



## **Scholarship Fund Guidelines**

Approved November 16, 2016

Scholarship funds are an excellent way to memorialize a loved one or honor a special person by building an enduring, permanent resource that ensures perpetuation of the donor's support of education. The following policies and guidelines have been established to govern the handling of Scholarship Funds in a manner consistent with the purposes of the Salina Education Foundation and in keeping with applicable tax regulations.

### **1. Minimum Amount**

The minimum amount required to establish a Scholarship is \$10,000, designated as endowment. The Foundation will accept donations of \$5,000 or more to establish a scholarship fund, and donors may take up to 3 years to reach the fund minimum. If, at the end of three years, the fund has not reached the minimum, the fund will be added to the unrestricted grant fund within the Foundation. Those donors will receive recognition in Foundation materials

### **2. Investment of Funds**

Scholarship Funds belong to the Foundation and are subject to the terms and conditions of its governing instruments. Scholarships funds are commingled with other Foundation funds to encourage maximum investment performance. The Foundation's portfolio is managed with a view toward maximization of total return considering inflation risk, interest rate risk, and business or economic risk, while at all times being prudently diversified. A copy of the Foundation's investment policy is available on request.

### **3. Fund Agreement**

When the fund is approved by the Executive Committee of the Foundation, the donors will complete a Scholarship Fund Agreement. This agreement is prepared by Foundation staff and donors. The agreement includes instructions for the Foundation regarding the donors' wishes for scholarship criteria, the amount of the award, and the process for determining scholarship recipients.

#### **4. Awards**

All scholarships must be at least \$250. The Foundation will honor the award recommendation outlined in the Scholarship Fund Agreement. The Foundation recommends scholarships are awarded in the amount of no more than 5% of the fund balance annually to preserve principal, encourage growth, and provide a consistent annual award. Once the fund is established at the \$10,000 minimum and invested for a full year, scholarships will be paid as long as the balance of the fund is above \$8,000.

The Foundation makes scholarship awards payable jointly to the student and the educational institution and sends the award check directly to the institution.

#### **6. Permissible Recipients**

Scholarship recipients must be USD 305 students. Donors can establish criteria for eligible recipients in the Scholarship Fund Agreement. Under no circumstances may scholarships be given to a predetermined recipient. Family members of the donor or of selection committee members are not eligible.

#### **7. Administration and Record-keeping**

The Foundation will create the scholarship application and distribute the application in order to encourage as many applicants as possible. Applications should be returned to the guidance counselor at the school the applicant is attending.

The Foundation requires the selection committee to provide copies of every application received for each scholarship being considered. The Foundation then retains these records, along with the selection committee documents, according to IRS recommendations.

#### **8. Award Selection/Advisory Committee**

Scholarship award recipients should be recommended to the Foundation from a selection committee. The committee should be made up of individuals in a position to review the applications and make appropriate recommendations. Donors are not permitted to select scholarship recipients from their own fund. A donor, members of the donor's family, or other related parties to the donor may not comprise the majority of a selection committee.

The Selection Committee presents its recipient to the Foundation along with the Foundation's signed conflict of interest form and copies of all applications. The scholarship recommendation forms (which include the name and position/title of each member of the selection committee) for each scholarship shall also be presented to the Foundation.

## **9. Anonymity**

Unless the donor wishes to remain anonymous, the Foundation identifies the donor responsible for the establishment of the scholarship fund. Scholarship recipients are encouraged to acknowledge the donor whose generosity made the scholarship possible. For donors who wish to remain anonymous, the Foundation will honor that request and will serve as the go-between for acknowledgments from the award recipient and the donor.

## **10. Subject to Governing Instruments**

All funds are subject to the terms and conditions for the Foundation's governing instruments. The Foundation reserves the right to modify or vary any donor direction or restriction that is inconsistent with the charitable purposes of the Foundation.

## **11. Administrative Contributions and Special Fees**

All funds are required to share in the costs associated with administering the fund. An initial fee of 2% or \$200, whichever is greater will be assessed each new fund. Thereafter, a 1% annual fee will be assessed, based on the average daily fund balance as of June 30.

Each specific fund will be charged a fee for any extraordinary expenses incurred on behalf of the fund, such as commissions for the sale of contributed securities. Additional fees may be charged for other non-standard services.