net Inv Inc	Adj Net Inc	Charity Disb
BANK CHARGES	38.		38.	
POSTAGE, MAILG SVC	2,841.			2,841.
SUPPLIES	1,103.			1,103.
OUTSIDE CONTRACT SVC	10,846.			10,846.
AUDIT	8,000.			8,000.
VOLUNTEERS	10,570.			10,570.
Total	33,398.		38.	33,360.

Form 990-PF, Page 2, Part II, Line 15

Other Assets Stmt

Line 15 - Other Assets:	**Beginning Year Book Value**	**End of Year**	
		Book Value	**Fair Market Value**
ASSETS HELD/MANAGED BY THE HAGAN TRUST	55,366,127.	56,382,100.	74,425,832.
HAGAN SCHOLARSHIP ACADEMY	0.	264,884.	264,884.
RENTAL REAL ESTATE	0.	37,000,000.	37,000,000.
SCHOLAR ACCOUNTS	0.	270,000.	273,417.
Total	55,366,127.	93,916,984.	111,964,133.

ATTACHMENT TO FORM 990-PF
CALENDAR YEAR 2012

Statements required to establish set aside under §4942(g)(2)

(a) The start up period for The Hagan Scholarship Foundation is tax years 2009 thru 2013.

(b) The amount of $87,152 was the amount set aside during 2010 (for 2009) The amount of $368,959 was the amount set aside during 2011 (for 2010).

(c) The minimum investment return for 2011 - to be distributed in 2012 (the third year of the start up period) - is $1,471,479.

(d) For purposes of the "start up period minimum amount," sixty percent (60%) of the Hagan Scholarship Foundation's distributable amount for the third taxable year of the start up period is $882,887.

(e) Payments for charitable purposes made during 2012 were $352,188.

(f) In addition, Hagan Scholarship Foundation was the recipient of distributions from Hagan Endowment (a private foundation), Hagan Community Foundation (a private foundation) and Hagan Trust (a private foundation) in the amount of $277,323 in calendar year 2012.

(g) The amount of $808,022, which is the sum of (i) 60% of the distributable amount of the second taxable year of the start of period ($882,887) less actual distributions for 2012 ($352,188) and (ii) the amount received from the other foundations ($277,323), is the amount being set aside in 2012 (for 2011).

(h) The purpose of the project for which the amount is to be set aside is the establishment and implementation of a scholarship program in several approved states in all counties of such states which have a population of 50,000 or less and the establishment of the Hagan Scholarship Academy. Each scholarship, once awarded, may be renewed up to seven (7) additional consecutive semesters if recipient fulfills renewal criteria.

(i) The amounts set aside will be paid within sixty (60) months after the date of the first set aside period.

(j) The project will not be completed before the end of the taxable year of the foundation in which the set aside is made.

(k) The redistribution of the amounts received from Hagan Endowment, Hagan Community Foundation and Hagan Trust will be made out of the corpus/principal of the Hagan Scholarship Foundation.

(l) Hagan Scholarship Foundation will provide to all donor foundations adequate records or other sufficient evidence that show that the redistribution has been made, the names and addresses of the recipients of the redistributed amount, and the amount received by each and that the redistribution is made from corpus/principal.

(m) No redistribution will be made to another Hagan controlled foundation.

hsf41813dh

The Hagan

Scholarship Foundation

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Third Restatement of
The Hagan
Scholarship Foundation

Dan Hagan, of Columbia, Missouri (the "Grantor") hereby transfers to himself as Trustee, and his successors in trust (the "Trustee"), One Thousand Dollars ($1,000) plus any property which the Grantor elects to transfer to the Trustee from time to time hereafter. All such property shall be held by the Trustee, in trust, pursuant to the terms and conditions hereafter set forth. Said sum of One Thousand Dollars ($1,000) plus any property hereafter added to the principal of this Trust shall constitute the principal of The Hagan Scholarship Foundation (the "Foundation" or "HSF"). Because this Foundation has been organized and shall operate hereafter as an irrevocable trust, it is also referred to in this document as the "Trust." The Trust agreement was executed and the Trust created on the 18th day of January, 2008 (the "Effective Date") and thereafter restated in its entirety on September 30, 2009 and on April 14, 2010 and then modified on April 2, 2012. This restatement restates in its entirety the original trust agreement and all prior restatements and modifications and shall be designated the third restatement and is dated April 18, 2013.

ARTICLE I

PURPOSE OF TRUST AND INTENTIONS OF GRANTOR

This Trust agreement has been executed and created by the Grantor in order to fulfill the Purpose hereafter recited. The intentions of the Grantor in creating this Trust are recited in this Article. All provisions of this Trust shall be construed in a manner which is consistent with the Purpose and the Grantor's intentions as set forth below in this Article:

A. ***Purpose***. This Trust has been created in order to award Hagan Scholarships and to establish the Hagan Scholarship Academy (Academy) and to provide those services described herein in order to ensure that each recipient of a Hagan Scholarship and each student attending the Academy will have the opportunity to obtain a college education and achieve his or her full potential without incurring burdensome debt. Recipients of these scholarships and Academy students shall be high achieving students in need of financial

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assistance in order to attend college. These students must graduate from or attend public high schools located in counties having fewer than Fifty Thousand (50,000) residents located in eligible states approved by this Trust for the awarding of Hagan Scholarships. The sole Purpose of this Trust is to award Hagan Scholarships and to establish the Hagan Scholarship Academy and to provide those services described herein in a manner which is consistent with this Trust Agreement.

B. ***Intentions of Grantor***. The Grantor intends that this Trust shall be administered in such a manner that all scholarships awarded and the establishment of the Hagan Scholarship Academy and all activities undertaken in the furtherance of the Purpose of this Trust and all procedures adopted by the Trustee shall be consistent with the following:

1. The Grantor shall not be a beneficiary of this Trust.

2. No person who is within the third degree of consanguinity with the Grantor, the Trustee or the Executive Director shall be a beneficiary of this Trust.

3. The Grantor while acting as Trustee of this Trust shall be entitled to an annual fee for acting as Trustee of this Trust, but never in excess of Four Tenths of One Percent (.40%) of the market value of the assets of this Trust. The value of the Trust assets for this purpose shall be the value of the Trust assets used to determine this Trust's annual expenditure limitation for charitable Purposes; Article VIII, paragraph B, subparagraph 3.

4. This Trust shall be considered as a "Private Foundation" within the meaning of Section 509 of the Internal Revenue Code of 1986 (the "Code"), as amended, from time to time (26 U.S.C. Section 509). The Grantor believes that substantially all of the funding for the Trust's activities will come from gifts to this Trust by the Grantor during the Grantor's lifetime, from gifts or transfers made to this Trust from other trusts (both charitable and noncharitable) created by the Grantor, or from gifts made on account of Grantor's death. The Grantor intends that this Trust continues to qualify as a "Private Operating Foundation" as defined in Section 4942 (j)(3) of the Code.

5. This Trust shall exist indefinitely and in perpetuity for so long as it has funding and can carry out its Purpose.

6. This Trust shall qualify as an entity to which "charitable gifts" may be made within the meaning of Sections 170 and 2055 of the Code, i.e., the Grantor intends

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that this Trust be an "exempt organization" as described in Section 501(c)(3) of the Code, as a "foundation" described in Section 170(c)(2) of the Code, as a trust described in Section 2055(a)(3) of the Code, and as a trust described in Section 2522(a)(2) of the Code.

7. The Grantor intends that this Trust be irrevocable and that this Trust continue to qualify under the provisions of the Code for the favorable tax treatment recited above in paragraph 6 of this paragraph B, including any substitute or successor sections of the Code.

8. This Trust shall be subject to amendment and restatement by the Grantor at any time and from time to time during the Grantor's remaining lifetime in accordance with paragraph L of Article XIII. However, no such restatement shall have the effect of causing this Trust Agreement to violate paragraph A or subparagraphs 1 through 7 of paragraph B of this Article.

ARTICLE II

SCHOLARSHIPS TO BE AWARDED

Each scholarship awarded under this Trust shall be known and referred to as a "Hagan Scholarship." The awarding of scholarships shall be subject to sufficient distributable funds being available under this Trust to do so and subject to modifications to New Schedule A of this Trust.

A. ***The Scholarship***. Each scholarship awarded under this Trust shall be in an amount sufficient to pay the unmet financial need of the recipient up to Five Thousand Dollars ($5,000) per academic semester, Fall and Spring semesters only. The unmet financial need of the recipient shall be determined each semester by totaling the following:

a. Recipient's Actual Cost for Tuition and Fees

b. School's published "Cost of Attendance" (COA) for Room and Board

c. $500 for Books and Supplies

then deducting the amount of scholarships, grants (excluding work-study grants), and waivers received by the recipient, the dollar amount of the recipient's "Expected Family Contribution" (EFC) as determined by the "Free Application for Federal Student Aid" (FAFSA), and recipient's incurrence of "Excessive Debt." Recipients are responsible for their Personal Expenses and Transportation Costs.

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"Excessive Debt" is defined as debt in excess of the school's published "Cost of Attendance" (COA) for Personal Expenses and Transportation Expenses, and any unpaid costs for Tuition and Fees, Room and Board, and Books and Supplies **AFTER** crediting the dollar amount of the Hagan Scholarship.

Each scholarship shall be renewable for up to seven (7) additional consecutive semesters if the recipient fulfills the conditions for renewal of the scholarship.

Recipients who successfully renew their scholarship shall be eligible to apply for an International Study Grant.

The scholarship award amount may be increased to offset expiration of other scholarships, grants, awards and waivers received by the recipient up to a maximum of $5,000 per semester.

In order to receive funding of a Hagan Scholarship the parents of the recipient must first pay the full amount of their EFC for the current semester to the Office of Financial Aid of the college or university attended by recipient, and proof of such payment shall be provided to the Trust. If the parents payment was funded by debt, repayment of such debt must be the <u>sole</u> responsibility of the parents. Failure of the parents to pay their EFC shall result in **LOSS** of the scholarship, unless the reason for nonpayment is the result of recipient obtaining scholarships, grants, or awards in an amount sufficient to offset the need for all or part of recipient's EFC. The dollar amount of each scholarship award shall be determined by the Trustee and Executive Director, and shall be subject to revision pursuant to the terms of this Trust Agreement.

B. ***Scholarship Application***. Each Applicant's eligibility must be confirmed by a "qualified educator" affiliated with the high school attended by Applicant. A "qualified educator" for this purpose is either a teacher who taught said applicant in high school or the high school counselor or the high school principal.

C. ***Awarding of Scholarship.*** All Scholarships awarded and funded by this Trust shall be awarded only to recipients who are selected by the Grant Committee. The Grant Committee shall be selected in the manner hereafter specified in Article IV. The Grant Committee must follow the procedures and observe the criteria hereafter set forth.

D. ***Award Criteria***. The Grant Committee shall only award scholarships to recipients who meet, and continue to meet, each of the following minimum criteria:

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1. Each recipient of a scholarship must have graduated from an "Eligible Public High School" located in an "Eligible County" located in an "Eligible State." An "Eligible Public High School" is defined as a public high school located in an "Eligible County." An "Eligible County" is defined as a county having fewer than Fifty Thousand (50,000) residents as determined by the most recent U.S. Census. An "Eligible State" is defined as a state designated by The Hagan Scholarship Foundation to award scholarships.

After the Grantor's death or incompetency, the Trustee shall publish and thereafter maintain on the Foundation's web site: 1) A List of Eligible States; 2) A List of Eligible and Ineligible Counties in each Eligible State; and, 3) A List of Eligible Public High Schools located in each eligible county in each eligible state. Upon the publication of each subsequent population survey by the U.S. Census Bureau **ALL** of the above information shall be updated by the Trustee.

After the Grantor's death or incompetency, during the third week of August of each year, the Trustee or Executive Director shall mail at USPS Standard Mail Nonprofit prices a one page informative letter about the Hagan Scholarship and a Hagan Scholarship Brochure to the high school principal and to the high school counselor of ALL eligible public high schools located in all eligible counties in all eligible states. The letter shall inform the principal or counselor about the Hagan Scholarship and request that they inform and encourage ALL eligible students to apply for a Hagan Scholarship.

After the Grantor's death or incompetency, during the third week of August of each year, the Trustee or Executive Director shall mail at USPS Standard Mail Nonprofit prices a one page informative letter about the Hagan Scholarship and a Hagan Scholarship Brochure to high school seniors in all eligible public high schools. The List of Names shall be obtained from ACT or a similar testing entity and shall meet the following criteria: 1) each student must have achieved a Composite Score of 23 or higher on the ACT or comparable college entrance examination, 2) each student must have a cumulative high school GPA of 3.50 or higher, and 3) each student's Household Income must be less than $80,000. Commensurate with the mailing, the Trustee shall Email all students on the List of Names having an email address a Letter regarding the Hagan Scholarship and containing a Link to the Hagan Scholarship Brochure and The Hagan Scholarship Foundation website.

2. Each recipient of a scholarship must be a citizen of the United

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States.

3. Each recipient must have attended during their junior and senior years and must graduate from a public high school located in an eligible county.

4. Each recipient must have a cumulative high school grade point average of 3.50 or higher.

5. Each recipient must enroll in a four year college or university the first semester following high school graduation.

6. Each recipient must score 23 (Composite Score) or higher on the ACT, or the equivalent score on any current or successor standardized academic achievement test used to measure scholastic attainment in high school which places the recipient in the top quartile of all students taking such test and which test has been approved by the Trustee and by the Trustee of The Hagan Trust.

7. **Each recipient must have a FAFSA Expected Family Contribution (EFC) of less than Seven Thousand Five Dollars ($7,500).**

8. Each recipient must apply for Federal and State entitlement grants (excluding work study grants), waivers and scholarships for which they are eligible.

9. **Each recipient of a Hagan Scholarship must be a high achieving student in need of financial assistance in order to attend college who aspires to obtain a college education in order to achieve his or her full potential.**

10. Each first-time recipient of a scholarship must be accepted for enrollment and must enroll at a Four (4) year or higher not-for-profit accredited college or university, public or private, located in the United States for the fall semester immediately following recipient's high school graduation.

11. Each recipient must maintain an academic course load which will allow him or her to graduate from an eligible college or university in Four (4) consecutive years time, and a confirmation of such progress must be provided to the Trustee or Executive Director at the end of each academic year using a Form provided by the Foundation. If a scholarship recipient can not maintain a Four (4) year graduation schedule the recipient shall forfeit his or her scholarship, unless a hardship variance is obtained by the recipient from the Trustee and Executive Director.

12. Each recipient must achieve a 3.00 grade point average each academic semester, and must provide the Executive Director with an Official Copy of their

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grade transcript after the completion of each academic semester. Failure to achieve a 3.00 grade point average each academic semester shall result in the loss of the scholarship.

13. Each recipient must declare an academic major prior to the commencement of their junior year of study.

14. Each participant must live in dormitory housing provided by the college or university during his or her freshman year, unless waived by the Executive Director.

15. Each recipient must cooperate and participate in any work shops, monitoring programs, surveys and questionnaires, the taking of class photos or other activities sponsored by this Trust and required by the Trustee and Executive Director which are intended to ensure that each recipient's educational experience and potential is maximized and which will enable this Trust to fulfill it's Purpose, unless excused from doing so by the Executive Director.

17. At the end of each academic year, using a Form provided by the Foundation, each recipient must provide the Executive Director with a personal Financial Statement listing all assets and liabilities.

18. At the end of each academic year, using a Form provided by the Foundation, each scholarship recipient must provide to the Executive Director an annual Progress Report describing the accomplishments and progress made by the recipient toward those goals represented to the Grant Committee as a part of his or her application for said scholarship and what they hope to accomplish in the upcoming year.

19. A recipient may not be related to the Grantor, Trustee, Executive Director, or to a person serving on the Interview Committee or Grant Committee within the third degree of consanguinity.

20. A recipient must not have been convicted of a felony. No recipient while receiving scholarship funds shall act in a manner which brings discredit upon the Trustee or Executive Director of this Foundation or The Hagan Trust, himself or herself, upon other scholarship recipients or upon the college or university he or she attends. Each recipient must act in a manner which is consistent with the representations made by the recipient to the Grant Committee in applying for a Hagan Scholarship.

21. Each applicant and applicant's parents or guardians must authorize this Trust to use recipient's name and any photographs and writings provided to the Trust

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in any of its publication material, reports, press releases, website, and activities associated with its scholarship program, with or without attribution, in order to publicize the Hagan Scholarship and encourage other worthy applicants to apply for a Hagan Scholarship.

22. Each applicant, using a Form provided by the Foundation, must include a properly executed all-inclusive liability waiver with the applicant's Application Submittal Package for the benefit of this Trust, it's Grantor, its Trustee, it's Executive Director, Trustees of The Hagan Trust, Volunteers, members serving on it's grant committees, and employees. The liability waiver must be signed by the applicant and applicant's custodial parents or guardians.

The all-inclusive liability waiver shall acknowledge that the applicant and applicant's custodial parents and guardians do not have a right to the grant of a scholarship or the renewal of a scholarship, that the Grant Committee shall have sole discretion to make determinations and to award scholarships, and that the recipient must abide by and remain current with the Scholarship Criteria and Recipient Responsibilities in order to continue receiving scholarship funds.

E. ***Scholarship Renewal.*** Each NEW scholarship may be renewed by the Grantor Dan Hagan while Dan Hagan is serving as Trustee or after the death of Grantor by the Trustee and Executive Director for up to Seven (7) additional consecutive semesters if the recipient fulfills the conditions for renewal of the scholarship. There shall not be any obligation on the part of the Grantor or the Trustee and Executive Director to continue the award of a scholarship to a recipient who, in the sole opinion of the Grantor or the Trustee and Executive Director, is not earnestly engaged in activities and studies that will help ensure that the recipient's goals will be realized. The Grantor and the Trustee and Executive Director shall carry out their work in an objective and non-discriminatory manner.

The dollar amount of each scholarship renewed shall be determined in the same manner as a new scholarship.

F. ***Scholarship Recipient Must Contribute.*** Each scholarship recipient must personally contribute toward the cost of his or her education by working a minimum of Two Hundred Forty (240) hours of traditional employment prior to the start of each academic year.

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Confirmation of each recipient's employment shall be provided to the Executive Director using a Form provided by the Foundation. Failure of a recipient to fulfill their work requirement or failure to provide proof of employment shall result in the loss of the scholarship.

G. ***Illness or Interruption of Instruction***. Each scholarship may be reinstated in the following situations:

1. Illness or events interrupt a recipient's ability to continue his or her college education and the interruption is for less than one year. In such event, the recipient must apply after recovery for reinstatement of the scholarship by the start of the next academic year. Any such reinstatement shall be evaluated upon the merits of each individual case and any reinstatement shall be at the discretion of the Trustee and Executive Director.

2. A college or university closes for any part of a normal academic year and the recipient is unable to obtain satisfactory course instruction or grades. In such event, any reinstatement shall be at the discretion of the Trustee and Executive Director.

H. ***Eligible Colleges and Universities.*** To ensure that each scholarship recipient can attend a college or university best suited to his or her intended field of study and personal preference, a scholarship recipient may attend, subject to Trustee approval, any Four (4) year or higher not-for-profit accredited college or university, public or private, in any state of the United States.

I. ***Award Procedure***. The procedures adopted by the Grantor and this Trust shall not violate state or federal laws, or make this Trust ineligible for the tax benefits described in Article I, or make ineligible the income tax and estate tax contribution deductions to contributors to this Trust.

Until the Grantor's death or incompetency, at Grantor discretion, the Grantor shall determine the number of scholarships to be awarded, the process to be used to select Finalists, interview Finalists, award scholarships, renew scholarships and all other matters when administering this Trust, but always on an objective and non-discriminatory basis, regardless of said applicant's race, creed, color, sexual orientation, religion, disability or sex. **The Grantor's right of discretion shall not pass on to a successor Trustee.**

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After the Grantor's death or incompetency, the procedure for interviewing Finalists, awarding scholarships, and renewing scholarships shall be consistent with each of the following minimum criteria:

1. All scholarship awards shall be made by the Grant Committee which is described and which shall be constituted in the manner specified in Article IV.

2. The Process:

A. All scholarship applications from students attending eligible public high schools located in eligible counties located in eligible states shall be reviewed by the Trust for completeness, compliance with provided instructions, and applicant eligibility.

B. Applications incomplete or not prepared pursuant to the provided instructions, or applications received from applicants who do not meet the eligibility requirements shall be rejected and, the reason, date, and reviewers name shall be written below the return address on the outside of the manila envelope containing the application. Each application rejected shall be confirmed by the Trustee or Executive Director by writing the date and their name next to the reviewer information.

C. After all applications have been reviewed the number of eligible applications received from each eligible state shall be determined and confirmed by the Trustee or Executive Director. A list of all eligible applicants by HSF ID and a list of all eligible applicants by last name shall be retained in the Trust records.

D. Eligible applications shall be read and evaluated by Trust employees and/or volunteers pursuant to Guidelines provided by the Trust and then ranked as a 1,2, or 3, with 1 being the best. After evaluating and ranking ALL applications, the Executive Director and Trustee shall select the highest ranked applicants to be read a second time. The number of applications to be read a second time shall approximate **FOUR TIMES (4X)** the number of scholarships that can be awarded.

E. Applications to be read a second time shall be read by Readers who have the ability to evaluate the potential and ability of applicants to distinguish themselves. Each application shall be ranked as a 1,2, or 3, with 1 being the best by the Reader. One-Third of ALL applications shall be ranked as 1, One-Third shall be ranked as a 2, and One-Third shall be ranked as a 3. From these applications, a number of Finalists

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equal to **TWO AND ONE-HALF TIMES (2.5X)** the number of scholarships that can be awarded shall be selected. Finalists who provide the following supplemental information and whose eligibility is confirmed shall be interviewed by the Interview Committee.

Finalists shall be required to provide the following supplemental information:

1) Applicants Four Year Plan*

2) Copy of applicant's current FAFSA Student Aid Report, the complete report, obtained in the year the supplemental information is requested.

3) Copy of applicant's drivers license

4) Copy of applicant's birth certificate

5) Parents Financial Statement*

6) Copy of Parents Tax Returns for the Two Years prior to the year of the application submittal

7) Applicant's Financial Statement*

8) Copy of applicant's prior year tax return or a copy of applicant's prior year W-2s or 1099's, or confirmation of no employment income

9) Parent or Guardian Applicant Statement*

10) Waiver*

*Form to be provided

3. All Finalists selected to be interviewed shall be interviewed by an Interview Committee. Each Interview Committee shall consist of three members who meet the eligibility criteria required of members serving on the Interview Committee as it relates to subparagraphs 2, 3 and 5 of Paragraph D of Article III and shall be subject to the same terms, conditions and limitations of members serving on the Interview Committee as it relates to Paragraphs E, F, G, H, and I of Article III.

The Trustee and Executive Director shall carefully review with all members of the Interview Committees the Trust Articles and attached New Schedule A which pertain to the Award Criteria and Award Process, prior to the start of the award process each year to ensure that ALL members of the Interview Committees have a firm and clear understanding of same.

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4. The Executive Director shall provide each Interview Committee member with information on each Finalist to be interviewed including:

A. Scholarship Application (first page only)

B. Official High School Transcript

C. ACT Report showing Recipient's Composite Score

D. Personal Essay and List of Achievements

E. Letters of Recommendation, and

F. Recipients Four Year Plan

5. **Each Finalist shall be interviewed, evaluated, and ranked based upon his or her character, academic ability, achievement in and out of school, personal goals that are meaningful and substantive, and future promise as shown to the Interview Committee.** Finalists shall be interviewed and ranked as a 1,2, or 3 with 1 being the best; a minus or plus may be used to further distinguish candidates. One-Third of all Finalists interviewed shall be ranked as a 1, One-Third shall be ranked as a 2, and One-Third shall be ranked as a 3. As a tie breaker, preferential consideration may be given to applicants who worked in excess of 240 hours the prior year, or who have adverse familial or financial circumstances, or are first in their immediate family to attend college.

After all Finalists are interviewed and ranked, the Grant Committee shall award scholarships to the highest ranked Finalists pursuant to Paragraph J below, "Number of Scholarships to be Awarded."

6. Each recipient of a new scholarship shall be promptly notified by USPS regular mail, mailed "Return Service Requested", that they have been awarded a Hagan Scholarship and that the Award Amount will be determined after the start of the upcoming Fall semester pursuant to Recipient Responsibilities published on the HSF website, after the Trust receives from the recipient ALL necessary information to determine the award amount and after HSF has confirmed such information with recipient's college or university. The Award Letter shall state that recipient's EFC must be fully paid by the recipient's parents at the start of each semester and proof of payment must be provided to the Trust in order to be eligible for funding of a Hagan Scholarship. All Award Notices

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shall be mailed the same day and a copy of an envelope containing an award notification and showing the postage imprint shall be retained by HSF as proof of the date mailed.

7. Each scholarship recipient and recipient's parents or guardians must sign the original Award Letter and return using the provided return envelope. The return envelope must be postmarked by USPS no more than Ten Calendar Days (10) after the postmark on the envelope used by HSF to mail the Award Notifications. Any Hagan Scholarship not accepted by the recipient in the manner set forth above shall be deemed rejected by the offeree and shall be immediately withdrawn by the Executive Director subject only to the approval of the Trustee.

8. Each new scholarship shall be awarded for the Fall academic semester only. Thereafter, each scholarship may be renewed for each subsequent consecutive semester at the discretion of the Trustee and Executive Director for up to Seven (7) additional semesters if the recipient continues to qualify for the scholarship or until the recipient graduates if sooner. The process for determining continued eligibility and renewal shall be determined by reference to the Award Criteria and the Award Procedures contained herein and as hereafter supplemented on attached New Schedule A.

9. No scholarship may be awarded without the prior signature approval of the Executive Director and Trustee. The approval of each scholarship, and the renewal of each scholarship, shall be determined on an individual by individual basis.

10. Each Finalist interviewed by the Grant Committee and not awarded a scholarship shall receive One Thousand Dollars ($1,000) to be used by the recipient to further his or her education.

J. ***Number of Scholarships to be Awarded.*** After the death or incompetency of Grantor, the number of scholarships that can be awarded each year shall be determined by the Trustee and Executive Director as follows:

1. The number of scholarships to be awarded shall be determined using an average of the prior two year average first year scholarship award amounts and the dollar amount of funds budgeted for the upcoming year for the awarding of new scholarships.

2. The proportion or percentage of eligible applicants awarded scholarships shall be similar for each eligible state; i.e. more scholarships shall be awarded

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in states having more eligible applicants, and fewer scholarships shall be awarded in states having fewer eligible applicants.

3. The number of scholarships awarded SHALL NOT exceed one scholarship for every four eligible applications, and scholarships SHALL NOT be awarded to more than Two-Thirds (2/3rds) of all Finalists interviewed.

K. ***Forfeited Scholarships***. The award of scholarships for successive semesters of study shall be contingent upon the recipient continuing to be eligible, as determined by the Executive Director and Trustee. If a scholarship is no longer awarded to a recipient because the recipient no longer qualifies for a scholarship the trust shall not award the forfeited scholarship to a substitute recipient. The funds appropriated for a forfeited scholarship shall be retained by the Trustee for use in fulfilling the Purpose of this Trust in accordance with the terms of this Trust.

ARTICLE III

INTERVIEW COMMITTEE

The Interview Committee shall be charged with the responsibility of interviewing and ranking Finalists selected to be interviewed for a Hagan Scholarship. The Interview Committee shall be subject to the following terms, conditions, and limitations:

A. ***Membership of Interview Committee***. The membership of the Interview Committee shall be determined by the Trustee and Executive Director pursuant to subparagraphs 1 and 2 of Paragraph B of this Article III.

B. ***Number of Members on Interview Committee***.

1. While the Grantor, Dan Hagan, is acting as Trustee of the Hagan Scholarship Foundation, the Interview Committee shall consist of Dan Hagan and at least two other members selected by the Grantor who meet the eligibility criteria of subparagraphs 2, 3 and 5 of paragraph D of this Article III.

2. After the Grantor's death or incompetency, each Interview Committee shall consist of Three (3) members. Each member of the Interview Committee must meet the Eligibility Criteria for Members of the Interview Committee. The Executive Director of this Trust shall not be a member of the Interview Committee.

C. *Duties of the Trustee and Executive Director.*

The Trustee and Executive Director shall carefully review with all members of the Interview Committee the Trust Articles and attached New Schedule A which pertain to the Award Criteria and Award Process, prior to the start of the award process each year to ensure that ALL members of the Interview Committee have a firm and clear understanding of same.

The Trustee and Executive Director shall ensure that the criteria and procedures contained herein and hereafter adopted by the Grantor and incorporated in this Trust on New Schedule A are followed in determining who will receive a scholarship.

D. *Eligibility Criteria for Members of the Interview Committee.*

1. Faculty members of The Hagan Scholarship Academy may be selected by the Trustee and Executive Director to serve as members on the Interview Committee.

2. Each member of the Interview Committee must have attained the age of Twenty-One (21) years and must have graduated from a four-year college or university.

3. Each member of the Interview Committee must have graduated from a public high school.

4. One member of the Interview Committee must be a high school principal or high school counselor who is or has been employed by a public high school or an upper level administrator who is or has been employed by a college or university or a Faculty member of The Hagan Scholarship Academy.

5. Each member of the Interview Committee must have distinguished himself or herself in either his or her professional or civic life, be a person of good moral character, and be interested in the advancement of knowledge and education of students who qualify for a Hagan Scholarship. No member of the Interview Committee may have any economic incentive, direct or indirect, to award a scholarship to a recipient.

6. Each member of the Interview Committee must have experience in evaluating the potential and the ability of individuals to distinguish themselves.

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7. An Interview Committee member may not participate in interviewing or ranking of a Finalist who has attended an educational institution which employed that Interview Committee member within the prior Four (4) year period. In such event, Two (2) non-effected members of the Interview Committee must vote in favor of the Finalist ranking.

8. Each member using a Form provided by the Trust shall affirm and conform to the following criteria in order serve as a member on the Interview Committee:

a. Must evaluate each candidate pursuant to provided Guidelines

b. Must evaluate each candidate using provided Evaluation Sheets

c. Must keep ALL provided information in a Confidential manner

d. Must not make copies of any provided Information

e. Must not contact any candidate or any person named in the provided documents

f. Must return all provided Information, Evaluation Sheets and Summary Evaluation Sheets to the Trustee or Executive Director at the conclusion of Interviews or upon request by HSF if sooner, and

g. Must evaluate each applicant based upon applicant's character, academic ability, achievement in and out of school, personal goals, and future promise; all on an objective and non-discriminatory basis, regardless of said applicant's race, creed, color, sexual orientation, religion, disability, or sex.

E. ***Term and Vacancies***. Each member of the Interview Committee shall serve until replaced by the Trustee, or until the member's death, disability or resignation. The Trustee and Executive Director shall fill vacancies in any position on the Interview Committee that becomes vacant because of a member's death, disability, resignation, or because said member no longer meets the criteria for membership on the Interview Committee.

F. ***Removal***. A member of the Interview Committee may be removed by the Trustee and Executive Director, at any time, with or without cause. The Trustee and Executive Director may request removal of a member of the Interview Committee who either is not devoting sufficient time to his or her duties as a member of the Interview

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Committee or if he or she no longer meets the criteria for membership on the Interview Committee. Such removal shall be effective immediately upon receipt by said member of notice from the Trustee and Executive Director as to said member's removal or Five (5) days after such notice is sent by certified mail return receipt requested to the last known address of such member. The Trustee and Executive Director may thereupon replace said removed member with another member who is eligible and who meets the minimum criteria specified above in this Article. The replacement member shall serve until replaced by the Trustee, his or her death or resignation.

G. ***Compensation and Expense Reimbursement.*** The Executive Director shall compensate each member of the Interview Committee at the rate of Ten Dollars ($10) for each Finalist interviewed, and may reimburse members of the Interview Committee for actual and reasonable expenses incurred by said members in traveling to and from meetings of the Interview Committee, to and from interviews of prospective scholarship recipients, and while pursuing their duties as members of the Interview Committee, upon receipt of a statement for such expenses. No other compensation or benefits shall be paid or provided by this Trust.

H. ***Scholarship Criteria.*** The Interview Committee shall award scholarships pursuant to the Award Criteria contained in this Trust agreement and attached New Schedule A. The Interview Committee shall not materially deviate from the Award Criteria or attached New Schedule A in making awards of scholarships with funds from this Trust.

I. ***Powers of Interview Committee.*** The Interview Committee shall act in a fiduciary capacity, and possess the duties, powers and immunities as they relate to the office of the Interview Committee.

ARTICLE IV

GRANT COMMITTEE

The Grant Committee shall be charged with the responsibility of awarding Hagan Scholarship. The Grant Committee shall be subject to the following terms, conditions, and limitations:

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A. *Membership of Grant Committee.* The membership of the Grant Committee shall be determined by the Trustee and Executive Director pursuant to subparagraphs 1 and 2 of Paragraph B of this Article IV.

B. *Number of Members on Grant Committee.*

1. While the Grantor, Dan Hagan, is acting as Trustee of the Hagan Scholarship Foundation, the Grant Committee shall consist of Dan Hagan and at least two other members selected by the Grantor who meet the eligibility criteria for members serving on the Interview Committee while the Grantor, Dan Hagan, is acting as Trustee of this Trust.

2. After the Grantor's death or incompetency, the Grant Committee for the awarding of scholarships shall include the Trustee and ALL Chairpersons of Interview Committees that interviewed Finalists, and shall consist of at least Five (5) members. Each member of the Grant Committee must meet the Eligibility Criteria for Members of the Interview Committee. The Executive Director of this Trust shall not be a member of the Grant Committee.

C. *Duties of the Trustee and Executive Director.*

The Trustee and Executive Director shall carefully review with all members of the Grant Committees the Trust Articles and attached New Schedule A which pertain to the Award Criteria and Award Process, prior to the start of the award process each year to ensure that ALL members of the Grant Committees have a firm and clear understanding of same.

The Trustee and Executive Director shall ensure that the criteria and procedures contained herein and hereafter adopted by the Grantor and incorporated in this Trust on New Schedule A are followed in determining who will receive a scholarship.

D. *Eligibility Criteria for Members of the Grant Committee.*

1. Faculty members of The Hagan Scholarship Academy may be selected by the Trustee and Executive Director to serve as members on the Interview Committee.

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2. Each member of the Grant Committee must have attained the age of Twenty-One (21) years and must have graduated from a four-year college or university.

3. Each member of the Grant Committee must have graduated from a public high school.

4. One member of the Grant Committee must be a high school principal or high school counselor who is or has been employed by a public high school or an upper level administrator who is or has been employed by a college or university or a Faculty member of The Hagan Scholarship Academy.

5. Each member of the Grant Committee must have distinguished himself or herself in either his or her professional or civic life, be a person of good moral character, and be interested in the advancement of knowledge and education of students who qualify for a Hagan Scholarship. No member of the Grant Committee may have any economic incentive, direct or indirect, to award a scholarship to a recipient.

6. Each member of the Grant Committee must have experience in evaluating the potential and the ability of individuals to distinguish themselves.

7. Each member of the Grant Committee using a Form provided by the Trust shall affirm and conform to the following criteria in order serve as a member on the Grant Committee:

a. Must evaluate each ranked Finalist pursuant to provided Guidelines and Criteria

b. Must keep ALL provided information in a Confidential manner

c. Must not make copies of any provided Information

d. Must not contact any candidate or any person named in the provided documents

e. Must return all provided Information, Evaluation Sheets, Summary Evaluation Sheets, and Rankings to the Trust at the conclusion of Award Process or upon request by HSF if sooner, and

f. Must evaluate each Finalist based upon the Interview Rankings, academic ability, achievement in and out of school, personal goals, and future promise; all

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on an objective and non-discriminatory basis, regardless of said applicant's race, creed, color, sexual orientation, religion, disability, or sex.

E. ***Term and Vacancies***. Each member of the Grant Committee shall serve until replaced by the Trustee, or until the member's death, disability or resignation. The Trustee and Executive Director shall fill vacancies in any position on the Grant Committee that becomes vacant because of a member's death, disability, resignation, or because said member no longer meets the criteria for membership on the Grant Committee.

F. ***Removal***. A member of the Grant Committee may be removed by the Trustee and Executive Director, at any time, with or without cause. The Trustee and Executive Director may request removal of a member of the Grant Committee who either is not devoting sufficient time to his or her duties as a member of the Grant Committee or if he or she no longer meets the criteria for membership on the Grant Committee. Such removal shall be effective immediately upon receipt by said member of notice from the Trustee and Executive Director as to said member's removal or Five (5) days after such notice is sent by certified mail return receipt requested to the last known address of such member. The Trustee and Executive Director may thereupon replace said removed member with another member who is eligible and who meets the minimum criteria specified above in this Article. The replacement member shall serve until replaced by the Trustee, his or her death or resignation.

G. ***Compensation and Expense Reimbursement.*** The Executive Director shall compensate each member of the Grant Committee One Hundred Dollars ($100) after the awarding of all Hagan Scholarships each year, and may reimburse members of the Grant Committee for actual and reasonable expenses incurred by said members in traveling to and from meetings of the Grant Committee, to and from interviews of prospective scholarship recipients, and while pursuing their duties as members of the Grant Committee, upon receipt of a statement for such expenses. No other compensation or benefits shall be paid or provided by this Trust.

H. ***Scholarship Award Criteria***. The Grant Committee shall award scholarships to the highest ranked Finalists interviewed by the Interview Committee. The Grant Committee shall not materially deviate from the Award Criteria or attached New Schedule A in making awards of scholarships with funds from this Trust.

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I. ***Powers of Grant Committee.*** The Grant Committee shall act in a fiduciary capacity, and possess the duties, powers and immunities as they relate to the office of the Grant Committee.

J. ***Awards of Scholarships Within Budget.*** The Grant Committee shall only award the number of scholarships authorized by the Trustee and Executive Director. In the event the Trust can not fully fund all new scholarships awarded by the Grant Committee in the Fall of the year awarded the first year award amounts shall be proportionally reduced to the amount of funds budgeted for the awarding of new scholarships.

The dollar amount awarded for new scholarships and the renewal of scholarships shall be limited to a dollar amount determined pursuant to the provisions of this Trust Agreement, as determined by the Trustee and Executive Director and subject to approval by the Trustee of The Hagan Trust.

ARTICLE V

HAGAN SCHOLARSHIP ACADEMY

A. ***Purpose.*** The Hagan Scholarship Foundation is in the process of establishing the Hagan Scholarship Academy (Academy) to help students similar to Hagan Scholarship Recipients, but two years earlier. The Academy will be a college preparatory boarding school for high achieving junior and senior high school students from Eligible Public High Schools who will require financial assistance in order to attend college, and who aspire to obtain a college education in order to achieve their full potential. Students will attend the Academy without cost to them or their parents; all tuition, fees, room, board, books and supplies will be fully paid by the Hagan Scholarship Foundation. The Facilities of the Academy will be used to interview applicants for Hagan Scholarships and to hold mandatory Workshops for Hagan Scholarship Recipients during the summer months.

B. ***Eligibility Criteria.*** Each Academy Student (student) must meet criteria similar to Hagan Scholarship criteria, including:

1. Each student's eligibility must be confirmed by a "qualified educator" affiliated with the high school attended by the student. A "qualified educator"

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for this purpose is either a teacher who taught said applicant in high school or the high school counselor or the high school principal.

2. All Academy Scholarships shall be awarded only to students (recipients) who are interviewed by the Interview Committee and selected by the Grant Committee. The members serving on the Interview Committee and Grant Committee shall be selected in the manner set forth in Article III and Article IV of this Trust Agreement. The Interview Committee and Grant Committee shall follow the procedures and observe the criteria set forth in Article III and Article IV of this Trust Agreement.

3. Each student must have attended an "Eligible Public High School" located in an "Eligible County" located in an "Eligible State." An "Eligible Public High School" is defined as a public high school located in an "Eligible County." An "Eligible County" is defined as a county having fewer than Fifty Thousand (50,000) residents as determined by the most recent U.S. Census. An "Eligible State" is defined as a state authorized by The Hagan Scholarship Foundation to award scholarships.

After the Grantor's death or incompetency, the Trustee shall publish and thereafter maintain on the Hagan Scholarship Foundation website or the Academy web site if established: 1) A List of Eligible States; 2) A List of Eligible and Ineligible Counties in each Eligible State; and, 3) A List of Eligible Public High Schools located in each eligible county in each eligible state. Upon the publication of each subsequent population survey by the U.S. Census Bureau **ALL** of the above information shall be updated by the Trustee.

After the Grantor's death or incompetency, during the third week of August of each year, the Trustee shall mail at USPS Standard Mail Nonprofit prices a one page informative letter about the Academy and an Academy Brochure to the high school principal and to the high school counselor of ALL eligible public high schools located in all eligible counties in all eligible states. The letter shall inform the recipient about the Academy and ask the recipient to inform and encourage ALL eligible students to apply to attend the Academy.

After the Grantor's death or incompetency, during the third week of August of each year, the Trustee shall mail at USPS Standard Mail Nonprofit prices a one page informative letter about the Academy and an Academy Brochure to ALL high school

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sophomores of all eligible public high schools. The List of Names shall be obtained from ACT or a similar testing entity or service provider and shall meet the following criteria: 1) each student must have achieved a Composite Score of 23 or higher on the ACT or comparable college entrance examination, 2) each student must have a cumulative high school GPA of 3.50 or higher, and 3) each student's Household Income must be less than $80,000. Commensurate with the mailing, the Trustee shall Email all students on the List of Names having an email address a Letter about the Academy and containing a Link to the Academy Brochure and the Foundation or Academy website.

4. Each student must be a citizen of the United States.

5. Each student must have attended their freshman and sophomore years at a public high school located in an eligible county.

6. Each student must have a cumulative high school grade point average of 3.50 or higher.

7. Each student must enroll at the Academy at the start of the first academic year following their sophomore year of high school.

8. Each student must score 23 (Composite Score) or higher on the ACT, or the equivalent score on any similar standardized academic achievement test used to measure scholastic attainment in high school which places the recipient in the top quartile of all students taking such test and which test has been approved by the Trustee and by the Trustee of The Hagan Trust.

9. Each student must have a FAFSA Expected Family Contribution (EFC) of less than Five Thousand Five Hundred Dollars ($5,500).

10. Each student must achieve a 3.00 grade point average each academic period of each academic year. Failure to achieve a 3.00 grade point average each academic period of each academic year shall result in the loss of the scholarship.

11. Each student must cooperate and participate in any work shops, monitoring programs, surveys and questionnaires, the taking of class photos or other activities sponsored by the Academy which are intended to ensure that each student's educational experience and potential is maximized and which will enable this Trust to fulfill it's Purpose, unless excused from doing so by the Executive Director.

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12. At the end of each academic year, using a Form provided by the Foundation, each student must provide to the Executive Director an annual Progress Report describing the accomplishments and progress made by the student toward those goals represented to the Grant Committee and what they hope to accomplish in the upcoming year.

13. A student may not be related to the Grantor, Trustee, Executive Director, or to a person serving on the Interview Committee or Grant Committee within the third degree of consanguinity.

14. A student must not have been convicted of a felony. No student while receiving scholarship funds shall act in a manner which brings discredit upon the Trustee or Executive Director of the Academy, this Foundation or The Hagan Trust, himself or herself, or other students. Each student must act in a manner which is consistent with the representations made by the student to the Grant Committee.

15. Each student and student's parents and guardians must authorize the Academy to use the student's name and any photographs and writings provided to the Academy in any of its publication material, reports, press releases, website, and activities, with or without attribution, in order to publicize the Academy and encourage other worthy students to apply for admission to the Academy.

16. Each student's parents or guardians, using a Form provided by the Academy, must provide a properly executed all-inclusive liability waiver with the student's Application Submittal Package for the benefit of the Academy, this Trust, it's Grantor, its Trustee, it's Executive Director, Trustees of The Hagan Trust, Volunteers, members serving on it's grant committees, and employees. The liability waiver must be signed by the applicant and applicant's custodial parents and guardians.

The all-inclusive liability waiver shall acknowledge that the student and student's custodial parents and guardians do not have a right to the grant of a scholarship to attend the Academy or renewal, that the Grant Committee shall have sole discretion to make award determinations, and that the recipient must abide by and remain current with the Academy Criteria and Student Responsibilities.

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17. Each Academy student must contribute toward the cost of his or her education by working One Hundred Fifty (150) Hours earned employment from the end of their sophomore year high school until the beginning of their junior year, and One Hundred Fifty (150) Hours earned employment from the end of their junior year high school until the beginning of their senior year. Confirmation of each student's employment shall be provided to the Academy using the Form provided. Failure of a recipient to fulfill their work requirement or failure to provide proof of employment shall result in the loss of the Academy scholarship.

18. **Each Academy student must additionally contribute toward the cost of his or her education by performing volunteer work for the Academy or other charitable organizations as determined by the Trustee a minimum of Ten (10) hours per week during the academic year.**

19. Each Finalist interviewed by the Grant Committee and not awarded a scholarship to attend the Academy shall receive One Thousand Dollars ($1,000) to be used by the recipient to further his or her education.

20. Until the Grantor's death or incompetency, at Grantor discretion, the Grantor shall determine the number of Academy Scholarships to be awarded, the process to be used to select Finalists, interview Finalists, award scholarships, renew scholarships and all other matters when administering this Trust, but always on an objective and non-discriminatory basis, regardless of said applicant's race, creed, color, sexual orientation, religion, disability or sex. **The Grantor's right of discretion shall not pass on to a successor Trustee.**

After the Grantor's death or incompetency, the number of students attending the Academy shall be limited to a maximum of One Hundred Students (100) at any one time.

21. The Grantor reserves the right, after the Academy is fully operational, to transfer the physical facilities of the Academy to a separate legal entity to limit liability to the Hagan Scholarship Foundation. In such event, the Academy shall be prohibited from incurring debt of any kind and shall be prohibited from incurring debt or selling assets of the Academy without the prior written approval of the Hagan Scholarship Foundation.

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C. *Racial and Nondiscriminatory Policy.* The Hagan Scholarship Foundation will include a statement of its racially and nondiscriminatory policy as to students in all of its brochures dealing with student admissions, programs and scholarships, and will also include the following nondiscriminatory policy in its website. The Hagan Scholarship Academy Foundation's nondiscriminatory policy will read as follows:

"The Hagan Scholarship Academy admits students of any race, color, national and ethnic origin to all the rights, privileges, programs, and activities generally accorded or made available to students at the Academy. It does not discriminate on the basis of race, color, national and ethnic origin in administration of its educational policies, admissions policies, scholarship and loan programs, and athletic and other school-administered programs."

ARTICLE VI

ADDITIONAL FOUNDATION ACTIVITIES

A. ***Scholarship Activities.*** Additional services provided to scholarship recipients by the Foundation shall include the following workshops:

a. Workshop on "Time Management and Financial Planning";

b. Workshop on "Investing for Financial Security";

c. Workshop on "Goal Setting and Achievement";

d. Establishment of a web site to inform the general public, educators, parents, and students about the Hagan Scholarship Foundation and the Hagan Scholarship Academy.

The Grantor reserves the sole right to establish new workshops until the Grantor's death or incompetency. **The right the Grantor has reserved to establish new workshops <u>shall not</u> pass on to a successor Trustee.**

B. ***Compliance.*** All activities described in paragraphs A of this Article VI shall be consistent with the Purpose of this Trust and shall not adversely affect the treatment of this Trust for federal income tax Purpose as an "operating foundation" under

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Section 4942(j)(3) of the Code. The Foundation shall maintain a staff of paid employees and/or volunteers on an as needed basis to provide those services described herein for the benefit of its scholarship recipients. All such expenses shall be minimized to the extent reasonably possible in order to maximize the amount of Trust assets for Scholarship purposes.

ARTICLE VII

NEW SCHOLARSHIPS

The Grantor reserves the sole right to establish new scholarships until the Grantor's death or incompetency. The Grantor may establish different criteria and different types of scholarships (e.g., post-graduate scholarships, scholarships to be awarded out of state, non-traditional scholarships, scholarships with different criteria for awards than as stated in this Trust Agreement, etc.) as well as criteria and procedures to be used by the Grant Committee in awarding such scholarships by modifying Schedule A to this effect.

The right the Grantor has reserved to establish new scholarships shall not pass on to a successor Trustee.

ARTICLE VIII

DISBURSEMENTS AND RECORDS

A. ***Budget***. After the Grantor's death or incompetency, the Trustee of The Hagan Trust shall determine, by April 1 of each year, the amount of distributable funds that will be available for this Trust for the current year, taking into account paragraph B and paragraph D of this Article VIII, and shall provide such information to the Trustee and Executive Director. Upon receipt of such information, the Trustee and Executive Director shall prepare an annual budget for the current fiscal year and submit to the Trustee of The Hagan Trust by May 1 of each year for it's review, revision if deemed necessary, and signature approval. The Executive Director shall manage the operations of the Foundation pursuant to the Budget approved by the Trustee of The Hagan Trust.

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Any budget shortfall or surplus in one year shall be taken into consideration when determining the budget for the following year, i.e. if a surplus, the number of scholarships shall be increased the following year, if a deficit, the number of new scholarships shall be reduced the following year in order to maintain a balanced budget from year to year to the maximum extent possible.

If the amount of distributable income is insufficient to fund all outstanding scholarships all scholarship award amounts shall be proportionately reduced and new scholarships shall not be awarded until all existing scholarships are funded.

B. ***Charitable Expenditure Limitation.*** After the Grantor's death or incompetency, the Trust's annual expenditures for charitable Purposes (qualifying distributions) shall be limited to, and shall not exceed, the lesser of:

1. The Trust's minimum distributable amount, Endowment Method for an "operating foundation" under Section 4942(j)(3) of the Code and Treasury Regulation 53.4942(b)-1(a)(1), including any substitute or successor sections; or,

2. In the event the Trust does not qualify as an "operating foundation", the Trust's annual expenditures shall be limited to the Trust's minimum distributable amount for an exempt private foundation under Section 501 (c)(3) of the Code, including any substitute or successor sections of the Code; until such time that the Trust can again qualify as an "operating foundation" and make distributions in accordance with paragraph 1 above.

3. To the extent that liability for additional tax under said Section 4942 can be avoided, to minimize distribution volatility due to unusual gains or losses in the investment portfolio and to smooth out annual expenditures, adjustments shall be made periodically to the above targeted spending levels to reduce accumulated shortfalls or overages in distributions of prior years. The Trust's distribution policy shall be based on the rolling average monthly value of the Trust's assets for the prior Thirty Six (36) months ending December 31.

C. ***Operating and Administrative Expenses.*** After the Grantor's death or incompetency, the total annual expenditures of this Trust for operating and administrative expenses for charitable and non-charitable purposes shall be limited to Fifteen Percent

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(15%) of each year's annual budget exclusive of extraordinary one-time expenses and payment of taxes. All such expenditures shall be minimized to the extent reasonably possible. An extraordinary expense is defined as a one-time non-recurring expense due to circumstances outside the control of the Trustee or Executive Director and in an amount in excess of Two Percent (2%) of the annual Budget.

D. ***Distribution of Gifts***. In the event this Trust is named as the recipient of funds from the Grantor or from another trust, endowment or foundation established by the Grantor and the terms under which such gift has been made state that such funds shall be used immediately for scholarship grant purposes for the current year or upcoming year, then the Executive Director shall consider such funds as distributable income and not principal for the Purpose of this Trust and shall utilize and distribute said funds in the year designated for the awarding of scholarships. Furthermore, the distribution of any such funds shall be in addition to the Trust's annual expenditures for charitable Purposes as determined by paragraph B of this Article VIII. Gifts to this Trust which are not so designated shall be considered by the Executive Director as principal and shall be invested and reinvested in accordance with of Article IX, Paragraph A, subparagraph 2 and subparagraph 3.

E. ***Scholarship Disbursement Procedures***. In making disbursements to fulfill the Purpose of this Trust, the Executive Director shall observe and follow the following procedures:

1. To the maximum extent possible, the Executive Director shall distribute the scholarship proceeds directly to the Office of Financial Aid of the college or university attended by the scholarship recipient, to be disbursed by the college or university in accordance with guidelines provided by this Trust. The distributable amount of each scholarship shall only be determined after receipt and confirmation of the information listed in subparagraphs 4 and 5 of this Paragraph E. All such information shall be confirmed by recipient's college or university and requested documentation provided. Failure to provide **ALL** requested information following thirty days' written notice by USPS Certified Mail to the recipient and recipient's college shall result in loss of the scholarship. A copy of any such letter to recipient's college or university shall also be mailed by USPS Certified Mail to the recipient.

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When determining the Award Amount of each scholarship (unless designated otherwise by the recipient's college or university) **ALL** grants, scholarships, awards and waivers received by a recipient in amounts less than $1,000 shall be applied toward reducing the cost of attendance the semester received. If such amounts are greater than $1,000 one-half of such amount shall be used the semester received and one-half for the subsequent semester.

2. Funds for room and board, if a recipient is not living in a college dormitory, shall be limited to the Cost of Attendance (COA) for room and board published on the institution's website.

3. Prior to disbursing funds at the start of each academic year, each recipient must provide the Executive Director a written four (4) year Degree Plan which has been approved and certified to by the recipient's college counselor or the college Registrar certifying as to its feasibility and that if said plan is followed it will lead to the award of a degree to the scholarship recipient within a four (4) year period of time. Any material change in a recipient's four (4) year Degree Plan must be promptly reported to the Executive Director and if such change will prevent the recipient from graduating in four (4) years time the scholarship shall be terminated unless the recipient can attend summer school to make up any deficiency and if by doing so can maintain a four (4) year graduation schedule. All costs incurred by the recipient to attend summer school shall be borne by the recipient.

4. **By October 1 each year (Fall Semester)**, the Recipient must provide to the Trustee the following information:

A. Recipient's Annual Progress Report documenting progress toward those goals represented to the Grant Committee (sophomore, junior and senior years only)*;

B. Recipient's Official College Transcript showing courses taken, hours credited, grades receive, Grade Point Average (GPA) for the prior semester, and Cumulative Grade Point Average (CGPA);

C. Recipient's updated Four Year Degree Plan certified to by the college counselor or Registrar;

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D. Recipient's Employment Report documenting 240 hours work since the start of the prior academic year*;

E. List of ALL scholarships, grants, awards, and waivers applied for and / or received for the current semester*;

F. Recipient's updated Financial Aid Award Letter (FAAL);

G. Recipient's updated FAFSA SAR Report showing recipient's Expected Family Contribution (EFC);

H. Proof of Parents payment of recipient's Expected Family Contribution (EFC) for the current semester*;

I. Recipient's Financial Statement listing all assets and liabilities*;

*Form provided by the Trust

5. **By March 1 each year (Spring Semester)**, the Recipient shall provide to the Trustee the following information:

A. Recipient's confirmation of membership in a campus organization (freshman year only)*;

B. Recipient's Official College Transcript showing courses taken, hours credited, grades receive, Grade Point Average (GPA) for the prior semester, and Cumulative Grade Point Average (CGPA);

C. List of ALL scholarships, grants, awards, and waivers applied for and / or received for the current semester*;

D. Proof of Parents payment of recipient's Expected Family Contribution (EFC) for the current semester*

*Form provided by the Trust

F. ***Changes in Scholarship Disbursements***. The Executive Director, subject to Trustee approval, shall have the authority to approve or disapprove changes in the amount of a scholarship to be awarded due to a change in the recipient's circumstances. Each recipient shall be responsible for promptly notifying the Executive Director of any change in circumstances which could result in a change in the basis upon which the original scholarship was awarded. Such changes which are required to be reported by a

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recipient to the Executive Director shall include, but not be limited to: changes in direct academic costs, changes in a recipient's four (4) year Degree Plan, additional grants or scholarships awarded to the recipient, indebtedness, and any other material change which would affect the recipient's continued eligibility for a Hagan Scholarship.

G. ***Recipient's Indebtedness***. The recipient of a scholarship must notify the Executive Director should recipient incur debt in excess of Five Thousand Dollars ($5,000) not used to pay for recipients tuition, fees, room, board, books and supplies; or for personal expenses up to the amount published on the college or university website, after funding of the Hagan Scholarship:

1. Approved debt shall not adversely affect recipient's scholarship;
2. Unapproved debt shall be deducted from the amount of the scholarship award amount;
3. Unreported debt in excess of $5,000 shall result in loss of the scholarship; and,
4. After the Grantor's death or incompetency, outstanding debt shall be confirmed each year by the Executive Director by obtaining an annual credit report on each recipient.

H. ***Disbursements to be by Check***. After the Grantor's death or incompetency, to be valid each check issued by this Trust must be signed by two individuals authorized by the Trustee to sign checks. The Trust shall only have one checking account at any one moment in time. The checking account shall be with the bank providing checking account services to The Hagan Trust.

I. ***Expenditures***. After the Grantor's death or incompetency, all financial expenditures (except for monthly recurring expenditures previously authorized by the Trustee) greater than Two Thousand Dollars ($2,000) shall not be authorized or permitted without the prior signature approval of the Trustee and the Executive Director.

J. ***Records of Meetings***. After the Grantor's death or incompetency, the Trustee shall keep written records of all annual, quarterly and special meetings of this Trust and all such records shall have the signature approval of the Trustee and Executive Director and shall be retained by the Trust.

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K. ***Maintenance of Records***. After the Grantor's death or incompetency, the Trustee shall permanently retain at the office of the Trust all records that relate to the administration of this Trust including but not limited to: minutes of meetings, audits, financial reports, compliance reports, annual reports, financial records, tax returns, contractual agreements and charitable distributions. The Trust shall make and maintain a comprehensive electronic backup of all such records and store in a safety deposit box at the bank providing banking services to this Trust. The Trust shall provide The Hagan Trust with a complete backup copy of all such records at the end of each calendar year.

L. ***Calendar Events.*** After the Grantor's death or incompetency, the Trustee shall conform with the following dates:

Item	By Date or Event	Description
Article XIII, F	April 1	Complete prior year audit and audit report
Article VIII, A	April 1	Determination of distributable funds
Article VIII, A	April 1	Complete budget for current year
Article XIII, J	June 30	Update web site
Article VIII, K	Year End	Comprehensive Backup of Records
Article VIII, K	Year End	Provide Copy to The Hagan Trust
Article XIII, J	December 31	Update web site

M. ***Quarterly Reports***. After the Grantor's death or incompetency, the Executive Director shall provide to the Trustee and to the Trustee of The Hagan Trust at least Two (2) weeks prior to each quarterly meeting, the following information:

1. A copy of the Trust's bank statement for each of the prior Three (3) months;

2. A copy of the Trust's custodial statement, if one, for the prior Three (3) months listing all Trust investments, and

3. A chronological and numerical listing of all checks issued by this Trust, and a chronological listing of all deposits received by this Trust for each of the prior Three (3) months; each such listing shall include the date of issuance, check number, name

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of recipient, and purpose of such check as it relates to disbursements, and as it relates to deposits shall include the date of each deposit and source of funds.

N. ***Annual Reports***. After the Grantor's death or incompetency, the Trustee shall arrange for the certified public accountant used by The Hagan Trust to perform an annual audit of the Trust records. The accountant shall prepare a financial report and compliance report regarding Trust activities. The financial report shall include an itemized listing of all receipts, deposits, expenditures, and disbursements for the prior calendar year. The compliance report shall include a listing of appropriate details concerning the scholarships awarded by this Trust, scholarships terminated by the Trustee and Executive Director, and note any material changes in the nature of such awards during the prior calendar year. The compliance report shall include specificity regarding: (1) compliance with charitable distribution requirements and limitations; (2) compliance with expense limitations; (3) compliance with investment criteria and limitations; (4) compliance with management guidelines, and (5) compliance with fiduciary responsibilities. All such reports shall be prepared and certified to by the certified public accountant. The Trustee shall provide a copy of such reports to the Trustee of The Hagan Trust and to each member of the Grant Committee.

O. ***Forms and Scholarship Recipient Responsibilities***. After the Grantor's death or incompetency, the Trustee shall ensure that the scholarship applicants and recipients conform with the following:

Item	Source	Description
1	Article II,B	Applicant eligibility confirmed by a "qualified educator"*
2	Article II,D,8	Must apply for eligible Grants, Waivers and Scholarships
3	Article II,D,10	Must be accepted for enrollment at an Eligible Institution
4	Article II,D,11	Must maintain a Four (4) year graduation schedule*
5	Article II,D,12	Must achieve a 3.00 grade point average each semester
6	Article II,D,13	Must declare an academic major prior to start of Junior year
7	Article II,D,14	Must live in dormitory housing during Freshman year
8	Article II,D,15	Must participate in Trust sponsored activities

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9	Article II,D,17	Must provide a Financial Statement*
10	Article II,D,18	Must provide a progress report each year*
11	Article II,D,20	Must not have been convicted of a felony or discredit Trust
12	Article II,D,21	Must authorize publication of recipient information*
13	Article II,D,22	Must provide an all-inclusive liability waiver*
14	Article II,F	Must contribute by working 240 hours each year*
15	Article II,I,7	Must acknowledge acceptance of scholarship award*
16	Article VIII,E,3	Must provide a Four (4) year Degree Plan
17	Article VIII, F	Must notify the Executive Director of changes
18	Article VIII, G	Must notify Trust if debt is greater than $5,000

*Form to be provided

ARTICLE IX

INVESTMENT POLICIES AND DISBURSEMENTS

Subject to the restrictions in this Article, the Trustee shall invest and reinvest the income and principal of this Trust and make annual disbursements from same to meet this Trust's obligations to fund scholarships awarded pursuant to the provisions hereof, subject to the following terms and conditions:

A. ***Investment Criteria.*** The Trustee shall invest and reinvest the Trust principal and accumulated income pursuant to the following terms, conditions, and limitations:

1. While Grantor is Serving as Trustee: So long as the Grantor is serving as the Trustee of this Trust, then the Grantor shall have the discretion to invest the Trust's assets in those investments which are authorized by the Missouri Uniform Trust Code (Sections 456.1-101 through 456.11-1106 of the Revised Statutes of Missouri, including any substitute or successor sections) to be made by trustees and fiduciaries.

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2. Limitations After the Grantor's Death or Incompetency: After the Grantor's death or incompetency, the successor Trustee shall only invest and reinvest the Trust assets (principal and accumulated income) in the following types of investments:

a. CASH, CERTIFICATES OF DEPOSIT and other short term investments which are One Hundred Percent (100%) guaranteed by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and which do not have maturities at the time of purchase in excess of One (1) year.

b. TREASURY OBLIGATIONS of the United States which do not have maturities at the time of purchase in excess of Two (2) years.

3. **Additional Investment Limitations After the Grantor's Death or Incompetency:** In addition to the foregoing limitations ALL non-charitable use assets of this Trust in excess of One and One-Quarter (1.25) times the current year Budget approved by the Trustee of The Hagan Trust shall be managed by The Hagan Trust. The dollar amount of assets to be managed and annual distributions of such assets shall be determined by the Trustee of The Hagan Trust pursuant to subparagraph 2 of paragraph C of Article III of The Hagan Trust. The management of such assets shall be by written agreement between the two Trusts pursuant to paragraph C of Article III of The Hagan Trust. ALL assets received by this Trust from other than The Hagan Trust shall be transferred to The Hagan Trust for management.

B. ***Trustee and Agent's Bonds.*** After the Grantor's death or incompetency, the Trustee and any officer or agent of the Trustee who has any discretionary or signatory authority over any of the funds or assets of this Trust shall be bonded to cover theft, embezzlement and absconding; and, in the absence of such bond, shall not have such authority. The amount of the bond of the Trustee or Executive Director, or any other officer or agent, shall be subject to approval by the Trustees of The Hagan Trust, but shall not be less than Two Hundred Fifty Thousand Dollars ($250,000). The premiums for such bonds shall be paid by the Trust. Such bonds shall be issued by a company rated A or higher by A.M. Best Company or if not in existence by a company having an equivalent investment grade rating as determined by a nationally recognized credit rating agency.

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ARTICLE X

THE TRUSTEE

The Grantor shall serve as Trustee of this Trust until his death or incompetency. After the death or incompetency of the Grantor, the successor Trustees shall always be selected by the Trustee of The Hagan Trust. **Any successor Trustee of The Hagan Scholarship Foundation shall be subject to removal at any time, with or without cause, by the Trustee of The Hagan Trust.**

A. ***Powers of Grantor as Trustee***. In administering this Trust and in selecting investments and otherwise performing the duties imposed upon the Trustee, the Grantor, while acting as Trustee, shall have those powers which are generally recited and set forth in the Missouri Uniform Trust Code (Sections 456.1-101 through 456.11-1106 of the Revised Statutes of Missouri) as amended from time to time.

B. ***Powers of Successor Trustee***. The rights and powers the Grantor has reserved under this Trust to revoke or amend **shall not** pass on to a successor Trustee, except as permitted by paragraph A, Article XII. In administering this Trust, the successor Trustee shall have those powers which are generally recited and set forth in the Missouri Uniform Trust Code (Sections 456.1-101 through 456.11-1106 of the Revised Statutes of Missouri); however, no such statutory provisions shall take precedence over the limitations, terms, and conditions set forth in this Trust agreement. When there is any conflict between the authority granted by said statutes and the obligations or restrictions imposed upon the Trustee, the provisions of this Trust agreement and attached Schedule A shall govern and take precedence. The provisions of Section 456.1-101 through 456.11-1106 RSMo. are incorporated herein by reference to the extent required in order to give effect to the intents and purposes of this clause of this Trust agreement.

ARTICLE XI

Guidance for Successor Trustee and Executive Director

The Grantor is aware that charitable foundations often fail to achieve their full potential due to mission creep, the wasting of assets and poor management.

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Thus, it is the Grantor's Intent:

A. That this Trust shall be managed solely for the benefit of students attending or graduating from public high schools located in counties having fewer than 50,000 residents located in eligible states pursuant to attached New Schedule A;

B. That charitable distributions of this Trust shall only be used to fund Hagan Scholarships and The Hagan Scholarship Academy and those scholarships and related exempt activities established by the Grantor during the Grantor's lifetime;

C. That distributions shall be limited pursuant to Article VIII, paragraph B of this Trust Agreement in order to provide for present and future generations;

D. That the awarding of a Hagan Scholarship or the awarding of a scholarship to attend The Hagan Scholarship Academy shall provide each scholarship recipient with the opportunity to graduate from college and graduate debt free;

E. That Trust expenses shall be minimized to the extent reasonably possible; and,

F. That the Grantor's Intent shall be determined by a thorough and objective reading of the provisions contained in this restated Trust Agreement and attached New Schedule A.

All such provisions and subsequent interpretation shall be construed and viewed as a complete unit rather than putting a "trick interpretation or twist" on any one word or phrase.

ARTICLE XII

ADMINISTRATIVE PROVISIONS

A. ***Savings Clause #1 - Must Qualify as Charitable Foundation.*** The Grantor intends that this Trust will qualify as a charitable foundation within the meaning of Sections 501(c)(3), 2055, 2522 and 170(c) of the Code, and will qualify as an entity exempt from Federal income tax under Section 501(a) of the Code. The Grantor also intends that contributors to the trust will obtain the full benefit of any income, gift and estate tax charitable contribution deductions to which they may be entitled under the Code.

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Accordingly, notwithstanding any provision herein to the contrary, the provisions of this Agreement shall be construed and this Trust administered and disposed of in accordance with this intention and in a manner consistent with such Code sections. No right, power or discretion granted to the trustee or any other person by this Agreement or by law shall be exercisable in a manner that would cause this Trust to fail to satisfy the requirements of a charitable trust within the meaning of such Code sections. Should the provisions of this Agreement be inconsistent or in conflict with such Code sections (or applicable regulations, revenue rulings, revenue procedures, notices or other administrative pronouncements), then such sections (or regulations, revenue rulings, revenue procedures, notices or administrative pronouncements) shall take precedence over the provisions that are set forth herein. The trustee may amend this Agreement in any manner for the sole purpose of complying, but only to the extent necessary, with the requirements of the Code in order to qualify the trust as a charitable trust within the meaning of the aforesaid Code sections.

B. ***Savings Clause #2 - Each Object and Purpose Separate and Distinct.*** The Grantor intends that each object and purpose of this Trust Agreement shall be deemed and treated as separate and distinct from each and every other object and purpose thereof to the end that no provision of this Trust shall be deemed or declared illegal, invalid or unenforceable by reason of any other provision or provisions of this Trust being adjudged or declared illegal, invalid or unenforceable. In the event any one or more of the provisions of this Trust being declared or adjudged illegal, invalid or unenforceable than each and every other provision of this Trust shall take effect as if the provision or provisions so declared or adjudged to be illegal, invalid or unenforceable had never been contained in this Trust Agreement. Any and all properties and funds which would have been utilized under and pursuant to any provision so declared or adjudged illegal, invalid or unenforceable shall be utilized under and in accordance with the other provisions of this Trust Agreement. In the event any exempt organization for which provision is herein made shall cease to exist for any cause whatever, then so much of the funds and properties of this Trust as otherwise would be utilized for same shall be thereafter utilized for the remaining objects and purposes of this Trust.

C. ***Prohibited Transactions***. The Grant Committee, Trustee and Executive Director shall make distributions at such time and in such manner as not to subject the

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Charitable Trust to tax under Section 4942 of the Code. Notwithstanding any provision herein to the contrary, the Trustee, Executive Director and the Grant Committee shall not engage in any act of self-dealing, as defined in Section 4941(d) of the Code, and shall not make any taxable expenditures, as defined in Section 4945(d) of the Code. The Trustee and Executive Director shall not make any investments that jeopardize the charitable Purpose of the Charitable Trust, within the meaning of Section 4944 of the Code, or retain any excess business holdings, within the meaning of Section 4943 (c) of the Code

D. ***Trust Shall Remain Independent***. The Trustee <u>**SHALL NOT**</u> enter into any agreement with a college, university or other entity or person which eliminates, restricts, bypasses, influences or impedes the responsibilities of the Trustee to manage the affairs of this Trust pursuant to the provisions of this Trust Agreement and attached New Schedule A. **The Trustee, Executive Director, and members of the Grant Committee shall carry out their respective duties and obligations under this Trust at all times independent of influence of any high school, college, university or other entity or person.**

E. ***Other Restrictions***. No part of the net earnings of the Trust shall inure to the benefit of or be distributable to the Grantor, Trustee, Executive Director, or other private individuals, except that the Trustee and Executive Director shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein. No part of the activities of the trust shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the trust shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of (or in opposition to) any candidate for public office. Notwithstanding any other provision to the contrary, the trust shall not carry on any activities not permitted to be carried on by: (i) a trust exempt from Federal income tax under Section 501(a) of the Code; or (ii) a trust, contributions to which are deductible under Section 170(c)(2) of the Code.

F. ***Non-Grantor Trust Provision***. Notwithstanding any provision of this Agreement to the contrary, neither the Grantor nor the Trustee, nor any person hereafter appointed as Trustee, shall have any power that would cause any person to be treated as the

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owner of any portion of the trust created hereunder under Sections 671 through 679 of the Internal Revenue Code of 1986.G.

G. ***Taxable Year***. The taxable year of this Trust shall be the calendar year.

H. ***Filing of Trust documents.*** After the Grantor's death or incompetency, the signed original Trust Agreement last filed by the Grantor with the Department of Treasury, the signed original attached New Schedule A last filed by the Grantor with the Department of Treasury and the Grantor's "Plan for Selecting Successor Trustees" shall be filed with the Circuit Court of Boone County, Missouri, Probate Division with the filing of the Grantor's Last Will and Testament.

ARTICLE XIII

GENERAL PROVISIONS

A. ***Non-Grantor Gifts***. Any person may add property of any kind to the Trust hereunder with the consent of the Trustee. However, except for additions made by Grantor or by Trusts established by Grantor during his lifetime, no gift, bequest, or devise of any property to this Trust shall be received or accepted by the Trustee if the disposition of such property is conditioned or limited in any way by the donor.

B. ***Addition of Income to Principal***. Any part of the net income of this Trust that is not expended by the Trust in carrying out the Purpose of this Trust shall be accumulated and, at least annually, added to the trust principal.

C. ***Irrevocability***. Except as may be expressly provided herein to the contrary, neither the Trustee, Executive Director, nor the Grantor or any other person shall have the power to revoke, alter or amend this Trust.

D. ***No Power of Attorney to Modify Trust***. The rights and powers the Grantor has reserved under this Trust may not be exercised or released by the Grantor's power of attorney. Nor shall any such power to revoke or amend be presumed to have been granted or be granted by any court to any guardian, conservator or other person on the Grantor's behalf.

E. ***Principal Sources of Funding***. The principal source of funding for this Trust will either be as a result of gifts made to this Trust by the Grantor, or as a result of

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gifts made to this Trust by another trust, foundation or endowment created by the Grantor. In the event a gift is made to this Trust by the Grantor and the terms of the gift state that the entirety of such gift shall be used immediately to fund scholarships for the current year or the upcoming year, then the entirety of such gift shall be used in the year designated for that purpose without treating any portion of it as principal. All such gifted funds shall be considered in addition to and not as part of the Trust's minimum charitable distribution as determined by Article VIII, paragraph B. All other gifts which are not so designated shall be considered by the Trustee as principal to be invested and reinvested in accordance with the terms of this Trust agreement.

F. ***Auditors, Financial Reports and Compliance Reports.*** After the Grantor's death or incompetency, the Trustee of this Trust and the Trustee of The Hagan Trust shall arrange for the outside certified public accountant being used by The Hagan Trust to perform an annual audit of the books of this Trust and an annual audit of compliance with the terms of this Trust. The audit reports shall be certified to by such accountant and copies of the reports shall be provided to the Trustee and Executive Director of this Trust and to the Trustee of The Hagan Trust.

G. ***Access to Records.*** Any Trustee or Executive Director of any exempt organization established by the Grantor during Grantor's lifetime, or any Family member after the death or incompetency of the Grantor related by blood or marriage or an individual having written authorization of a Family member shall have the right of signature access to inspect the books and records of this Trust at any time and from time to time during normal working hours.

H. ***Contracts.*** The Trust shall not enter into contractual or employment agreements in excess of Three (3) years, except for contracts renewable at the option of the Trustee with each renewal term not exceeding Three (3) years.

I. ***Executive Director.*** The Grantor, while Grantor is serving as Trustee, and any success or Trustee, may hire an Executive Director, and/or employees on an as needed basis, to assist the Trustee in discharging the responsibilities and performing the functions necessary under this Trust Agreement. All such compensation shall be reasonable and not excessive. After the Grantor's death or incompetency, any such Executive Director or employees hired by a successor Trustee shall be subject to removal with or without cause

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with Thirty Days (30) prior written notice. The removal shall be effective on the date the notice is received by the individual being removed, but said individual shall be entitled to his or her compensation for an additional Thirty Days (30) from the date the notice is received by the affected individual. The Executive Director shall not be appointed as a Trustee or have a vote at meetings of the Trustees. However, the Executive Director shall be present and be allowed to participate in Trustee meetings except when the Executive Director's job performance or salary is discussed. The Executive Director shall report to the Trustee. Employees not reporting directly to the Trustee shall report to the Executive Director.

J. ***To Maintain Web Site.*** After the Grantor's death or incompetency, the successor Trustee shall maintain The Hagan Scholarship Foundation's web site established by the Grantor to inform the general public about this Trust, its Purpose, and its Charitable Activities. Information on the web site shall be kept current, and updated at least semi-annually by June 30 and December 31 each year, and shall include at a minimum the following information:

1. History and Purpose of the Trust
2. Scholarship Information
3. List of current scholarship recipients and recipients of Hagan Scholarships who have graduated college
4. Name and Professional Information about each Trustee, and the Executive Director
5. Annual Reports for the prior Three (3) years
6. IRS 990 PF filings for the prior Three (3) years
7. Audited Financial Reports for the prior Three (3) years
8. Audited Compliance Reports for the prior Three (3) years
9. Copy of The Hagan Scholarship Trust Agreement and attached New Schedule A and Exhibits
10. Information about the Grantor
11. Q & A About the Scholarship

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12. Hyperlink to The Hagan Scholarship Academy

13. Hyperlink to The Hagan Trust

K. ***Forfeitures of Scholarships***. If a scholarship recipient fails to fulfill their Recipient Responsibilities or ceases to meet the criteria or eligibility for such award the scholarship shall be forfeited. Any such forfeiture shall be based on objective and non-discriminatory criteria and the decision by the Trustee and Executive Director shall be final and shall not be subject to challenge by the scholarship recipient.

L. ***Modifications to Trust Agreement***. This Trust shall be irrevocable, but shall be subject to modification as follows:

1. During Grantor's Lifetime: The Grantor shall not engage, directly or indirectly, in any activity that would invalidate the exemption of this Trust from Federal Income Taxation as an entity described in Sections 501(c)(3) of the Code, as a "foundation" described in Sections 509 and 170(c)(2) of the Code, as a trust described in Section 2055(a)(3) of the Code, and as a trust described in Section 2522(a)(2) of the Code. Subject to this limitation, the Grantor may, at any time, and from time to time, prior to the Grantor's death or incompetency, amend, modify or restate this Trust agreement, in whole or in part, except as prohibited by Paragraph A or subparagraph 8 of paragraph B of Article I.

2. Method of Affecting Amendments using Schedule A. The Grantor may amend and restate any portion of this Trust Agreement which is permitted to be amended by the Grantor by modifying Schedule A hereto and attaching a new Schedule A to this Trust Agreement which incorporates such amendments. The Grantor may amend Schedule A at any time, and, from time to time, until the Grantor's death or incompetency.

3. Validity of Grantor Modifications. To be valid, any amendment, modification or restatement of this Trust Agreement or Schedule A of this Trust Agreement made by the Grantor, in whole or part, shall be subject to the following:

a. The Grantor must sign and date each page of such document in the presence of and be attested by Four (4) witnesses known to Grantor and all Five (5) signatures must be notarized;

b. A copy of the signed original document must be filed with the Department of the Treasury as an attachment to Form 990-PF by USPS certified mail

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return receipt requested on the date the document is signed by the Grantor. The signed cover letter to the Department of the Treasury must display the USPS unique mail identifier and identify that submitted Form 990-PF for the calendar year ending prior to the filing of the 990-PF for the Foundation;

c. A copy of the cover letter and USPS certified mail return receipt shall be attached to the signed original Restated Trust Agreement of The Hagan Scholarship Foundation being held by the Grantor pursuant to Article XIII, paragraph N of this Trust Agreement.

4. After the death or incompetency of Grantor. After the death or incompetency of the Grantor, the successor Trustee shall not amend, modify or change this Trust Agreement or any attached New Schedule A; except as permitted by Article XII, paragraph A.

M. ***Termination of Trust.*** In the Grantor's discretion, and during the Grantor's lifetime, the Grantor may elect to terminate this Trust by distributing to other exempt organizations, including any exempt organization established by Grantor during Grantor's lifetime, all of the assets of this Trust which remain after paying, or after making adequate provision for the payment of, all liabilities of this Trust. Any such distribution must be to one or more exempt organizations which qualify under Section 501 (c)(3) of the Code.

After the Grantor's death or incompetency, the Trustee shall not have the right to terminate this Trust for so long as the trust estate exceeds Two Million Dollars ($2,000,000). If the Trust estate at any time is less than Two Million Dollars ($2,000,000) this Trust shall be dissolved and the assets of this Trust shall be distributed to Howard County, Missouri to be used to establish The Dan Hagan Trust to award scholarships to students in the high school graduating class of public high schools located in Howard County, Missouri, using similar criteria as The Hagan Scholarship Foundation to award scholarships to students who have a cumulative high school GPA of 3.0 or higher, and who score 21 (Composite Score) or higher on the ACT. If the Dan Hagan Trust is already in existence such funds shall be used to increase the principal of The Dan Hagan Trust. The dollar amount to be awarded each year shall be limited to Five Percent (5%) of the principal of the Trust and the dollar amount to be awarded by each school shall be

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determined on a proportional basis using the number of students in the high school graduating class. In the event Howard County, Missouri shall not exist or will not accept said funds then the assets of this Trust shall be distributed to one or more charities or charitable organizations which are carrying out charitable activities similar to those activities being carried out or were carried out by The Hagan Scholarship Foundation and which qualify for exempt purposes within the meaning of Section 501 (c)(3) of the Internal Revenue Code, or the corresponding section of any future federal income tax code.

N. ***Location of Original Trust Agreements.*** One (1) original of this restated Trust Agreement and One (1) original of New Schedule A shall be executed and shall be held by the Grantor while the Grantor is serving as Trustee of this Trust. After the death of the Grantor, the signed original of this restated Trust Agreement and the signed original New Schedule A shall be held by the Trustee of The Hagan Trust in the safe-deposit box of The Hagan Trust.

ARTICLE XIV

INTERPRETIVE RULES

A. ***Governing Law.*** This Trust shall be construed and administered, and the validity of the trust hereunder shall be determined, in accordance with the laws of the State of Missouri, without giving effect to its conflicts of law principles. The Trustee may not amend this section or take any other action to change the jurisdiction whose law shall govern the construction, administration and validity of the trust other than the state of Missouri. The venue for all actions brought to construe this Trust shall be in the Probate Division of the Circuit Court of Boone County, Missouri.

B. ***Dates of Actions.*** If any date falls on a Saturday, Sunday or Federal Holiday said date shall be considered to be the next working day.

C. ***Voting.*** Any time a vote is required, only one matter may be considered at one time and such vote shall be evidenced by the signature vote of committee members entitled to vote; however, if any vote concerns a committee person then that person shall not be entitled to vote.

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D. ***Objective and Non-Discriminatory Policy***. Any time the Grantor, Trustee, Executive Director, the Grant Committee, or the Interview Committee has the authority to make a subjective decision, then said decision shall always be made on an objective and non-discriminatory basis.

E. ***Existing Standards.*** Any reference to an existing standard, such as "Expected Family Contribution" as determined by the "Free Application for Federal Student Aid," "ACT" or any other standard referred to in this Trust Agreement shall include any substitute or successor to said standard.

F. ***Pronouns***. As used herein, the pronouns "he," "she," "his," "hers," "him," "her", "it" and "its" shall include the masculine, feminine, neuter and plural thereof.

G. ***Singular and Plural***. As used herein, the singular shall include the plural, and the plural shall include the singular, wherever the context and facts require such construction.

H. ***Headings***. The headings, titles and subtitles herein are for convenience of reference only and are to be ignored in any construction of the provisions contained herein.

I. ***Signature***. Any time the word "signature" is used preceding a word (such as Signature Access, Signature Approval, Signature Vote, Signature Consent, Signature Recommendation, and Signature Inspection) it means that it takes the written signature of the individual or trustee.

J. ***Incompetency***. "Incompetency" as it relates to Grantor means after Grantor has been declared incompetent or incapacitated under the laws of the State of Missouri after a trial by jury.

K. ***Definitions***. The following words shall have the following meanings:

Character - appearance, speech, respect, genuine, personality

Academic Ability - can successfully compete with high achieving students

Achievement - in or out of school, overcoming adversity or special circumstance

Personal Goals - clear and a plan for achieving them, meaningful and substantive

L. ***Executive Director.*** Executive Director means Grantor while Grantor is serving as Trustee.

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ARTICLE XV

CONFLICTS OF INTEREST

The purpose of this Article is to protect the interests of this Trust from the adverse effects of any transaction or arrangement which involves the Trustee or Executive Director, or any interested person hereafter defined. The provisions of this Article are intended to supplement and not replace any applicable state or federal laws governing conflicts of interest applicable to not for profit and charitable organizations. Furthermore, no such statutory provisions shall take precedence over the limitations, terms, and conditions set forth in this Article. When there is any conflict between the authority granted by said statutes governing conflicts of interest and the obligations or restrictions imposed upon the Trustee or Executive Director, the provisions of this Trust agreement shall govern and take precedence.

A. ***Definitions***. In this Article, the following terms will have the following meanings:

1. Financial Interest: "Financial Interest" means an economic benefit, direct or indirect, including gifts or favors, which in the aggregate exceeds $100 in any calendar year; except for the reimbursement for actual expenses incurred by the Trustee or Executive Director in fulfilling their responsibilities or compensation authorized by this Agreement and having the signature approval of the Trustee.

2. Interested Person: "Interested Person" means the Trustee, Executive Director, or any other person with powers delegated to that person by the Trustee who has a direct or indirect Financial Interest (defined above) in a transaction with or payment from this Trust.

B. ***Policy***. Any transaction to be undertaken by this Trust which creates a Financial Interest in any Interested Person is a conflict of interest. Any Interested Person shall have an affirmative duty, and obligation, to fully disclose to the Trustee of this Trust all details surrounding any possible conflict of interest with respect to a proposed transaction which may create a conflict of interest.

C. ***Procedure***. Following the disclosure of any potential transaction which may involve a conflict of interest by any Interested Person to the Trustee, the Trustee shall

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determine whether they believe a conflict of interest exists. If the Trustee determines that a conflict of interest exists, the Interested Person shall not be permitted to engage in such transaction. If the Trustee determines that a conflict of interest does not exist, such transaction shall require the signature approval of the Trustee of this Trust.

ARTICLE XVI

EXECUTION

Pursuant to the foregoing, the Grantor, in his separate capacity as Grantor and Trustee of The Hagan Scholarship Foundation does hereby agree to be bound in accordance with the terms set forth above, and the successor Trustee of The Hagan Scholarship Foundation also agrees to be bound in accordance with the terms hereof by virtue of succeeding to the office of Trustee at any time hereafter. The Trust agreement was executed and the Trust created on the 18th day of January, 2008 (the "Effective Date") and thereafter restated in its entirety on September 30, 2009 and on April 14, 2010 and then modified on April 2, 2012. This restatement restates in its entirety the original trust agreement and all prior restatements and modifications and shall be designated the third restatement and is dated April 18, 2013.

In Witness Whereof, the said Dan Hagan has subscribed his name to this restatement of Trust Agreement consisting of Fifty Six (56) pages, and attached Exhibits A, B, and C consisting of Nine (9) pages, each page of which he has identified by signing his name on the bottom of each page, all on the day and year last above written.

Dan Hagan, Grantor

State of Missouri)
) ss.
County of Boone)

On this 18th day of April, 2013, before me, a Notary Public, in and for said county and state, personally appeared Dan Hagan, known to me to be the person who

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executed the foregoing Trust restatement and after being duly sworn, acknowledged to me that he executed the same as his free act and deed in his capacity as Grantor of The Hagan Scholarship Foundation.

JO ELLEN GRACE
Notary Public - Notary Seal
State of Missouri
Commissioned for Boone County
My Commission Expires: December 15, 2014
Commission Number: 10425944

Jo Ellen Grace
Jo Ellen Grace, Notary Public
Commissioned in Boone County, MO
My commission expires 12-15-2014

The undersigned hereby accepts the foregoing trust and attached New Schedule A of The Hagan Scholarship Foundation and hereby agrees to be bound in accordance with the terms of said Trust and the attached new Schedule A as of the day and year last above written.

Dan Hagan, Trustee

State of Missouri)
) ss.
County of Boone)

On this 18th day of April, 2013, before me, a Notary Public, in and for said county and state, personally appeared Dan Hagan, known to me to be the person who executed the foregoing Trust restatement and after being duly sworn, acknowledged to me that he executed the same as his free act and deed in his capacity as Trustee of The Hagan Scholarship Foundation.

JO ELLEN GRACE
Notary Public - Notary Seal
State of Missouri
Commissioned for Boone County
My Commission Expires: December 15, 2014
Commission Number: 10425944

Jo Ellen Grace
Jo Ellen Grace, Notary Public
Commissioned in Boone County, MO
My commission expires 12-15-2014

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We hereby certify that the foregoing Trust restatement was signed on this 18th day of April, 2013 by Dan Hagan, in his capacity as Grantor and as Trustee of The Hagan Scholarship Foundation, in our presence, who, at his request and in his presence and in the presence of each other, have subscribed our names below as witnesses thereto, believing Dan Hagan at the time of so signing to be of sound mind and memory.

SIGNATURES OF WITNESSES:	ADDRESSES OF WITNESSES:
Linda Wright Granger Signature	Linda Wright Granger Name (Print) 2715 Mayflower Street Address Columbia, MO 65202 City/State/Zip Code
Lucinda Jeske Signature	Lucinda Jeske Name (Print) 5102 Geetha Street Address Columbia, Mo 65202 City/State/Zip Code
Signature	James M. Powell Name (Print) 3807 Frontenac Place Street Address Columbia, Mo. 65203 City/State/Zip Code

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H. C. Willbrand
Signature

H. C. Willbrand
Name (Print)

500 N. Covered Bridge Rd
Street Address

Columbia, MO. 65203
City/State/Zip Code

STATE OF MISSOURI)
) SS.
COUNTY OF BOONE)

I, the undersigned, an officer authorized to administer oaths, certify that Linda Wright Granger, Lucinda Jeske, James M. Powell and H. C. Willbrand, the witnesses, respectively, whose names are signed to the foregoing Trust restatement, The Hagan Scholarship Foundation, having appeared together before me and having been first duly sworn, each then declared to me that Dan Hagan, the Grantor and the Trustee of The Hagan Scholarship Foundation, signed and executed the Trust restatement of The Hagan Scholarship Foundation, and that he had willingly signed and that he executed it as his free and voluntary act for the purposes therein expressed; and that each of the witnesses, in the presence and hearing of Dan Hagan signed the foregoing Trust restatement as witness, and that to the best of his or her knowledge Dan Hagan was at the time, of sound mind, and under no constraint or undue influence.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on this 18th day of April, 2013.

JO ELLEN GRACE
Notary Public - Notary Seal
State of Missouri
Commissioned for Boone County
My Commission Expires: December 15, 2014
Commission Number: 10425944

Jo Ellen Grace
Jo Ellen Grace, Notary Public
Boone County, State of Missouri
My commission expires: 12-15-2014

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NEW SCHEDULE A TO
The Hagan Scholarship Foundation

1. Ten Eligible States: Arkansas, Illinois, Indiana, Iowa, Kansas, Kentucky, Missouri, Nebraska, Oklahoma, and Tennessee.

2. "Exhibit A" - Number of Eligible Counties in Each Eligible State

3. "Exhibit B" - Award Limitations and Plan for Expansion into additional States

4. "Exhibit C" - The Hagan Scholarship Academy
    - A. Schedule B, Form 1023 and attached Exhibits
    - B. Site of Academy, Reasons for selecting site

On this 18 day of April, 2013, Dan Hagan (the Grantor) executed the foregoing New Schedule A, which New Schedule A, One (1) page "Exhibit A" - Number of Eligible Counties in Each Eligible State , and One (1) page "Exhibit B" - Award Limitations and Plan for Expansion into additional States, and Seven (7) page "Exhibit C" - The Hagan Scholarship Academy are attached to the restatement of Trust Agreement of The Hagan Scholarship Foundation, to become a part of the restated Trust Agreement until modified by Grantor in accordance with the terms of said restated Trust Agreement, and that he executed the same as his free act and deed.

In Witness Whereof, the said Dan Hagan has subscribed his name to this New Schedule A consisting of One (1) page "Exhibit A" - Number of Eligible Counties in Each Eligible State , and One (1) page "Exhibit B" - Award Limitations and Plan for Expansion into additional States, and Seven (7) page "Exhibit C" - The Hagan Scholarship Academy, each page of which he has identified by signing his name and date on the bottom of each page, all on the day and year last above written.

Dan Hagan, Grantor

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State of Missouri)
) ss.
County of Boone)

On this 18th day of April, 2013, before me, a Notary Public, in and for said county and state, personally appeared Dan Hagan, known to me to be the person who executed the foregoing New Schedule A as Grantor of The Hagan Scholarship Foundation, and after being duly sworn acknowledged to me that he executed the same as his free act and deed in his capacity as Grantor for the purposes therein stated, and that the statements contained therein are true to the best of his knowledge and belief.

JO ELLEN GRACE
Notary Public - Notary Seal
State of Missouri
Commissioned for Boone County
My Commission Expires: December 15, 2014
Commission Number: 10425944

Jo Ellen Grace

Jo Ellen Grace, Notary Public
Commissioned in Boone County, MO
My commission expires 12-15-2014

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We hereby certify that the foregoing New Schedule A was signed on this 18th day of April, 2013 by Dan Hagan, in his capacity as Grantor of The Hagan Scholarship Foundation, in our presence, who, at his request and in his presence and in the presence of each other, have subscribed our names below as witnesses thereto, believing Dan Hagan at the time of so signing to be of sound mind and memory.

SIGNATURES OF WITNESSES: ADDRESSES OF WITNESSES:

Linda Wright Granger
Signature

Linda Wright Granger
Name (Print)
2715 Mayflower
Street Address
Columbia, MO 65202
City/State/Zip Code

Lucinda Jeske
Signature

Lucinda Jeske
Name (Print)
5102 Geetha
Street Address
Columbia, MO 65202
City/State/Zip Code

James M. Powell
Signature

James M. Powell
Name (Print)
3907 Frontenac Place
Street Address
Columbia, MO. 65203
City/State/Zip Code

4-18-13

H.C.Willbrand
Signature

H. C. Willbrand
Name (Print)
500 W. Covered Bridge Rd
Street Address
Columbia, MO. 65203
City/State/Zip Code

STATE OF MISSOURI)
) SS.
COUNTY OF BOONE)

I, the undersigned, an officer authorized to administer oaths, certify that Linda Wright Granger, Lucinda Jeske, James M. Powell and H.C. Willbrand, the witnesses, respectively, whose names are signed to the foregoing New Schedule A, which New Schedule A is attached to The Hagan Scholarship Foundation, having appeared together before me and having been first duly sworn, each then declared to me that Dan Hagan, the Grantor of The Hagan Scholarship Foundation, signed and executed the New Schedule A to The Hagan Scholarship Foundation, and that he had willingly signed and that he executed it as his free and voluntary act for the purposes therein expressed; and that each of the witnesses, in the presence and hearing of Dan Hagan signed the foregoing New Schedule A to The Hagan Scholarship Foundation as witness, and that to the best of his or her knowledge Dan Hagan was at the time of sound mind, and under no constraint or undue influence.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on this 18th day of April, 2013.

JO ELLEN GRACE
Notary Public - Notary Seal
State of Missouri
Commissioned for Boone County
My Commission Expires: December 15, 2014
Commission Number: 10425944

Jo Ellen Grace
Jo Ellen Grace, Notary Public
Boone County, State of Missouri
My commission expires: 12-15-2014

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"Exhibit A"

The Hagan Scholarship Foundation

EIN: 68-6260880

Number of Eligible Counties in Each Eligible State

State	Eligible Counties	
Arkansas	61	
Illinois	71	
Indiana	64	
Iowa	89	
Kansas	95	
Kentucky	104	
Missouri	93	
Nebraska	89	
Oklahoma	62	
Tennessee	66	
Total Eligible Counties		794

A List of Eligible Counties in each Eligible State can be found on The Hagan Scholarship Foundation website at www.hsfmo.org

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"Exhibit B"

The Hagan Scholarship Foundation

EIN: 68-6260880

Award Limitations and Plan for Expansion into Additional States

Formula: The annual dollar amount for awarding new scholarships and to fund the renewal of existing scholarships in Eligible States shall be limited to a dollar amount determined by multiplying the Number of Residents living in Eligible Counties in Eligible States Times Fifty Cents ($0.50) rounded to the nearest $100,000. **The Ten Eligible States have 14,309,891 Residents living in Eligible Counties. The maximum annual dollar amount for awarding scholarships shall be limited to 14,309,891 X $0.50 or $7,200,000.** The number of Residents living in Eligible Counties in Eligible States shall remain fixed until the subsequent U.S. Census Bureau Survey. Upon the publication of each subsequent population survey by the U.S. Census Bureau the number of Residents living in Eligible Counties in each Eligible State shall be re-determined and the maximum annual dollar amount for awarding scholarships shall be re-determined pursuant to the above Formula.

Expansion: During the Grantor's lifetime, expansion to states listed below shall be at Grantor discretion. After the Grantor's death or incompetency, the Trustee shall expand to other states in the order shown as funding permits. Scholarships shall not be awarded in states having fewer than 100,000 Residents living in Counties having fewer than 50,000 residents.

Eligible States are in bold font. Next to each state is the number of Residents residing in counties having fewer than 50,000 residents.

State	Residents*	State	Residents	State	Residents	State	Residents
1 AR	**1,172,729**	12 ND	300,000	23 AZ	107,000	34 HI	117,000
2 IL	**1,434,985**	13 MN	1,369,000	24 UT	353,000	35 ME	229,000
3 IN	**1,715,528**	14 TX	2,959,000	25 NV	216,000	36 VT	290,000
4 IA	**1,532,633**	15 NM	379,000	26 ID	567,000	37 NH	122,000
5 KS	**1,030,970**	16 CO	596,000	27 MI	1,128,000	38 NY	504,000
6 KY	**2,073,603**	17 WY	372,000	28 OH	1,341,000	39 MD	274,000
7 MO	**1,698,982**	18 MT	396,000	29 WV	879,000	40 VA	2,018,000
8 NE	**806,377**	19 WI	340,000	30 CA	339,000	41 NC	1,217,000
9 OK	**1,271,811**	20 MS	1,517,000	31 OR	383,000	42 SC	571,000
10 TN	**1,572,273**	21 AL	969,000	32 WA	376,000	43 GA	2,212,000
11 SD	526,000	22 LA	989,000	33 AK	1,165,000	44 FL	633,000

*Number of Residents living in counties having fewer than 50,000 residents

Residents Living in Eligible States	14,309,891
Number of Residents Living in ALL 44 States	40,062,891

Distributable Funds: After awarding scholarships in ALL Forty Four (44) States pursuant to the above Formula excess funds shall be used to award additional scholarships. In the event Budgeted funds are insufficient to fund all scholarships ALL scholarship award amounts shall be proportionally reduced to the amount Budgeted for the awarding of new scholarships and the renewal of scholarships and, thereafter, new scholarships shall not be awarded until all existing scholarships are fully funded.

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"Exhibit C"

The Hagan Scholarship Foundation

EIN: 68-6260880

The Hagan Scholarship Academy

B. Site of Academy and reasons for selecting site

1. Site of Academy - See attached Map of Stephens College Campus
2. Reasons for selecting site – See Below

The Stephens College property purchased by The Hagan Scholarship Foundation for The Hagan Scholarship Academy is an ideal site for the following reasons:

A. Columbia, Missouri is the educational mecca for the State of Missouri, home to the Flagship campus of the University of Missouri (over 35,000 students), and home to Stephens College and Columbia College.

B. Next to Stephens College, second oldest women's college in the U.S. One-half of Academy students will be young women.

C. Academy students will be able to walk across Ripley Street and take college level courses at Stephens College.

D. Academy students can walk across Broadway or Williams Street and perform volunteer work and job shadow professionals at Boone Hospital.

E. Academy students can walk to downtown Columbia, Columbia College, University of Missouri-Columbia, and take the shuttle bus throughout Columbia.

F. Near Stephens Lake Park and Stephens Stables.

G. Academy Students will be living in a nice and safe neighborhood.

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"Exhibit C"

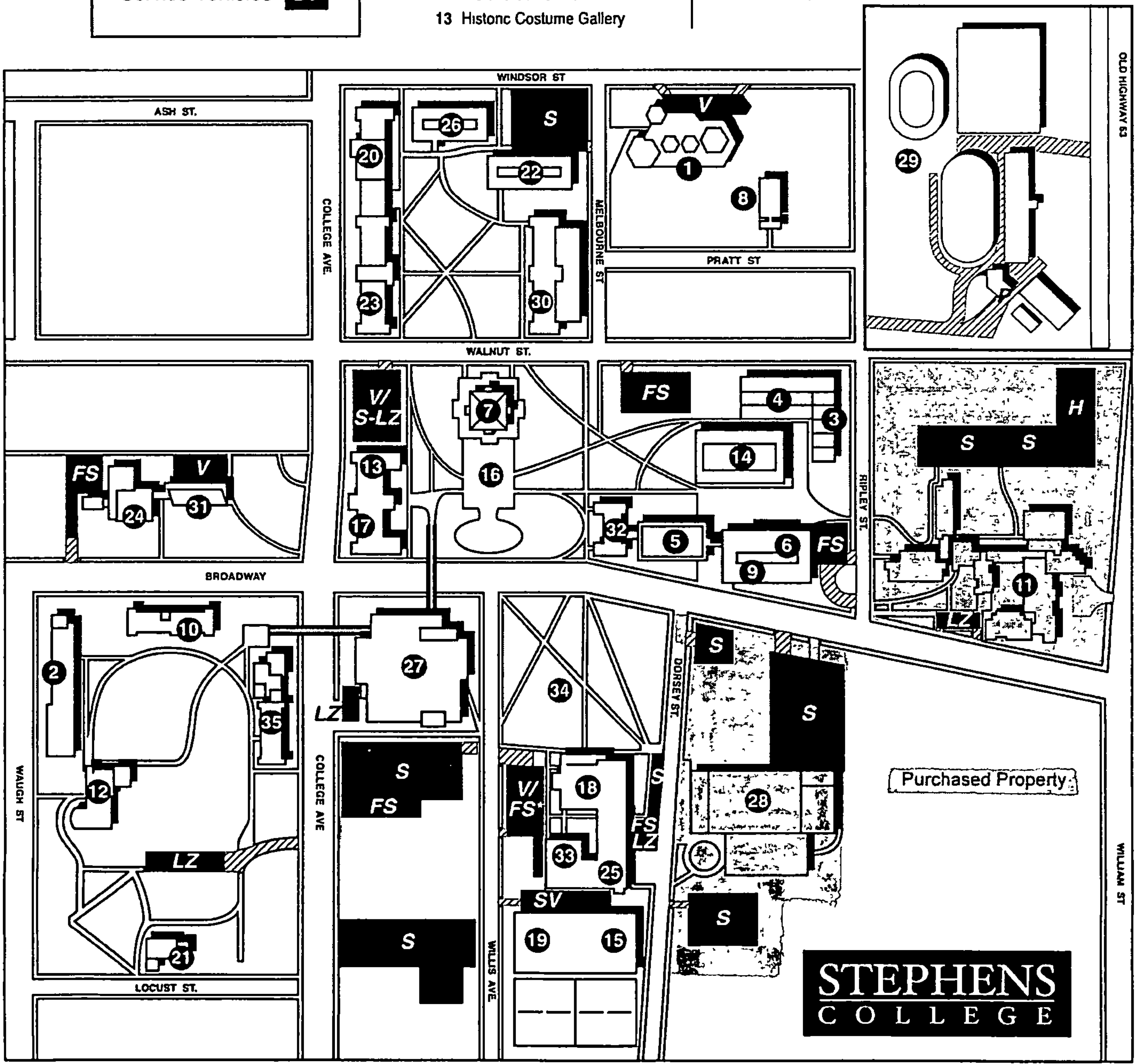
Stephens College Campus

Parking Legend

Student	S
Visitor	V
Faculty/Staff	FS
Health Connection	H
Loading Zone	LZ
Service Vehicles	SV

Campus Key

1. Audrey Webb Child Study Center
2. Columbia Hall
3. Catharine Webb Studios
4. Davis Gallery
5. Dudley Hall
6. E. S Pillsbury Science Center
7. Firestone Baars Chapel
8. Greenhouse
9. Helis Communication Center (including Windsor Auditorium and Charters Lecture Hall)
10. Hickman Hall
11. Hillcrest Hall and Apartments
12. Historic Senior Hall
13. Historic Costume Gallery
14. Hugh Stephens Resource Library
15. John and Mary Silverthorne Arena
16. Journey Religious Life Center
17. Lela Raney Wood Hall (including Kimball Ballroom and Stephens Administrative Offices)
18. Macklanburg Playhouse*
19. Maintenance Facility/Warehouse
20. Pillsbury Hall
21. President's Home
22. Prunty Hall
23. Roblee Hall
24. Sampson Hall
25. Scene Shop
26. Searcy Hall
27. Stamper Commons (including Windsor Lounge)
28. Stephens Auditorium
29. Stephens Stables
30. Tower Hall
31. Visitors Center
32. Walter Hall
33. Warehouse Theatre
34. Willis Court
35. Wood Hall



* Macklanburg Playhouse Lot = day: faculty and staff; evening: visitors

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