

## Scholarship Funds Offered by the Outer Banks Community Foundation

### A Guide for New Donors

Scholarship Partner Fund: With a Scholarship Partner Fund, a donor creates and names a perpetual legacy endowment that will be used evermore for scholarships, in adherence with the criteria that the donor stipulates. The donor selects a college, church, or other nonprofit to manage the scholarship application and selection process, and the Community Foundation provides all investment, accounting, and gift facilitation services. A Scholarship Partner Fund can be established by any individual, family, business, civic group, or other organization; it is also ideal for a nonprofit that is already managing a scholarship program and looking for investment or planned giving support. Each individual Scholarship Partner Fund is publicized through the Community Foundation's annual report and website. *(\$5,000 fund minimum)*

Scholarship Contributor Fund: With a Scholarship Contributor Fund, a donor creates and names a perpetual legacy endowment, with collective selections and awards made annually through the Community Foundation's OBX Scholars Program (see attached). The Scholarship Contributor Fund is a great tool for a donor who wants to keep it simple, leave a permanent legacy, and help deserving Outer Banks students achieve their educational goals. This is also a good beginning step for a donor who wants to "start small" and grow the fund in the future. Each individual Scholarship Contributor Fund is publicized through the Community Foundation's annual report and website. *(\$5,000 fund minimum)*

Scholarship Classic Fund: With a Scholarship Classic Fund, the Community Foundation works with a donor to create a customized and comprehensive scholarship program. The donor names the endowment fund and chooses the selection criteria and process, and the Community Foundation handles every administrative detail, from the application, to the selection, to the award presentation. This also includes all investment, accounting, college liaison, and gift facilitation services. The donor can even choose to participate in the selection committee, recommend other committee members, and/or present the awards. The suggested minimum balance for a Scholarship Classic Fund is \$20,000 in order to generate one \$1,000 award each year; however, the Community Foundation can offer Scholarship Classic Funds for as little as \$10,000, if the donor commits to a supplemental, annual gift to reach the \$1,000 award minimum. Each individual Scholarship Contributor Fund is publicized through the Community Foundation's annual report and website, and annual awards are additionally publicized, including through a press release. *(\$10,000 fund minimum, and \$1,000 annual award minimum)*

Scholarship Enhanced Fund: The Scholarship Enhanced Fund is for donors who wish to add enhanced features to their scholarship program. With a Scholarship Enhanced Fund, the donor receives all of the investment, accounting, application, selection, college liaison, and gift facilitation services offered for Classic Funds. Additionally, the Community Foundation will interview student finalists for Enhanced level scholarships, and provide significantly increased publicity benefits, including individualized press releases for each student recipient. For Enhanced level scholarships, students are typically asked to write a second essay for their application. *(\$100,000 fund minimum, and \$5,000 annual award minimum)*

	<b>Partner Fund</b>	<b>Contributor Fund</b>	<b>Classic Fund</b>	<b>Enhanced Fund</b>
<b>DONOR SERVICES</b>				
<b>Naming opportunity</b>	Yes	Yes	Yes	Yes
<b>Gift facilitation</b> (including planned giving support and fund-specific online donation tool)	Yes	Yes	Yes	Yes
<b>Dispensation of tax receipts and honor/memorial gift notifications</b>	Yes	Yes	Yes	Yes
<b>Recognition of fund and fund donors in OBCF Annual Report</b>	Yes	Yes	Yes	Yes
<b>FINANCIAL SERVICES</b>				
<b>Investment management and monitoring</b>	Yes	Yes	Yes	Yes
<b>Investment income allocation</b>	Yes	Yes	Yes	Yes
<b>All accounting and bookkeeping services</b> (including annual 990 inclusion, annual audit review, FASB 136 compliance, and annual spendable calculation)	Yes	Yes	Yes	Yes
<b>Mailing of annual fund statement</b>	Yes	Yes	Yes	Yes
<b>Issuance of annual award payments</b>	Yes, to scholarship partner	Yes, to OBX Scholars Program	Yes, directly to schools	Yes, directly to schools
<b>Handling of award refunds and/or deferrals, as necessary</b>	Responsibility of scholarship partner	Yes, through OBX Scholars Program	Yes	Yes
<b>Assurance of continued compliance with complex IRS regulations</b> (in order to maintain lawfulness and charitable gift deductibility)	Yes	Yes	Yes	Yes
<b>APPLICATION SERVICES</b>				
<b>Customization of scholarship criteria</b>	As allowed by scholarship partner	No	Yes	Yes
<b>Application design and implementation</b> (including initial screening tool, transcripts, FAFSA, recommendation letters, and essay)	Responsibility of scholarship partner	Yes, through OBX Scholars Program	Yes	Yes, including second essay, if donor so chooses
<b>Outreach to guidance counselors</b> (Dare County and Ocracoke only)	Responsibility of scholarship partner	Yes, through OBX Scholars Program	Yes	Yes
<b>Application assistance to students and recommenders</b>	Responsibility of scholarship partner	Yes, through OBX Scholars Program	Yes	Yes
<b>FAFSA verification</b>	Responsibility of scholarship partner	Yes, through OBX Scholars Program	Yes, if donor so chooses	Yes, if donor so chooses
<b>Renewal application services</b>	Responsibility of scholarship partner	Yes, through OBX Scholars Program	Yes, if donor so chooses	Yes, if donor so chooses

	<b>Partner Fund</b>	<b>Contributor Fund</b>	<b>Classic Fund</b>	<b>Enhanced Fund</b>
<b>SELECTION SERVICES</b>				
<b>Customization of selection process</b>	As allowed by scholarship partner	No	Yes	Yes
<b>Donor participation in selection process</b>	As allowed by scholarship partner	No	Donor's choice	Donor's choice
<b>Administrative support to selection committee</b>	Responsibility of scholarship partner	Yes, through OBX Scholars Program	Yes	Yes
<b>Interviewing of student finalists</b>	As allowed by scholarship partner	Determined by OBX Scholars Program	No	Yes
<b>PRESENTATION AND PUBLICITY SERVICES</b>				
<b>Publicity upon creation of fund</b>	Yes	Yes	Yes	Yes
<b>Maintenance of donor anonymity, if desired</b>	Yes	Yes	Yes	Yes
<b>Preparation of award letters and presentation speaker's notes</b>	Responsibility of scholarship partner	Yes, through OBX Scholars Program	Yes	Yes
<b>Presentation of awards</b>	Responsibility of scholarship partner	Yes, through OBX Scholars Program	Donor's choice	Donor's choice
<b>Publicity of awards in OBCF's Annual Report</b>	Yes	Yes	Yes	Yes
<b>Publicity of awards to local news outlets</b>	Responsibility of scholarship partner	Yes, through OBX Scholars Program	Yes, in aggregate	Yes, individualized
<b>COLLEGE SERVICES</b>				
<b>Processing of student response forms</b>	Responsibility of scholarship partner	Yes, through OBX Scholars Program	Yes	Yes
<b>Liaison services with colleges and universities</b>	Responsibility of scholarship partner	Yes, through OBX Scholars Program	Yes	Yes
<b>Student account maintenance</b>	Responsibility of scholarship partner	Yes, through OBX Scholars Program	Yes	Yes
<b>Award displacement support to students</b>	Responsibility of scholarship partner	Yes, through OBX Scholars Program	Yes	Yes
<b>Student enrollment verification in spring</b>	Responsibility of scholarship partner	Yes, through OBX Scholars Program	Yes	Yes

	<b>Partner Fund</b>	<b>Contributor Fund</b>	<b>Classic Fund</b>	<b>Enhanced Fund</b>
<b>Initial Gift Minimum*</b>	\$1,000	\$1,000	\$1,000	\$1,000
<b>Fund Balance Minimum</b>	\$5,000	\$5,000	\$10,000	\$100,000
<b>Scholarship Award Minimum</b>	5% of 3-year average fund balance** (distributed annually to scholarship partner)	5% of 3-year average fund balance** (contributed annually to OBX Scholars Program)	\$1,000*** per year per student  If 5% of fund balance* is less than \$1,000, donor commits to contributing the difference each year as a pass-through gift.	\$5,000*** per year per student
<b>Scholarship Award Maximum</b>	5% of 3-year average fund balance** (distributed annually to scholarship partner)	5% of 3-year average fund balance** (contributed annually to OBX Scholars Program)	5% of 3-year average fund balance** (aggregate annual)	5% of 3-year average fund balance** (aggregate annual)
<b>Pass-Through Award Policy</b>	Donors may choose to contribute pass-through awards directly to scholarship partner.	Pass-through donations are gratefully accepted into the OBX Scholars Fund.	Pass-through donations are gratefully accepted to increase the size of an existing award. Additional pass-through awards are subject to a \$25 admin donation for each added award.	Pass-through donations are gratefully accepted to increase the size of an existing award. Additional pass-through awards are subject to a \$25 admin donation for each added award.
<b>Annual Administrative Donation****</b>	1% of fund balance	1% of fund balance	1.5% of fund balance	1.5% of fund balance

Note: The Community Foundation can also offer employer-related scholarships, which benefit employees of a specific corporation and/or their families. We offer these scholarships at the Enhanced Fund level, or at the Classic Fund level for funds over \$20,000. Employer-related scholarships are tax-deductible but are highly regulated by the IRS. The annual administrative donation\*\*\* is 2.0% of the fund balance.

\* A donor may start a new scholarship endowment with an initial gift of \$1,000 or more. The fund must reach its minimum balance within three years to become fully activated. Once the fund reaches its minimum balance, it can start awarding scholarships the following calendar year. Funds that do not reach their minimum balance within three years will be dissolved and moved into the OBX Scholars Fund, to be awarded out fully in scholarships within a year.

\*\* An endowed scholarship fund may annually distribute 5% of its 3-year average fund balance. Unless the establishing documents require other treatment, this is calculated as of December 31 each year, as 5% of the average daily market value in the endowment for the preceding 36 months, or as long as the fund has existed. Donors may choose to also permit an additional distribution of up to 50% of any contributions to the fund from the previous calendar year. Excluded in the 50% allowance are contributions to the fund's minimum balance, and any pass-through contributions that were made to the fund.

\*\*\* Award minimums may be adjusted periodically by the Community Foundation, based on the average in-state cost of college. Specifically, our goal is for each Classic Scholarship award to cover, at a minimum, 4–5% of the average cost of in-state tuition, fees, books, supplies, and on-campus room & board at a public, four-year college in North Carolina, and for each Enhanced Scholarship award to cover 20–25% at a minimum. Classic Scholarships that are designated exclusively for community college, trade, and/or vocational students should cover 20% at a minimum of in-state tuition, fees, books, and supplies. Every five years, the Community Foundation reserves the right to recalculate the average in-state cost of college, and adjust award minimums accordingly.

\*\*\*\* In the first quarter of each year, all scholarship funds automatically contribute an annual administrative donation to the Community Foundation to help cover the administrative costs of the fund. The donation is calculated as a percentage of that fund's balance on December 31 of the prior year.

## **OBX Scholars Program**

The OBX Scholars Program is the Community Foundation's broadest scholarship program, helping deserving Dare County and Ocracoke students of all backgrounds, interests, and academic goals attend the college of their dreams.

All of our Scholarship Contributor Funds support the OBX Scholars Program. It is also open to contributions from the general public. Any donations to the fund are paid out immediately, dollar-for-dollar, in academic scholarships to deserving local students; thus, the OBX Scholars Program is a fantastic way to have an immediate impact on our community's young people.