

Creating a Scholarship Fund

(Effective January 12, 2018)

Establishing a scholarship is a wonderful way to help students achieve their educational goals. Currently, there are over 150 scholarship funds within the three counties that make up the Northern Indiana Community Foundation, Inc. (NICF). The Community Foundation offers a variety of options to help you create a scholarship fund that meets your needs and expectations.

The NICF helps donors create endowment funds. This means that the initial gift and future contributions are invested and only a portion of the earnings are given in scholarships. Our endowment model ensures that your fund will help students forever.

There are also tax benefits. Since the NICF is a 501(c)(3), not-for-profit organization, you receive the maximum deduction allowed. The NICF accepts gifts of cash; shares of stock, including stock highly appreciated in value; closely held stock; life insurance; and real estate (with special approval of the NICF Real Estate Committee and Board of Directors), and we can be a part of your estate planning. You may also continue to add to your fund once it is established.

You, the donor, set up the scholarship criteria that is important to you, and the NICF takes care of the rest.

How much money does it take to create a Scholarship fund and how soon can I get started?

We can set up your scholarship fund as soon as you have established your criteria, sign a scholarship agreement and provide the funds. It takes \$10,000 to create an endowed scholarship fund.

How does the scholarship process work?

Some of our graduate student or non-traditional scholarships are offered throughout the year, but the majority of our scholarships are awarded in May prior to high school honors programs and graduations.

Our Scholarship Coordinator distributes information about NICF scholarships to area schools and guidance departments of each school in Fulton, Miami and Starke Counties. Scholarship renewals are also managed by the Scholarship Coordinator who keeps in contact with college students and reminds them of renewal opportunities or obligations.

The NICF uses an online application system. This streamlines the process making it easier for students to apply and committee members to review applications.

CommunityForce provides the technology used for our online scholarship application program. This is a cloud based management platform that has been in place at the NICF for a number of years. The program is used by business operations for philanthropic organizations, educational institutions, associations and other nonprofit organizations to assist in program management.

The Scholarship Coordinator screens the online applications to ensure that students meet specific criteria and include all necessary attachments. Applications are scored by the committee who use the online cloud program. The scoring process is monitored by the Scholarship Coordinator who also tabulates financial and academic measurements. The committee gathers in person to review the tabulations and for a final vote on the selection of the scholarship recipients.

We then contact the schools with the names of the recipients to be announced at the schools honors program. Each scholarship recipient receives a certificate and acknowledgement of the scholarship at the event. Many times, the donors wish to make the presentation at the school, and we strongly encourage their participation. We will have a representative of the Community Foundation at the school honor's program as well.

The Community Foundation may hold a scholarship reception, or if the donors who would like to meet scholarship recipients we will coordinate a time that works with the donor and student. This is a great way for the donor to get to know the student and to share information about the reason the fund was established. We do have some donors who wish to remain anonymous, and we are mindful of those donors and their decision. If you wish to remain anonymous, be assured that confidentiality is of the utmost importance at the NICF.

The NICF office sends voucher letters to the recipients to gather information needed to pay their college, university or trade school. Our policy is to pay the college, university or trade school directly. Each student must provide the information requested in the voucher letter, in addition to any other documents as required by the scholarship fund agreement for payment to be approved. Examples of documentation include: a letter of acceptance to the school, fall class schedule, proof of grades, etc. The voucher letter will also let the student know if the scholarship is eligible for renewal and what the student would need to do for resubmittal.

We encourage the students to write a thank you letter to the donor and committee. All thank you notes are copied for the file and then sent directly to the donor.

Creating Your Scholarship Fund

We at the NICF look forward to working with you to create your new fund. We will prepare the fund agreement with your specific instructions so your fund can be administered in accordance with your wishes. This fund will be here for forever, so it is important that the donor's wishes be clearly described. As long as a donor is living, changes can be made to the original agreement at any time simply by notifying the NICF and signing an amendment form.

Here are some things you need to decide when creating a new scholarship fund:

◆ **What will be the exact name or title of the fund?**

- You can name the fund to honor the memory of a loved one. Other ideas are family name, names of the donors, area of study, school or organization establishing the fund.

◆ **What criteria will you have for the recipients?**

- The process for selection of the recipient must be fair, open and available to all who qualify. You may, however, list qualifications that you would like your recipient to have. Such as:
 - Graduates of a specific high school
 - Specific locale of residency
 - Non-traditional student
 - Full-time or part-time student
 - Current high school graduate
 - Current college student
 - College graduate
 - Financial need
 - GPA/SAT scores
 - Athletic or academic interest
 - Work, volunteer history
 - Awards and recognitions
 - Specific career goals

◆ **Who will select the recipient?**

- The selection of all recipients are subject to NICF Board approval in accordance with IRS codes, applicable laws and the overall goals of the NICF Scholarship Program.
- In accordance with the instruction outlined in the Pension Protection Act of 2006, the NICF must appoint all members of any selection committee charged with the evaluation of candidates for scholarship awards.
- Starke, Miami and Fulton Counties each have a Community Foundation Scholarship Committee comprised of Community Foundation Service Committee Members and local citizens who review the applications that make a final recommendation to the NICF Board.
- If the donor or donor representative would like to have input on the selection of the recipient(s) of the scholarship, they will participate in the review of the scholarship applications along with the Community Foundation Scholarship Committee. The donor or donor representative will review all applications for their scholarship and have one vote along with the other members of the Committee.

Including the NICF in Your Estate Planning

We encourage our donors to contact their attorney or financial planner to review your fund agreement. We also invite them to give us a call to answer any questions.

You can also simply let your attorney know of your intentions for creating a scholarship fund when you are making arrangements for your will or other estate planning vehicle. Please feel free to use the attached "NICF Scholarship Fund Checklist" to give to your attorney for specific instructions for the creation of a scholarship fund. We highly suggest that a fund agreement be attached to the will.

Investing Our Gifts

The NICF is made up of Fulton, Miami and Starke County Community Foundations who share costs and pool funds into a single, cost-effective foundation. The NICF is directed by a Board of Directors, which consists of five members from each of the three counties; this provides for consistent, effective management of the endowments. Each of the three counties has its own volunteer board, which is responsible for the distribution of proceeds from its general fund. The executive director and the seven-member staff are paid positions.

The mission statement of the NICF is: *To improve the quality of life in our communities by assisting donors in fulfilling their charitable wishes forever.* We do this with the assistance of an ever-mindful Board of Directors and Finance Committee who have created the following statement designed to increase assets with minimal risk.

See the attached ***Investment Policy Statement*** for details on how the funds within the Community Foundation are invested and fees are assessed.

Northern Indiana Community Foundation Scholarship Fund Checklist: Please check and fill in the blanks of any of the statements below that apply to your wishes:

Most Commonly Used Purpose Statements:

- Graduating from _____ High School(s).
- Resident of _____ County(ies) or _____ Township.
- Pursuing a degree in _____.
- Deserving of financial assistance.
- Who plans to attend an accredited college or university.
- Who plans to attend an accredited college, university, trade or vocational school.
- College, university, trade or vocational school must be in Indiana.
- Must attend _____ College or University.
- A **non-traditional student attending college for the first time. Every school has their own definition of what a "non-traditional" student is, but generally a non-traditional student is:
 - An older student, usually over the age of 24 or 25.
 - A student who previously attended college and is returning to college after a few years' break.
 - A student who graduated high school, went straight into the work force, and is now attending college for the first time.
- A first-generation college student. Defined as those whose parents or immediate family has no college or university experience.
- Other Purpose/Donor to Specify: _____

Most Commonly Used Scholarship Criteria:

- Active and involved in school, work and their community.
- Active and involved in _____.
- Displays good academic, athletic, artistic or musical accomplishments.
- Must have a _____ or higher Grade Point Average. Graduating in the top/highest _____% of graduating class. Have a _____ or higher SAT/ACT score.
- Attended high school in Indiana for at least _____ years prior to graduation.
- Must attend the school of _____ at _____ college/university.
- Other Criteria/Donor to Specify: _____
- Special preference for students pursuing a degree in _____
- No minimum Grade Point Average required.
- No income limitations required (Financial Need N/A).

Payment of Scholarship: (Specific Instructions & Stipulations)

- No specific instructions. Payment to be made at the beginning of the school year.
- Payment made after completion of first semester, and after the recipient submits a copy of their first semester grades and second semester class schedule. (maintained at least a _____ cumulative GPA.)
- Payment made after completion of one year of college, and after the recipient submits a copy of their first year grades and upcoming class schedule. (maintained at least a _____ cumulative GPA.)

Renewable and Non-Automatic Scholarships:

Automatic Renewals:

- ❑ Automatically renewed only if sufficient funds are available (*first-year recipient will receive the scholarship for four (4) years for undergrad, two to four years for graduate education*)

Non-Automatic Renewals:

- ❑ Recipients who are re-applying and graduating high school seniors who are applying for the first time will be given equal consideration in the selection process.
- ❑ The recipient may apply for renewal of said scholarship each year during such student's undergraduate college education, subject to the availability of sufficient funds, by:
 - Completing a current-year application and re-applying each year.
 - Writing a letter of intent to re-apply, copy of current grades and upcoming semester class schedule.
 - Maintaining a cumulative GPA of _____.
- ❑ Non-Automatic Renewals/Donor to Specify: _____

Examples Of Unique Criteria Not Often Used:

- ❑ Special consideration will be given to those who have overcome obstacles or unusual circumstances. (Please define: _____)
- ❑ Special consideration will be given to those students who come from a single-parent household, in foster care or other specific living conditions.

Please Note: A scholarship with the above unique criteria may be difficult to award. So the following “*sample statement*” should be included in the agreement:

“If no qualified student applies, the following criteria shall be considered:”

(The donor can then specify what other criteria may be considered, for example: Support of students who are **pursuing an education** in the field of: Physical Therapy, Speech and Hearing, School or Family Counseling)

Recipient Selection/Recommendation Committee:

The selection of all recipients are subject to NICF Board approval in accordance with IRS codes, applicable laws and the overall goals of the NICF Scholarship Program.

- ❑ The County Community Foundation Scholarship Committee will select and recommend the scholarship recipient to the NICF Board for approval.
- ❑ The donor or donor representative will be a part of the Community Foundation Scholarship Selection Committee, will review all applications for their scholarship, and will have one vote along with the other members of the Committee in the selection and recommendation of the scholarship recipient to the NICF Office for Board approval.