

Addendum 3 - 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 minimum for funds managed by existing scholarship partners; \$10,000 for funds in partnership with new agencies)*

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. Each individual Scholarship Classic Fund is publicized through the Community Foundation's annual report and website, and annual awards are additionally publicized, including through a press release. All scholarships from Classic Funds are renewable, in order to maximize student benefit. *(\$25,000 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 renewable 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. *(\$100,000 fund minimum, and \$5,000 annual award minimum)*

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

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

	Partner Fund	Contributor Fund	Classic Fund	Enhanced Fund
Initial Gift Minimum*	\$1,000	\$1,000	\$1,000	\$1,000
Fund Balance Minimum	\$5,000 for existing partner agencies, \$10,000 for new partner agencies	\$5,000	\$25,000	\$100,000
Scholarship Award Minimum	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)	Renewable \$1,000 ***per year per student	Renewable \$5,000 ***per year per student
Scholarship Award Maximum	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)
Pass-Through Award Policy	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.
Annual Administrative Donation****	1% of fund balance or \$250 minimum	1% of fund balance	2% of fund balance or \$500 minimum	2% of fund balance or \$500 minimum

Note: The Community Foundation can offer also offer employer-related scholarships, which benefit employees of a specific corporation and/or their families. We offer these scholarships at the Enhanced or at the Classic Fund level. Employer-related scholarships are tax-deductible but are highly regulated by the IRS.

* 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.