



Policy for Establishing a Scholarship Fund Anoka-Ramsey Community College Foundation

The Anoka-Ramsey Community College (ARCC) Foundation welcomes gifts designated to the Foundation's scholarship program. Mindful of donors' goals, the ARCC 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.

Donors who choose to establish a new scholarship fund with the Foundation shall choose from the following three types of scholarship funds:

- (1) **A one-time named or one-time memorial 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 three (3) months prior to the start of the annual scholarship cycle. A common example of a one-time scholarship is one that uses memorial funds.
- (2) **An annual named scholarship** may be established at a minimum value of One Thousand Dollars (\$1,000.00). Each year's award must be paid in full prior to the start of the annual scholarship cycle. The donor must agree to maintain this scholarship for a minimum of five (5) years with the ARCC Foundation.
- (3) **A named endowed scholarship fund.** This is a gift that can live forever, depending upon the type of endowment the donor chooses. The principal is invested, and the earned income funds the scholarship(s). Written agreements are established between the donor and the Foundation. The agreement stipulates if the endowed fund is a *term endowment* or a *true endowment*. (See descriptions below.)

Existing Scholarship Funds: Existing verbal and written scholarship agreements established as one-time, annual, or endowed scholarships will be honored. However, the representative of the Board of Directors shall (1) establish written agreements with donors whose funds are based on verbal agreements 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.

Type of Endowed Fund: The ARCC 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.

- (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 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 endowed 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.

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: September 27, 2006