

# Your Guide to Awarding Scholarships Through the Community Foundation



## Scholarship Fund Handbook



*Building Community Through Philanthropy*

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## *Why are scholarship awards determined by a committee?*

When you made your gift to establish a Scholarship Fund, you received a tax deduction. Your gift became the property of the Community Foundation and subject to its legal control and variance power, required by federal law. Variance power means the Community Foundation's Board has the authority and responsibility to exercise complete oversight and discretion when approving scholarship awards.

By law, scholarship recipients are selected in an objective, non-discriminatory manner, based on pre-determined criteria at the time the fund agreement is written. These committees are typically comprised of educators, guidance and career counselors, community members, staff, and occasionally donors. Donors may participate although they may not comprise the majority of the committee.

# Your Scholarship Fund

**OUR COMMITMENT TO YOU** is to ensure that we fulfill the intent of your Scholarship Fund by selecting the most qualified students to receive your awards. If they are recipients of multi-year awards, we actively monitor their progress toward the goals you put in place. Whether you are supporting a particular school, field of study, or rewarding academic achievement and personal qualities, we strive to accomplish your goals and your dreams for the future.

## **The Community Foundation is partnering with you to achieve positive results by:**

- *Helping you define the criteria for your Scholarship Fund.*
- *Ensuring that your scholarships are awarded to accredited educational institutions.*
- *Facilitating the scholarship selection process to determine recipients that best meet your stated criteria.*
- *Preparing scholarship award letters and checks to include your scholarship's name, purpose, and instructions for acknowledging your generosity.*
- *Communicating with your scholarship recipients, regularly reviewing credit hours, and verification of enrollment.*
- *Tracking multi-year scholarship awards.*
- *Forwarding correspondence from scholarship recipients to you.*

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### *Do you wish to award anonymously?*

Some individuals wish to remain anonymous – to avoid being added to mailing lists or published rosters of donors. To make your scholarship awards anonymously, occasionally or on a permanent basis, contact Anne Digenis, Program Officer.



# Management of Your Scholarship Fund

Our goal is to increase dollars available for grantmaking while ensuring that your Scholarship Fund's balance grows over time.

Our investment program benefits from the expertise of a volunteer Investment Committee. All committee members are well versed in investment strategies, trends, and issues. Appointed by the Board, the Committee meets regularly to review and rebalance our portfolios.

Our independent investment advisor, Arnerich Massena & Associates, guides, monitors, and oversees investments and is paid on a flat-fee basis. That is, they do not receive a commission on investments made. The invested funds are held at Union Bank of California. The Bank has no authority over investment choices.

This separation of investment advice from day-to-day custody, coupled with the expertise of the Investment Committee, ensures that the Community Foundation receives the highest quality advice and management of its investment portfolios.

As a steward of endowments, our investment program is designed for long-term results. To meet this goal, the Community Foundation's Board of Directors has established an annual investment return goal of at least 9 percent. Years of investment growth buffer inevitable market downturns.

## Investment Fees

The Community Foundation assesses a 60 basis point investment fee on all Funds. This fee covers the cost of our investment program. Charging an investment fee is standard procedure in community foundations.

## Service Fees

In addition, a two percent service fee helps defray the administrative costs associated with managing your Fund and providing top quality donor services (as described on page 3).

**The Community Foundation's Board is committed to complete transparency. We disclose all fees associated with the investment and management of your Scholarship Fund. There are no "hidden" additional costs.**

# Your Available Scholarship Award Dollars

The Community Foundation's Board sets the Spending Policy that determines the amount available for your scholarships. Currently, you may annually grant up to 5 percent of your Scholarship Fund, based on a 3-year rolling average of your Fund's year-end balances.

## Fund Established 3 Years or More

### *Example*

DATE	FUND BALANCE
December 31, 2005	\$80,000
December 31, 2006	\$90,000
December 31, 2007	\$100,000
3 year rolling average of the Fund's year-end balances, 2005, 2006, 2007	\$90,000
Amount available to grant in 2008 based on 5% spending Policy ( $\$90,000 \times .05$ )	\$4,500

**For New Scholarship Funds:** If you wish to grant during the first year, arrangements can be made by contacting Anne Digenis, Program Officer. After two years, you may grant 5 percent of your Scholarship Fund's balance, based on a 2-year rolling average of your Fund's year-end balances.

You will receive quarterly Charitable Fund Statements detailing your Scholarship Fund's activity, including investment performance, service and investment fees, and grants made.



# How to Add to Your Scholarship Fund

Through your Scholarship Fund, you are sustaining a permanent legacy of philanthropy. You may add to your Fund at any time – or create a new Fund for a different purpose or goal.

The Community Foundation has the expertise to accept a wide range of assets:

- *Cash*
- *Publicly-traded stock*
- *Closely-held stock and stock options*
- *Life insurance*
- *Real estate*
- *Tangible personal property*
- *Qualified retirement plan assets and IRAs*
- *LLC and LLP units*
- *Assets from other trusts and private foundations*
- *Various current and deferred gift arrangements*

In many cases, you can realize significant tax benefits through gifts of appreciated stock or real estate. To discuss opportunities available to you, contact Sarah Nevue, Vice President of Development.

## Opportunities to Build Philanthropy in Southwest Washington

### Community Giving Fund

This is a permanent endowment that supports the broad range of needs in southwest Washington. Nonprofits apply to the Community Giving Fund through a formal process. Grant award selections are guided by a committee comprised of Board and community members knowledgeable about local needs. Interviews and site visits are part of the evaluation process.

### Administrative Endowment Fund

While service and investment fees support the management and investment of your Scholarship Fund, these fees do not cover the other important work of the Community Foundation – building partnerships with nonprofit organizations, incubating new organizations to fill unmet needs, and promoting philanthropy. The Community Foundation relies on annual operating gifts and commitments to its own administrative endowment to support this work.

To support the Community Giving Fund and the Administrative Endowment Fund, make a direct contribution, or name these Endowments in your estate plans.

# Consider Your Scholarship Fund in Your Estate Planning

Some donors refer to their Scholarship Fund as an “additional family member” in their estate plans.

The following language may be used to include a provision for your Scholarship Fund in your will or trust:

Suggested language:

“I give, devise and bequeath to the (*your Scholarship Fund name*) at the Community Foundation for Southwest Washington, a nonprofit corporation organized under the laws of the State of Washington, currently located at 1053 Officers Row, Vancouver, WA 98661, and successors and assignees, (*you may specify a particular sum of money; designate a certain asset such as a block of stock or a piece of real estate; name the Foundation to receive all or a percentage of your residual estate; or do any of the foregoing with the Foundation as a contingent beneficiary*).

You may also establish a new fund for a separate purpose through your estate plans. Examples include:

- *A Donor Advised Fund for granting by your children, grandchildren, or friends.*
- *A Designated Fund to support specific organization(s) such as your alma mater, your place of worship, or another organization special to you.*
- *A Field of Interest Fund that directs grants to an area of interest, such as conservation, the arts, medical research, early childhood education, parks and recreation, etc.*

You may name the Community Foundation in your will or trust and specify your wishes through a Letter of Intent that can be revised as often as you like and, at no charge, if your charitable intentions change over the course of your lifetime.

Additional opportunities include naming your Scholarship Fund as beneficiary of a life insurance policy or retirement plan assets. In particular, using such assets to make end-of-life charitable gifts can be quite advantageous from a tax standpoint.

With your permission, estate gifts are recognized and honored during your lifetime and in perpetuity.

To learn more, contact Sarah Nevue, Vice President of Development.

# For Further Assistance

We hope this handbook serves as a helpful guide to your Scholarship Fund. Please contact us for any additional information we can provide. The following members of our staff are available to provide services:

## **THE MISSION AND ACTIVITIES OF THE FOUNDATION**

**Richard Melching**  
President  
richard@cfsww.org

## **ESTABLISHMENT OF A NEW FUND, CONTRIBUTIONS, AND ESTATE GIFTS**

**Sarah Nevue**  
Vice President of Development  
sarah@cfsww.org

## **GRANTING, NONPROFIT RESEARCH, AND SITE VISITS**

**Anne Digenis**  
Program Officer  
anne@cfsww.org

## **FINANCIAL AND INVESTMENT INFORMATION**

**Mary Pringle, CPA**  
Chief Financial Officer  
mary@cfsww.org



*We are Here To Help.  
Just Ask.*

# CF

**THE COMMUNITY  
FOUNDATION**

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Confirmed in Compliance with National Standards  
for U.S. Community Foundations