

# Lakes Region Scholarship Foundation Donor Guidelines

## Make a Difference!

With rising college costs and ever-increasing operational expenses, we encourage you to establish a scholarship or help defray operating costs through the Friends of the Foundation Operating Fund.

There are several levels of participation.

## Options:

- One-time donation
- Annual donation
- Endowment fund-
  - Lump sum donation of \$5,000 or more
    - Used to establish a perpetual “named” endowment fund, which retains the identity of the donor and may be unrestricted or designated. These funds are invested at the discretion of the Finance Committee. Contributions may be made over a three-year period or less to arrive at the \$5,000 minimum to establish an endowment fund. Further donations may be made to principal at any time.
- Lump sum donation of under \$5,000
  - A “named” unrestricted or designated scholarship that may be disbursed as a one-time award or awards. At the discretion of the donor, the funds may be earmarked for administrative expenses.
- Donation of any amount over \$100
  - A “named” unrestricted or designated scholarship that may be disbursed in the current year for one or more awards. *Over half of our annual funds are derived from these donors who represent a dedicated donor base that loyally responds to our annual appeal.*
- Memorial offering
  - Memorial offerings in lieu of flowers may be made for any amount. These tax-deductible contributions are individually acknowledged by the Foundation, and the deceased’s family is notified of the memorial gifts received. The funds may be disbursed as a one-time award, apportioned over one year or more, or used to establish a perpetual endowment fund. Memorial offerings may also be made to the Friends of the Foundation Operating Fund. The gift is added to our list of supporters and family members are notified.
- Add to existing funds
  - Contributions to existing funds may be made in any amount at any time.
- Exceptions
  - Exceptions to the donor policy must be approved by the full Board of Trustees prior to acceptance of any monetary amount.

## Fund Criteria:

- Undesignated

- This type of fund is the most flexible and responsive to the more pressing scholarship needs. Unrestricted funds allow more students to qualify.
- Designated
  - Donors have the option of expressing preferences for how their scholarship are awarded. Examples of preferences are specific academic fields or majors, residency requirements, high school attended, and club membership. We suggest the term preference, versus restricted, be used to allow flexibility in case no applicants fulfill the specific criteria.

### Profiles:

We believe it is important for recipients to have some knowledge of their donors and the reasons why the contributions were made or the endowment funds were established. A fund profile is incorporated in the recipients' award letter. Privacy of anonymous donors is always respected.

### Tax Status:

The Lakes Region Scholarship Foundation is a tax-exempt non-profit organization under section 501(c)3 of the Internal Revenue Code of 1986. Contributions are tax deductible, as allowed by law. All contributions are individually acknowledged.

### Investment and Distribution Policy for Endowments:

Donations are invested at the discretion of the Foundation's Finance Committee. Distributions are guided by a conservative spending policy, which allows the principal to increase in value. No awards are made the initial year an endowment fund is established unless the donor contributes additional funds to cover the first year. In subsequent years, the award is a percentage of the fund's principal. A minimum of 95% of the donor annual distribution is applied to scholarships and the balance is applied to operating the Foundation, unless an equivalent donation is made directly to the operating fund.

### Donors Day:

Donors are invited to offer their recommendations for the recipients of their scholarships from a list of prescreened candidates. Donors receive informational, but not confidential, data about the candidates such as name, address, high school, college major, and rating given by the screening committee, to help them make their selection. Donors Day is usually held on the last Tuesday in May, from 8 am to 6 pm. If a donor is not able to participate, their preferences or restrictions are always honored.

### Philosophy of Giving:

Scholarships are based primarily on financial need except where donors have specified otherwise.