



community foundation
Holland/Zeeland Area

Scholarship Fund Handbook

Welcome!

Thank you for considering a **Scholarship Fund** with The Community Foundation of the Holland/Zeeland Area!

The purpose of the 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 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 evaluations of 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 and 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. The Community Foundation of the Holland/Zeeland Area is audited annually and its report is available upon request.

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

Yes, you will receive a Fund Statement. If the Fund is endowed, the amount available for annual spending will appear in a letter in February.

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 that is endowed is typically 1% annually. Administrative fees are assessed quarterly, based on the average market value of the fund.

What is an endowment? When you create a Scholarship Fund through the Community Foundation, you have the opportunity to benefit young people forever with a permanent endowment. Your gift is invested over time, and the principal is safeguarded. A portion of the earnings from the fund (4% currently) 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?

Each year in February, a calculation is made based on the Fund balances over the past 12 quarters. Four percent of the average Fund balance over the 12 quarters is recommended to be available for scholarship awards, with 1% to be used for the administrative fee. Awards range from \$500 to \$5,000. When Scholarship Funds first begin, awards may be at the \$500 level. 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 as important is the support and encouragement the scholarship represents.

How are recipients selected?

Applications are submitted to The Community Foundation of the Holland/Zeeland Area through area high school counseling offices. The Foundation will check to make sure the applications are complete and all requested items are attached to the applications. Copies of applications are provided to the Foundation's Scholarship Committee, which is comprised of members of our Board of Trustees and community citizens with a background in education.

The scholarship selection committee pays special attention to the following:

- **Academics** - It may be important to have a competitive GPA; however, they may consider how challenging the student's course load and school is. They will also check to see if the student is taking the right courses to reach his/her goals and how well he/she did in those courses.
- **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 played.
- **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 wants to know about it.

Following the Committee's review of the applications, recommendations are made for awards from each Scholarship Fund.

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

Yes. The IRS has one clear restriction regarding Scholarship Funds. The donor is not allowed to choose the individual recipient. A donor and their family may be a minority member of the selection committee, but your tax deduction and our nonprofit status could be jeopardized if there is not a large pool of candidates for your Scholarship and a 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.

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 or employees of the organization are ineligible; however, they may be eligible to apply for other Foundation Scholarships.

Is there a deadline for Scholarship application?

Yes. We offer Scholarships once a year. Applications are available on our website in the fall of each year with the deadline of April 1st for all completed materials.

What happens next?

The Board of Trustees of The Community Foundation of the Holland/Zeeland Area considers and votes on awards recommended by the Committee. We will then notify the recipient of the award at honor convocations,

indicating that the scholarship was provided by the specific fund of the Community Foundation. Many of the awards are presented by our staff at the high school awards ceremonies, which are held in May and June of each year. Donors may choose to present their scholarship at these ceremonies as well.

At the public presentation of the award, a notification letter from the Foundation is given to the student outlining the details of the award. A public announcement is placed in the local newspaper, which includes photos of the recipients. Students are asked to confirm the college they plan to attend, and checks are processed in July. Checks are made payable to the college and the student, 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.

Students are required to 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 anytime, as well. This allows the Fund to grow not only through investments but also through increased contributions. Contributions often come from previous recipients who have completed their education and started their careers – a nice way to say thank you and help future recipients!
- You may leave your Fund as a memorial. 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 the Fund in the Foundation as an appropriate memorial upon the death of a family member.
- You may add to your Fund through a bequest or a planned gift such as a Charitable Gift Annuity. Simply name the Fund as one of the beneficiaries of your will or trust. Grants will be made in the name of this Fund in perpetuity.
- Gifts to an Endowed Fund of the Community Foundation qualify for the Michigan Tax Credit. The law permits a taxpayer to reduce Michigan Income Tax by a credit of 50% of the amount contributed, subject to a maximum credit of \$100 for an individual, and \$200 for a married couple.

Thank you

Thank you for giving The Community Foundation of the Holland/Zeeland Area 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 Community Foundation of the Holland/Zeeland Area. 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 616-396-6590, by fax at 616-396-3573 or e-mail at janet@cfhz.org.



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