

Scholarship Policies and Procedures



345 West Cedar Street, Akron, OH 44207-2407
330-376-8522 FAX 330-376-0202
www.akroncf.org



Scholarship Funds

Establishing a scholarship endowment at Akron Community Foundation is a simple and efficient way to build an ongoing source of funds for scholarships in the name of your family or organization.

Donors to your scholarship fund can be sure that the fund's principal will not be spent and will grow over time, providing a source of lasting support. In addition, Akron Community Foundation provides you with benefits that typically come only with very large funds, such as a diverse investment portfolio and low investment fees.

Here's how establishing a scholarship fund works:

- You determine how much you would like to invest long-term. There is no fee to establish a scholarship endowment fund, but there is a \$25,000 minimum to start a fund.
- You work with our professional staff to complete a scholarship fund agreement and online scholarship application.
- The foundation sets up a special scholarship fund in the name of your choice.
- Our experienced staff can help you develop planned giving programs and manage all the administrative details of the fund.
- The annualized fee is 1.25 percent, plus approximately 74 basis points for investment management fees, which will be netted out of the fund's performance. You will receive regular statements on the fund.
- You can add to the fund at any time. We handle all the administrative details, including investment management.
- The foundation's current distribution policy recommends that 5 percent of each fund's trailing 12-quarter market value average be available to make distributions.
- Foundation policy recommends that only the income calculated by the spending policy can be used to make distributions to the agency (unless the fund agreement is written to accommodate this change).
- There are many ways to organize the selection process. For example, you may be as involved in the scholarship selection process as you choose and you may establish the guidelines and recommend a selection committee as long as the donor, and parties related to the donor, do not make up the majority of the committee.
- Finally, local students benefit from your generosity!

For more information about establishing a scholarship fund that will provide a constant source of support for local students, contact Laura Fink at 330-436-5611, lfink@akroncf.org; or Diane Schumaker at 330-436-5615, dschumaker@akroncf.org.

Learn about existing scholarships by visiting our website at:
<http://www.akroncf.org/Students/ScholarshipFunds.aspx>

Akron Community Foundation Policies and Procedures for Scholarships

Akron Community Foundation (foundation) administers a wide variety of scholarship funds that make it possible for donors to provide support to individual students for educational costs. The foundation actively encourages donors to be engaged with their scholarship funds within limits identified by the Pension Protection Act of 2006. Therefore, in order to assure compliance with federal regulations, the foundation requires that all scholarships be established and administered according to certain policies and procedures, identified as follows:

Setting Up a Scholarship Fund and a Scholarship Process

The minimum amount to establish a permanent scholarship fund is \$25,000. For funds established with a minimum of at least \$25,000, 5% of the value of the fund is available annually for distribution. Scholarship funds often take a year or more to earn enough to make any distributions.

Scholarship funds are established with a “*Fund Agreement*” that identifies the name of the fund and describes in broad terms the purpose of the fund. Once a Fund Agreement is signed and the charitable gift is completed, the document may not be amended by the donor. Therefore, we encourage selection criteria or desired characteristics of recipients to be outlined in a letter appended to the Fund Agreement.

The eligibility and selection criteria of the scholarship must be broad enough to satisfy legal requirements and to attract worthy candidates. The criteria must be narrow enough to be manageable in relation to the dollars available. The foundation retains the right to alter the criteria of a scholarship to keep it appropriate and to uphold the donor's intent.

Once the fund is established, the foundation's Board of Directors becomes the owner of the fund with ultimate responsibility for ensuring that its criteria and procedures are objective, non-discriminatory, and in compliance with all regulations. The board also ensures that any involvement by “donors and related parties” is within legal boundaries by way of a “*Scholarship Fund Committee Member Appointment Form*”. (See Donor Involvement).

The foundation requests that each scholarship process has a selection committee representative (caretaker) – a person or organization that is authorized by the foundation to take on the responsibility for distributing, evaluating applications and conducting the selection process according to the established criteria. In some cases, the most appropriate caretaker will be either a high school or an accredited post-secondary institution. The foundation may assume this role but reserves the right to delegate the responsibility.

The caretaker must assure the foundation that a fair and equitable process for reviewing and selecting recipients according to the criteria of the award is established and maintained. Each year, the caretaker notifies the foundation of the selected recipients via the “*Scholarship Selection Committee Recommendation Form*” and certifies that an objective and nondiscriminatory process was used to select the recipient(s), that no member of any recipient's immediate family participated in the selection process, and that the criteria of the scholarship as determined by the donor and the foundation were fully met.

Donor Involvement

Individuals, organizations or companies that establish permanent scholarship funds may be involved in a number of ways, such as participating on a selection committee, presenting at award ceremonies, helping with publicity about the scholarships, receiving updates from students, etc. However, regulations have clarified that "donors and related parties" may not control the recipient selection process, and of course no "donor or related party" may receive a scholarship from the fund. "Donors" are defined as any individual, family, organization, group, or company that establishes or contributes to a scholarship fund. "Related parties" are the immediate and extended family of the donor and their advisors, attorneys, official delegates, etc. Examples of donor involvement that are not allowed under the regulations include funds established by professional or alumni groups for which members of the group serve as the selection committee; funds established by corporations with selection committees consisting of corporate employees; funds established by a family with recipients selected by members of that family; and funds established by churches or other charities with selection committees comprised of the boards of the organizations.

In order to operate legally and avoid fines and penalties, any fund with active donor involvement must meet all the following criteria:

- The foundation officially appoints all of the members of the committee and the donor's advice is given solely as a member of the committee;
- The donor and parties related to the donor do not control the committee directly or indirectly; and
- All grants are awarded on an objective and nondiscriminatory basis using a procedure that has been approved in advance by the board of directors of the foundation and that meets the IRS-defined requirement for grants of this type.

Payment of Awards

The amount available for scholarships each year is determined by the foundation based upon its distribution policy.

The need for financial assistance is often a criterion for an award. The foundation defines **financial need** as "the difference between the total cost of attendance and the Expected Family Contribution." Expected Family Contribution is determined by the Student Financial Aid Report of the Free Application for Federal Student Aid (FAFSA). This form is used by financial aid offices at educational institutions to determine financial aid packages. A related criterion is **unmet need or gap**, defined as "the amount remaining after deduction of the Expected Parent Contribution, grants, scholarships, loans, and any other federal or state financial aid from the total cost of attendance."

An award letter outlining the amount of the award, the purpose for which it must be used, and requirements (if any) that must be met before receiving the award will be sent by the foundation through our online scholarship system to the scholarship recipient along with a follow up "Student Agreement Form" for the specific scholarship. Declinations will also be sent to the recipients who were not awarded.

The award check is paid directly to the educational institution after the recipient has confirmed their enrollment and met any other criteria. Award checks are not distributed to the recipient, the caretaker or donor for distribution. Award letters may be provided to the donor or caretaker for presentation to recipients with appropriate lead-time.

The foundation may recommend that awards be made for "tuition, room and board, and/or related educational expenses."

The foundation reserves the right to not pay an award if a suitable candidate is not selected.

In the event the recipient is unable to complete a quarter/semester and must withdraw from school, notification must be made to the foundation stating reason(s) for withdrawal. The foundation reserves the right to request restitution of monies expended for the quarter/semester of withdrawal.

Administration Fee for Scholarship Funds

The administrative fee for scholarship funds, which may be set annually by the foundation Board is currently 1.25% of the fund's assets annually.

Publicity

Information about scholarships administered by Akron Community Foundation is available on our website <https://www.akroncf.org/Students/ScholarshipFunds.aspx>.

Value-Added Services

The foundation provides:

- **A user-friendly scholarship directory.** A searchable scholarship fund database on our website at www.akroncf.org/students. This directory makes it easy for applicants to search for your fund by name, interest area and other related keywords.
- **An online application system.** To keep our technology up to date we have an online system where students will submit their applications and related paperwork. They'll be able to save their work and come back to it as needed, making it convenient and timely for them.
- **An online evaluation system.** In connection with the online application system for students, we have an online evaluation process for your selection committee. Through this system they will be able to review every application submitted to your fund. We will provide tutorials and information on this process to each member of your selection committee.

Scholarship Policies and Procedures

Approved by Akron Community Foundation's Board of Directors

Akron Community Foundation

Sample Items and Worksheet for Designing a Scholarship

There are many criteria that can be considered when designing a scholarship award. In order to make sure the scholarship can be administered efficiently and continue to be useful over time, we encourage you to choose only those few that are essential. The foundation will work with you to determine the best way to implement your scholarship in accordance with your interests, and reserves the right to modify any restrictions or conditions on the distribution of funds if, in its sole judgment, those restrictions become in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the area served by Akron Community Foundation.

Possible Eligibility and Selection Criteria

- Purpose of scholarship
- Resident of a specific geographical area (Summit County)
- Graduating high school senior or student already enrolled as an undergraduate
- Graduate of a specific high school
- Attend a particular educational institution
- Attend a certain type of educational institution (e.g., two-year, four-year, technical, accredited, etc.)
- Company scholarship for employees, employees' children, etc.
- Full-time or part-time enrollment
- Academic status (maintain certain GPA)
- Field of study
- School activities (participation in certain sport or extracurricular activity)

Possible Types of Information to be Requested as Part of Application

- Personal interview
- School/community activities
- Job or volunteer history
- Awards and honors
- Scholarship information (listing of other scholarships awarded/applied for)
- Family financial income
- Recommendation(s)
- Transcript of grades
- Essay (examples:)
 - "Why do you feel you are deserving of this scholarship?"*
 - "Describe your personal and career goals."*
 - "What factors did you consider when selecting the colleges and universities to which you applied?"*
 - "Why is continuing your education important to you?"*
 - "How do you plan to give back to your community after completing your education?"*

Possible Basis for the Award

- Merit only
- Financial need only
- Merit and financial need

Frequency or Renew-ability of the Award

Scholarships may have a provision for renewal and generally require that the scholarship recipient complete an application annually, rather than permitting an automatic renewal of the scholarship.

- One-time award
- Eligible to reapply annually by submission of a new application
- Renewable based on predetermined criteria for a set number of years

Award Amount and Number of Awards

The size of the award, of course, will be determined in part by the funds available.

A minimum award for each scholarship may be recommended, or you may prefer to suggest that the award amount be determined annually, thus providing more flexibility relative to the number of scholarship recipients each year.

- Minimum award as determined by donor
- Variable~determined by the dollars available divided by number of recipients
- Graduated amounts for first, second, etc. recipients

Possible Allowable Uses of Award by Student

- Tuition and fees only
- Tuition and fees, and/or books and supplies
- Books only

Application Procedures

- Application deadline
- Online application and evaluation form



AGREEMENT TO ESTABLISH A SCHOLARSHIP FUND

THIS AGREEMENT is made and entered this ____ day of _____, 20__ by and between Akron Community Foundation ("Foundation"), a corporation organized under the nonprofit corporation law of the State of Ohio and _____ ("Donor").

WHEREAS, a fund has been established within Akron Community Foundation called _____ (the "Fund") as a **Scholarship Fund** for distribution by Akron Community Foundation's Board of Directors subject to the following stipulations:

1. The Fund will consist initially of \$_____ transferred upon the execution hereof, together with any property which may later be delivered to Akron Community Foundation by any person or entity when specified to be included in the Fund.
2. The specific purpose for which the Fund is established is to:

3. The board of Akron Community Foundation must appoint the members of the selection committee for the Fund. The selection committee will review the applicants to the Fund and will present proposed scholarship recipients to Akron Community Foundation for approval. The final decision on all distributions of income or principal from the Fund will be made by the governing body of Akron Community Foundation, and will be consistent with its exempt purposes as specified in the Articles of Incorporation and Code of Regulations and or By-Laws of Akron Community Foundation.
4. The name of the Fund will be _____ of Akron Community Foundation and correspondence from the Foundation will bear that legend.
5. Distributions from the Fund will be made only from income, but, if deemed necessary and subject to Board approval, distributions may be from principal.
6. The foundation shall provide statements of the income, expenditures, and spendable income of the Fund and of the investments held therein, on a quarterly basis, and at such other reasonable times as the Donor may request.

7. The Fund will be the property of Akron Community Foundation and will not be deemed a separate trust fund held for it in a trustee capacity. It is understood that, except as otherwise specifically provided herein, this Agreement and all the contributions to the Fund are irrevocable. Akron Community Foundation may commingle the property of the Fund with the property of other component funds held by Akron Community Foundation; provided, however, that the separate identity of the Fund will be maintained and distributions from the Fund will be clearly identified as such to the Grantees.
8. It is understood and agreed that all assets held by the Fund will be subject to the Articles of Incorporation and Code of Regulations and/or By-laws of Akron Community Foundation, including the power contained therein for the governing board to modify any restrictions or conditions on the distribution of funds for any specified organization if, in its sole judgment, those restrictions become in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the area served by Akron Community Foundation.
9. The Donor understands and agrees that the Fund will share a fair portion of the total administrative cost of Akron Community Foundation. The administrative cost charged against the Fund will at all times be reasonable, will be in accordance with the current fee schedule applicable to funds of this type and will not exceed usual and customary rates.
10. In order for the Fund to award scholarships and remain active, scholarship funds must maintain a minimum Fund balance of \$25,000.
11. This Fund is accepted in accordance with the board-approved "Scholarship Policies and Procedures" of Akron Community Foundation, which may be amended from time to time.

CONSENT

The undersigned hereby consents and agrees to the terms herein set forth.

AKRON COMMUNITY FOUNDATION

By: _____
John T. Petures, Jr.
President and CEO

DONOR

By: _____

Akron Community Foundation Scholarship Fund Committee Member Appointment Form

Name of Scholarship: _____

**IN COMPLIANCE WITH THE PENSION PROTECTION ACT OF 2006 (PPA), AKRON COMMUNITY FOUNDATION
MUST APPOINT SCHOLARSHIP COMMITTEE MEMBERS BEFORE SCHOLARSHIPS CAN BE AWARDED**

Please list the names of the committee members that will be participating during the application review process and complete the qualifications that each member possesses. It is recommended that an uneven number of members, and no more than five, make up the selection committee. (example: 1 donor, 2 unrelated parties)

Committee Member Name~	Qualification~ <i>(example-high school official, educator, community representative, church leader)</i>	Relationship to Donor~ <i>(relative, donor's employee, attorney, none)</i>	Email and Phone Number~	Does the member have the ability to remain objective during application review & nomination process?
				Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
				Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
				Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
				Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
				Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

IRS criteria for operating a scholarship fund:

- Akron Community Foundation's Board appoints all the members of the selection committee;
- The donor's advice is limited to participation on the committee;
- The donor, and parties related to the donor, do not control the committee directly or indirectly; and
- Akron Community Foundation's Board approves a procedure for selecting scholarship grant recipients based on an objective and nondiscriminatory basis.

Please return this completed form by email to dschumaker@akroncf.org, fax to 330-376-0202 or mail to:
Akron Community Foundation, 345 West Cedar Street, Akron, OH 44307-2407.

Scholarships cannot be awarded until the foundation receives this information and it is approved by the foundation's board of directors.

By signing this form, I attest to the best of my ability, that the information given on this form is true and correct.

Selection Committee Representative Signature

Date

For foundation use only:	
<input type="checkbox"/> Committee members accepted; approved by Akron Community Foundation Board of Directors on _____/_____/_____	_____ initials
<input type="checkbox"/> Membership modified	
<input type="checkbox"/> Follow-up needed _____	

Scholarship Selection Committee Recommendation Form

Authorization to Disburse Funds

The Scholarship Selection Committee of the _____ Fund recommends to Akron Community Foundation's Board of Directors the award(s) listed below. Applicants selected for awards from the above-named fund were chosen based on criteria contained in the founding instrument. It is attested an objective and nondiscriminatory process was used to select the recipient(s), that no members of any recipient's immediate family participated in the selection process, and that the criteria of the scholarship as determined by the donor and the Foundation were fully met.

Award Recommendations

Recipient's Name

Award Amount

_____	_____
_____	_____
_____	_____
_____	_____

The Scholarship Selection Committee understands that recipient award checks will be issued directly to the institutions selected by the recipient.

Authorized Signature:

Date:

Selection Committee Representative

Return this form to:

Akron Community Foundation
345 West Cedar Street, Akron, Ohio 44307-2407

Phone: 330-376-8522 Fax: 330-376-0202 Email: dschumaker@akroncf.org

SAMPLE STUDENT AGREEMENT FORM

Akron Community Foundation

Question Group

Applicant Last Name*

Character Limit: 100

Award Acceptance

I accept the grant and authorize Akron Community Foundation to release information regarding my scholarship to my school and to list my name in the foundation's publications.

Choices

I ACCEPT THE AWARD

Award Declination

Choices

I DO NOT ACCEPT THE AWARD

Declination Explanation

If you are not accepting the award, please explain.

Character Limit: 1000

Last 4 digits of SSN*

Character Limit: 4

Student School ID

College/University-issued ID

Character Limit: 50

Educational Institution you will be attending*

Character Limit: 250

Please provide the mailing address where to send the external scholarship check

Character Limit: 250

Area of Study*

Character Limit: 250

Should you for any reason fail to continue your education, the grant shall be returned to Akron Community Foundation.

ELECTRONIC SIGNATURE

Name*

Character Limit: 250

Date*

Character Limit: 10

**PLEASE SUBMIT THIS STUDENT AGREEMENT FORM AS SOON AS YOUR
EDUCATIONAL INSTITUTION IS SELECTED**