

Scholarship Fund Handbook

The Hendricks County Community Foundation (HCCF) has offered funds that make scholarship awards since becoming a county-wide organization in 1996. A Scholarship Fund typically is established to provide educational scholarships to individuals graduating from high school. HCCF's Scholarship Funds are generally awarded to graduating high school students for a four-year college, and awards are paid directly to the recipient's school. In 2021, the Board modified our scholarship program to increase the impact of scholarship awards and ensure ongoing sustainability of permanent Scholarship Funds.

The general goal of these changes is for all new HCCF Scholarship Funds to permanently support an annual award of at least 8% of the average annual cost of attendance (COA) for a public 4-year institution, which is renewable for all four years of college. The current award is an annual award of \$8,000 (\$2,000/year, renewable for four years). This minimum award will be reviewed every four years, next in 2025. Adjustments will be made to minimum fund balance and annual awards as necessary to support an 8% COA award. This award level requires a high minimum balance (currently \$200,000) to open a new fund. Recognizing that this is a substantial amount for many donors, HCCF has many other options for funds other than scholarships that will help donors realize their charitable intents.

Opening a fund: Opening a Scholarship Fund with HCCF requires a few steps. Meeting with HCCF staff to discuss the donor's goals is the first step. Scholarship Funds are subject to approval by HCCF's Board of Directors, and minimum fund balances are required (see our current *Administrative Fees and Minimum Balance Policy* for more information). If the donor wishes to proceed under the policies in this Handbook, HCCF will begin to draft a Fund Agreement based on the goals and recipient criteria discussed in the meeting. Our Fund Agreements are standard forms used by community foundations throughout Indiana, but you may wish to have it reviewed by your professional advisors. Once the draft Fund Agreement is acceptable, both parties will sign it. Once the Fund Agreement is signed and the first gift received, your fund is open!

Gifts: Gifts to a fund are irrevocable. The assets of Scholarship Funds are owned and controlled by HCCF. Gifts can be made to a Scholarship Fund at any time, by any individual or organization. Donations to Scholarship Funds are tax-deductible as allowed by law. Gifts can take any number of forms and can be an integral part of your overall planning. We can accept many types of gifts, including immediate gifts (such as cash or checks, marketable securities, retirement plan rollovers, closely held stock, personal property, real estate), delayed or deferred gifts (such as through a will or bequest, a living trust, a life insurance or retirement plan beneficiary designation), or even gifts that may provide income to the donor (such as a Charitable Gift Annuity, a Charitable Remainder or Charitable Lead trust). One or more

of these options may fit into your overall planning. Please see our current *Gift Acceptance Policy* for more details.

Administration of the Fund: HCCF staff, overseen by our volunteer Board of Directors, administers aspects of each fund's investment management, grantmaking, check writing, bookkeeping, tax reporting, auditing, and evaluation. HCCF makes available to the Fund Representative reports of fund income, expenses and grantmaking, as appropriate. To make charitable giving a rewarding experience, HCCF provides a wide range of personalized donor and financial services, tailored to the needs of donors and their families. Administrative fees support these services and HCCF's other activities with its role as a philanthropic leader in the community.

Administrative Fees and Minimum Balance: HCCF assesses fees, including investment management fees, against all its funds to cover the cost of administration and to continue our important work in our community. Fees provide the necessary resources to operate efficiently and effectively, ensuring fiscal responsibility in grant due diligence, donor and nonprofit education, research, and other activities. Fees for Scholarship Funds may be negotiated on a fund by fund basis. HCCF also requires a pledge of a minimum balance to open a fund. Please see our current *Administrative Fees and Minimum Balance Policy* for more information.

Fundraising: Fundraising for a specific fund can be done by the donors or their representatives. Please see our current *Donor Initiated Fundraising Policy* for details on the requirements for this activity.

Grantmaking: Scholarship awards are considered to be grants. Grants from Scholarship Funds are made by the Community Foundation through a multi-step process:

1. HCCF will use a standard application for all scholarships, with a public application period open to all graduating high school students who are residents of the county.
2. Once the application period ends, student applications for all HCCF Scholarships will be sent to each school as determined by the scholarship criteria, along with the other criteria for each scholarship.
3. Counselors or school-based teams will choose from those applications and return two names per award: 1) Recommended Recipient and 2) Recommended Alternate.
4. The Board will vote on the recommendations at their next Board meeting.

Scholarship awards will be paid directly to the recipient's accredited college or university. Awards cannot be paid directly to the recipient. Award criteria may require students to meet eligibility for each year of the award.

As noted above, the minimum award for all scholarships will be \$8,000 (\$2,000/year, renewable for four years). This is 8.7% of current COA at a public university, in-state. Minimum award levels will be reviewed by the Board every four years at the same time as minimum balances for new funds (next review in 2025). The target will be to maintain awards of approximately 8% of current COA.

While applications will be reviewed, and recipients selected by, school-based teams, it is important to note that neither the donor nor any party related to the donor may control the scholarship selection process, directly or indirectly. Donors, those recommended or designated by donors, and anyone related to them can not constitute a majority of any such committee. HCCF's Board of Directors must appoint all members of the committee by name on an annual basis before the scholarship process may begin. Should a donor of a Scholarship Fund be on the committee, the donor's advice is given solely as a member of the committee.

All scholarships must be awarded on an objective and nondiscriminatory basis using procedures approved in advance by the HCCF's Board. Key to these procedures are a grantee pool large enough to encompass a charitable class and selection criteria that do not unfairly limit the grantee pool. No individual shall be in a position to derive a private benefit, directly or indirectly, from the selection process, and all HCCF staff and volunteers shall complete HCCF's current *Conflict of Interest, Scholarship Eligibility and Confidentiality Policy*.

Eligibility Criteria: Criteria for recipients can be varied and may include, but are not limited to, the following:

- academic performance;
- performance of each applicant on tests designed to measure ability and aptitude for educational work;
- recommendations from instructors of such applicant and any others who have knowledge of the applicant's capabilities;
- additional biographical information regarding an applicant's career, academic and other relevant experiences, motivation, character, ability, or potential,;
- financial need;
- place of residence;
- past or future attendance at a particular school; and/or
- past or proposed course of study or evidence of his or her artistic, scientific or other special talent.

Preference may be given to applicants of a particular sex, race, ethnic background or religion so long as such preference does not violate public policy and the Pension Protection Act of 2006.

Once the scholarship criteria are set, there should be no changes. However, under special circumstances, the criteria may become broader if consistent with the original donor intent. Original donor(s) are encouraged to create a brief description of the background of the award, which is especially recommended for those scholarships created in memory of a loved one.

Investments: As a permanent, or endowed, fund at HCCF, the principal of the fund (total of all gifts to principal) is invested and a portion of income each year is made available for grantmaking (see our *Spending Policy for Endowed Funds* for more information on spending from endowed funds). Assets of permanent funds at HCCF are generally pooled together for investment purposes. Investments are

professionally managed. The HCCF Board of Directors and Finance Committee set policy for and oversee our investments. See our *Investment Policy Statement* for more details.

HCCF has the sole responsibility and authority for investment of the assets of each fund. Decisions with respect to the retention, investment, or reinvestment of assets and with respect to commingling of assets shall be made by the Foundation's Finance Committee and Board of Directors.

Fund reports: HCCF will provide Fund Representatives activity reports on the fund showing current balance as well as gifts and grants on a regular basis. Currently, reports are provided twice a year. Fund Representatives or Fund Founders may contact HCCF for balance information at any time.