

## SCHOLARSHIP FUND HANDBOOK



Thank you for establishing a **Scholarship Fund** with the Allendale Community Foundation (ACF)!

The purpose of the Allendale Community Foundation's Scholarship Program is to create an opportunity for people like you to provide educational opportunities to deserving local students. This handbook is designed to explain the Foundation's procedures and overall objectives, and to answer the questions you may have about a Scholarship Fund. It is our goal to make your participation in the work of the Foundation as rewarding as possible.

### **What Services Do We Offer Scholarship Donors?**

The Allendale Community Foundation offers donors professional assistance in the following areas:

1. Guidance in planning the scholarship. Our staff can discuss with you your goals for the scholarship.
2. Sophisticated investment management of the scholarship fund.
3. Coordination of and guidance through the administrative aspects of the selection/award process.
4. Ongoing assistance in evaluating the scholarship process to ensure your charitable goals are being met.

### **How is the Fund invested?**

The Board of Trustees has the ultimate responsibility for the Foundation's investment portfolio. The Board delegates responsibility to the Investment Committee for implementing an ongoing monitoring of the Foundation's investment policy. The Investment Committee meets quarterly and is comprised of local business and financial leaders in our community.

### **Will I receive an accounting of the Fund's activities?**

Yes, you will receive a quarterly Fund Statement. If the Fund is endowed, the amount available for annual spending will appear on your statement.

### **What fees are charged to the Fund?**

Each Fund held by the Foundation is charged an administrative fee to help cover the operational costs of the Foundation. The administrative fee for a Scholarship Fund is 1.5% annually. Administrative fees are assessed quarterly, based on the market value of the fund.

## Endowed Fund

- **What is endowment?** When you create a Scholarship Fund through the ACF, you have the opportunity to benefit young people forever with a permanent endowment. Your gift is invested and the principal is preserved. A portion of the earnings from the fund is used for scholarship awards to deserving students. Your gift – and all future earnings from your gift – is a permanent source of community capital, helping to support education for students today and in the future.

## How is the amount of the award determined, and how many awards can be given from my Fund?

Our spending policy is based on a formula that is 4% of a three-year rolling average of the December 31 fund balance. As the Scholarship Fund matures, larger awards or several awards may be given. Scholarships of all sizes are appreciated by the students and their families. Not only does the recipient receive financial assistance, but also equally important is the support and encouragement the scholarship represents.

## How are recipients selected?

Applications are submitted to ACF. We will check to make sure the application is complete and all requested items are attached to the application. Copies of applications are provided to the Foundation's Scholarship Committee, which is comprised of Guidance Counselors from Allendale High School, and Foundation staff. Or, if a difference selection committee is established for your Fund, applications are provided along with our recommended Scholarship Selection Guidelines.

The scholarship selection committee pays special attention to the following:

- **Academics** – The Selection Committee will select the recipient based on the GPA criteria that the donor has indicated.
- **Leadership** - If this is part of the criteria for an award, committee members may examine activities in this area and they may also look for a range of leadership roles the student has demonstrated.
- **Service** - Community and volunteer service is a key component in many awards and committee members will be interested in what service students have provided to their school, community or church. They may look at activities that go above and beyond the required service job.
- **Financial Need** – The SAR (Student Aid Report) of the FAFSA (Free Application for Federal Student Aid) Form provides this important information.
- **Special Circumstance** – If a student has overcome an obstacle to achieve his/her goals, or is facing a special circumstance, the selection committee takes that into consideration as well.

Following the Committee's review of the applications, recommendations are made for awards from each Scholarship Fund. The Board of Trustees provides final approval for all scholarship awards.

## Is there anything I can't do with my Scholarship Fund?

Yes. The IRS has one clear restriction regarding Scholarship Funds. **The donor, or the donor organization, is not allowed to choose the individual recipient.** Sometimes it is possible for a donor and their family to be a minority member of a Foundation approved selection committee, but the IRS may impose fines on the donor and also the Foundation if it appears that there is not a fair and neutral selection process.

## May I still serve on the Scholarship Committee?

Yes, however, it is imperative that donors or family members make up the minority of the Committee. The majority of the committee must be made up of individuals who are not related parties and who are not

designated or appointed by the donor, and all members of the selection committee must be appointed by the Foundation's Board of Trustees as well as sign our conflict of interest agreement.

### **May I suggest that a student apply for my Scholarship?**

Yes, you may encourage any student to apply for your Scholarship; however, it is important for you (and the student) to remember that he/she will be one applicant among many, and that there are no guarantees that the Committee will select him/her. Relatives of the donor are ineligible; however, they may be eligible to apply for other Foundation Scholarships. Foundation staff, Trustees and their family members may not apply for any Foundation Scholarship.

### **Is there a deadline for Scholarship application?**

Yes. We offer Scholarships once a year. Applications are available by mid-January, and the deadline for all completed materials is in March.

### **What happens next?**

The Board of Trustees must approve awards recommended by the Committee. We will then notify the recipient of the award, indicating that the scholarship was provided by the specific fund of the Community Foundation. Many of the awards are presented by our Trustees/staff at the high school awards ceremonies, which are held in May of each year.

Following the public presentation of the award, a notification letter from the Foundation is sent to the student outlining the details of the award. Students are asked to confirm the college they plan to attend, and checks are processed in July. Checks are made payable to the college, with the request that the scholarship dollars be used to fill unmet needs, or reduce the amount of a student's loan or work-study package. Generally, the institution credits the award to the student's account – half for the fall semester and half for the winter/spring semester.

A memorandum sent to the college explains the Foundation's policies and requests that the school notify us if the student does not register or withdraws from school. When this happens, institutions typically issue a refund check to the Foundation. Returned moneys are credited to the Scholarship Fund.

Many students write thank you notes to the donors of the Scholarship Fund. We will forward these to you so that you may know how your gift is directly impacting the students who have benefited from your Fund.

### **How do I add to the Fund?**

- You may make a tax-deductible contribution to the Fund at any time. Gifts may be made using cash, stock, or other assets.
- Others may contribute to your Fund at any time, as well. This allows the Fund to grow not only through investments but also through increased contributions. Contributions sometimes come from previous recipients who have completed their education and started their careers – a nice way to say thank you and help future recipients!
- By creating a Fund with us during your lifetime, you have already made it possible to leave a permanent legacy in your name. Many families suggest their Scholarship Fund as an appropriate memorial upon the death of a family member.
- You can also add to your Fund through a bequest or a planned gift. Simply name the Fund as one of the beneficiaries of your will/trust, life insurance policy, IRA, 401K, annuity or other asset – this type of gift also makes you eligible to join our Legacy Society. Please let us know if we can provide you more information about joining our Legacy Society by leaving a planned gift to the Foundation.

## Thank you

Thank you for giving the Allendale Community Foundation the opportunity to assist you with your charitable giving.

## For Further Assistance

We hope this handbook serves as a helpful guide to the Scholarship Program with the Allendale Community Foundation. Please contact us for any other information or if you have ideas on how we may better serve you. We can be reached by phone at 616-842-6378 or by Fax at 616-842-9518.

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**For good. For ever.<sup>SM</sup>**