

Policy for Establishing a Scholarship Fund Cambridge Community College Foundation

The Cambridge Community College Center Foundation (CCCCF) welcomes gifts designated to the Foundation's scholarship program. Mindful of donors' goals, the foundation established the following policy, based on the foundation's mission and its strategic goals. Further, it considers the mission and health of the College, the needs of students, and the impact of an ever-changing market. All of these considerations will be honored with the Board of Directors' highest level of integrity and fiduciary responsibility.

Principles:

- The foundation's policy for establishing scholarship funds shall be transparent. Any donor who establishes a fund shall receive a copy of this policy and shall sign an agreement with the foundation.
- The original value of a scholarship should maintain its integrity and increase commensurately as tuition increases. For example, if a \$1,000 scholarship established in 2000-01 paid 39% of a full-time student's tuition and fees, the amount of the scholarship award will increase as tuition increases, i.e., always paying 39% of the recipient's tuition and fees.
- The CCCC Foundation will not subsidize a donor-established scholarship fund whose earned income is insufficient to support the expected award.
- The foundation will pro-rate the annual earned income across all invested, named scholarship funds. The rate-of-return shall be based on a five-year average yield.
- A scholarship award shall be at least \$500 for a year.

A donor may establish any one of the following scholarships:

- (1) **A one-time named scholarship** may be donated at a minimum value of Five Hundred Dollars (\$500.00). The scholarship fund must be paid in full a minimum of one (1) month prior to the start of the next scholarship cycle promotion.
- (2) **An annual named scholarship** may be established at a minimum value of Five Hundred Dollars (\$500.00). The donor must pay the scholarship to the foundation a minimum of one (1) month prior to the start of the next scholarship cycle promotion annually. The donor must agree to maintain this scholarship for a minimum of five (5) years with the CCCC Foundation. A written agreement is established between the donor and the foundation. The donor can stipulate the amount of the annual award.
- (3) **A named endowed scholarship fund.** This type of scholarship fund leaves the principal untouched. It is invested, and the earned income funds the scholarship(s). The donor cannot stipulate the amount of the annual award, but the donor is welcome to express a desired award amount. A written agreement is established between the donor and the foundation. The donor chooses to establish either a *term endowment* or a *true endowment*. (See endowment descriptions below.)

Agreements:

Existing Scholarship Funds: Existing verbal and written scholarship agreements will be grandfathered into this policy. However, the representative of the Board of Directors shall (1) ensure that an up-to-date written agreement is on file and (2) encourage all donors of existing endowed funds to contribute additional property to increase the principal (corpus) to a minimum level of \$10,000 (*term endowment*). The representative

will illustrate for donors the value of a scholarship over time as compared to increasing costs of tuition, fees, and books.

New Scholarship Funds: The donor's intent for the scholarship and the fund will be outlined in a scholarship agreement with the foundation. Both the donor and a foundation representative will sign off on the agreement. The donor will receive a copy of the signed agreement and the foundation office will keep the original on file.

Types of Endowed Funds: The CCCC Foundation offers the following types of endowed funds:

- (1) *Term Endowment:* The donor establishes the dollar level of the endowment. The endowment must be a minimum of Ten Thousand Dollars (\$10,000) up to, but not including, Fifty Thousand Dollars (\$50,000). The donor may choose up to five (5) years as the timeframe in which to establish the principal (corpus). Upon establishment of the principal, scholarship disbursements will be made annually for five (5) years, and the principal shall be permanently restricted during those five (5) years. (This restriction shall be recorded in the written agreement.) The agreement will be re-negotiated after the fifth year of scholarship awards has been fulfilled. Existing endowed funds established at the previous \$5,000 policy level shall be grandfathered in to this policy.
- (2) *True Endowment:* The donor establishes the dollar level of the endowment. The endowment must be a minimum of Fifty Thousand Dollars (\$50,000). The donor can choose up to ten (10) years as the timeframe in which to establish the principal. Upon establishment of the principal, scholarship disbursements will begin annually. The principal will be in perpetuity, unless the status of the College or Foundation changes and causes dissolution of the fund or unless the integrity of the scholarship falls below acceptable standards or value.

Property of the Fund: A donor's outright contributions of property to the foundation will be held and administered according to the terms of the written agreement. The fund shall consist of such property and all other property received from any source, provided the donor of any such other property has specified, by explicit reference to the fund agreement, that such property shall be held by the foundation as part of the fund.

Purpose of the Fund: The donor must establish a purpose of the fund and the qualifying criteria for the scholarship recipient(s).

Use of Assets of the Fund: The foundation shall hold and distribute the income of the fund as provided for in the written agreement and according to its management principles.

Use of Principal: The foundation shall hold the principal of a *term endowment* fund permanently restricted for five years after the principal is established, unless:

- A restriction on the use of the fund, as recorded in the written agreement, becomes obsolete, inappropriate, or impracticable.
- The donor is no longer able to establish the principal.
- The donor is no longer available to renegotiate the agreement.
- The status of the foundation changes.

- The market suffers severe, long-term changes.

The foundation shall hold the principal of a *true endowment* fund in perpetuity, unless the status of the College or the Foundation changes and causes dissolution.

Use of Income: The income of the fund shall be used as expressed in the written agreement.

Adopted and implemented: April 22, 2009