

Greater Manhattan Community Foundation Scholarship Fund Guidelines

January 2012

Scholarship funds are a popular option for donors who wish to memorialize a loved one, or for donors whose area of philanthropic interest is education. Scholarship funds are an excellent way to build an enduring, permanent resource that ensures perpetuation of the donor's support of education in the community.

The following guidelines summarize the Foundation's policies and procedures governing the administration of Scholarship Funds in a manner consistent with the purposes of the Foundation and in keeping with applicable tax regulations. The Foundation's Policies and Procedures for Operating a Scholarship Fund document is available upon request.

1. Minimum Amount

The minimum amount required to establish a Scholarship fund is \$25,000, designated as endowment. Scholarship funds established with the Foundation prior to January 2011 are grandfathered at a fund minimum of \$10,000. The minimum initial gift amount to establish a scholarship fund is \$5,000, and donors may take up to 5 years to reach the fund minimum.

GMCF is also pleased to offer designated funds as a way for donors to establish a charitable fund that provides scholarships to students at a specific educational institution. With designated funds, the scholarship program is administered by the educational institution, and a fund minimum balance of \$10,000 applies.

If a Scholarship fund fails to achieve the \$25,000 minimum fund balance, the donor will be asked to select an educational institution as the fund is transitioned into a Designated Fund. Alternatively, the donor may recommend that the accumulated fund balance be added to the endowed unrestricted grant fund within the Foundation. (The donor will receive permanent 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. Scholarship 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. Outside Investment Advisors

Donors may request to use an outside investment advisor/manager if the fund maintains a minimum balance of \$25,000. If the request is granted, the fund remains a component fund of the Foundation, but is managed and invested by a bank, trust company or other entity of the donor's choice. In order to manage component funds for the Foundation, outside fund managers must be approved by the Foundation's Executive Board, are required to enter into a written investment agreement with the Foundation, and must maintain an investment performance level that is acceptable to the Foundation's Investment Committee.

4. Fund Agreement

When the fund is established, the donors will complete a Scholarship Fund Agreement. This memorandum is prepared by Foundation staff together with the donors. The memorandum includes instructions for the Foundation regarding the donors' wishes for scholarship criteria, the amount of the awards, and the process for determining award recipients.

5. Awards

All scholarship awards must be at least \$250. Once the fund is established at the \$25,000 minimum, and invested for a full year, scholarships may be paid as long as the balance of the fund is above \$20,000. Monies available in the fund for scholarship awards are determined on an annual basis in accordance with the Foundation's Spending Policy for endowed funds, as amended.

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

6. Permissible Recipients

Scholarships are designed to benefit students. Through the scholarship fund agreement, donors can establish criteria for eligible recipients. Eligibility can include graduation from a particular school, enrollment in a particular school, or a particular field of study. Under no circumstances may scholarships be given to a predetermined recipient. Family members of the donor or of scholarship advisory committee members are not eligible recipients.

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 may be returned to the Scholarship Advisory Committee, a school counseling office, or directly to the Foundation.

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

8. Award Selection/Scholarship Advisory Committees

Scholarship award recipients should be recommended to the Foundation from a scholarship advisory committee. Such committees can be made up of individuals in a position to review the applications and the scholarship criteria, and make appropriate recommendations. Donor-advisors, persons recommended or designated by Donor-advisors and persons related to any of these persons shall not constitute a majority of any such advisory committee (persons may include individuals, partnerships, corporations or trusts).

Scholarship advisory committees present their recommendations to the Foundation on the Foundation's scholarship recommendation form, together with the Foundation's signed and dated conflict of interest form, copies of all applications, and other advisory committee selection papers.

9. Anonymity

Unless the donor wishes to remain anonymous, the Foundation identifies for scholarship applicants the donor responsible for the establishment of the scholarship fund. Scholarship recipients are encouraged to acknowledge the donor whose generosity made the award 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 recipients and the donors.

10. Subject to Governing Instruments

All funds are subject to the terms and conditions of the Foundation's governing instruments, as amended. Among other things, the governing instruments provide that the Foundation has the power to modify and vary any donor direction or restriction in the event it becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable purposes of the Foundation.

11. Administrative and Special Fees

The Foundation shall assess fees to the Fund as provided by the terms of its Fund Administration Fee Schedule, as it shall be amended from time to time.