



How to Establish an Endowment

with

Pensacola State College Foundation, Inc.

1000 College Boulevard, Building 17 ~ Pensacola, Florida 32504
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ESTABLISHING AN ENDOWMENT WITH PENSACOLA STATE COLLEGE FOUNDATION, INC.

The Pensacola State College Foundation, Inc. is an incorporated 501(c)3 non-profit organization established to solicit, receive and administer private support for Pensacola State College. Gifts to the Foundation are tax deductible as a charitable contribution.

There are many ways for donors to support Pensacola State College through the Foundation, but one of the most common is through the establishment of scholarships and endowments to financially assist students. Scholarships and endowments are excellent means of memorializing a person or persons, an event, or a cause.

We have prepared this information to provide an overview to you or your organization as you consider establishing an endowed scholarship fund at Pensacola State College Foundation.

The Foundation Board of Governors has set \$20,000.00 as a minimum amount for establishing an endowed scholarship. All contributions are fully tax deductible and will be deposited in a permanent named fund. Additional donations may be added to the endowed scholarship by the donor who established the endowed scholarship fund or other donors at any time.

When a donor establishes an endowed scholarship, the donor may specify how the funds are to be used. Foundation staff is happy to work with donors to develop plans for scholarships and are available to meet with individuals or groups to review the process and develop guidelines.

If a donor or an organization does not wish to establish a named scholarship or would like to make a one-time scholarship donation, there are options available for supporting scholarships consistent with the donor's interests and gift recognition preferences. Contact a Pensacola State College Foundation representative to discuss these options.

Supporting Scholarships:

Scholarship funds fall into three general categories:

One-time Scholarship Funds: One-time scholarship awards will be designated to the Foundation's Universal Scholarship Fund. This fund provides scholarships to students from diverse demographic backgrounds who are seeking education in diverse fields. Donor gifts can be acknowledged in honor or in memory of a specified person and the donor will be provided stories and thank you notes from students they have helped.

Named Annual Scholarship Funds: A minimum donation of \$5,000 is required to establish and name an annual scholarship. An annual scholarship fund provides awards to current students within an academic year with no long-term investment of money used to establish the fund. For more information about annual scholarship funds see "Establishing a Scholarship" information packet.

Endowed Scholarship Funds: Endowed scholarships can be established with a single payment or the fund can be built with payments over a period of ten years to reach the minimum level of \$20,000. The

fund will pay an annual distribution that will be used as the scholarship award. For more information about scholarship endowments see “Establishing an Endowment” information packet.

The Differences between Scholarships and Endowed Scholarships:

While scholarship funds are expended annually and must be replenished through new gifts, endowed scholarships receive interest annually and the corpus of the gift is never touched (thereby ensuring scholarships are available into perpetuity). Scholarships are funded from investment income. Endowments create a legacy for donors and their families.

The Basics:

The Pensacola State College Foundation, Inc. is a non-profit, tax exempt, 501(c)3 organization and its sole purpose to provide additional resources to Pensacola State College to help students achieve the highest quality of education. The Foundation is prepared to assist you or your organization in establishing an endowment or named scholarship according to the following:

You can fully participate in:

- determining criteria (within IRS guidelines)

The PSC Foundation in partnership with the Financial Aid Department will:

- publicize the establishment of the scholarship in appropriate college publications
- promote the availability of your scholarship to potential and current Pensacola State College students
- manage the awarding process through the College’s online awarding software, NextGen Scholarship Manager
- be responsible for required auditing and accounting report, recognition of the scholarship, including invitations to selected individuals throughout the year

A Pensacola State College Scholarship Awarding Committee will:

- select suitable recipients from a pool of candidates for your scholarship according to set criteria
- **due to IRS regulations and state match guidelines, donors or donor organizations are not permitted to select scholarship recipients**

The Foundation Board has set \$5,000 as a minimum figure for establishing a named scholarship and \$20,000 as a minimum figure for establishing a named endowed scholarship. All contributions received will be deposited in a designated account. These gifts are fully tax deductible. A scholarship represents a significant contribution to the quality of life of college students and the community.

Checks are made payable to:

**Pensacola State College Foundation, Inc.
1000 College Boulevard, Bldg. 17
Pensacola, FL 32504**

All donations are tax deductible. The Pensacola State College Foundation is a 501(c) 3 organization and a direct support organization of Pensacola State College.



ENDOWMENT PHILOSOPHY AND INVESTMENT

Pensacola State College Foundation, Inc. is a private, non-profit corporation that was chartered in 1965 by the State of Florida as the direct support organization authorized to encourage, solicit, receive, acknowledge, manage, and expend private gifts on behalf of Pensacola State College. Gifts to the Pensacola State College Foundation are tax deductible as a charitable contribution. It is incorporated as a 501(c)(3).

Gifts to Pensacola State College through a scholarship fund acknowledge the work of our students and help them attain their goals of higher education and financial stability. Scholarship and endowment funds make a direct impact on the lives of PSC students. Establishment of an endowed fund not only guarantees perpetual funding to students and programs, it also ensures long-term growth and stability for the College.

Endowment Philosophy:

Endowments are established with the intent that the corpus of the fund be held in perpetuity and that investment income earned by the fund be used to support the program designated.

Investment Policy:

The PSC Foundation Board of Governors Investment Committee is charged with the responsibility of investing the assets of the Foundation as a prudent investor would, given the distribution requirements, purposes, and circumstances of the Foundation.

This standard requires the exercise of reasonable care, skill, and caution, and is to be applied to investments not in isolation but in the context of the Foundation portfolio as a whole, and as part of an overall investment strategy which incorporates risk and return objectives reasonably suitable to the Foundation.

The investment goal is to provide long-term stability and continuity to the management of the Foundation's endowments. Foundation funds are invested to produce maximum total return consistent with prudent risk limits.

Endowment Spending:

Earnings from the investment are annually distributed. Recognizing the need for sustainable income to support the beneficiaries of endowments, spending will not exceed 5% of the average three-year balance of the December 31 market value of the portfolio. A pro-rata adjustment calculation is made for new year gifts.

Distributions from endowment funds are managed by the Foundation and limited to the purposes and amounts indicated by the donor and within the bounds of the Foundation's policies.

Accounting:

Two accounts are established for scholarship endowments:

The Fund Corpus or Principal Account

The balance in this account represents the accumulated amount of gifts to the fund. Since the purpose of this account is for the original donation(s) to be held in perpetuity, no disbursements nor other transfers shall be charged to this account. Additional donations are designated to this account by default. Endowed accounts are allowed to grow at least one calendar year before the first award is made. During this one-year period, the donor may fund the scholarship award with a separate gift. *At no time will the endowed principal be used to make scholarship awards.*

The Endowment Distribution Account

Scholarship expenditures are charged to this account consistent with the purpose of the endowment fund and in accordance with the PSC Foundation's disbursement policy and procedures. The PSC Foundation will distribute the investment revenues earned by the endowment fund to this account (see Endowment Spending above). The unexpended balance in this account will be carried over from fiscal year to fiscal year.

Endowment accounts are audited annually as part of the annual audit of the Foundation performed by an external certified public accounting firm.

Establishing an Endowment:

A minimum gift of \$20,000 is required to establish a permanent endowed fund. The minimum amount must be reached within ten years of the initial gift. Donated funds will be accumulated in the designated endowment account until it reaches the \$20,000 minimum. When funds are less than \$20,000, and after 10 years with no activity, the donor will be contacted to discuss options for the fund.

A named endowment requires a signed endowment agreement that is prepared and submitted prior to establishing an endowment fund. Additional donations may be added to the endowment by the donor who established the endowment fund or other donors at any time. Donors may also add to the endowment fund by deferred charitable gifts or estate planning. There are other options for donors who want to contribute to programs or scholarships without creating an endowment. A Foundation representative can provide information on additional ways to give.

In addition to naming the endowment fund, the donor may choose awarding guidelines for how any distributed funds will be used. A Foundation staff member will assist donors to create IRS compliant guidelines that clearly articulate the donor's gift intent and ensure consistent and successful distribution of available funds. The donor may amend endowment fund criteria by requesting any changes in writing.

The Pensacola State College Foundation has a fiduciary responsibility to ensure donor wishes are strictly observed and gifts are used only for the purpose stated by the donor. Gifts received for the benefit of Pensacola State College must be spent according to the donor's intent. The Foundation will monitor the administration of gifts to verify donor gift intent is implemented.

Appropriate records related to the endowment funds and accounts shall be maintained by the Foundation. At the end of each academic year, the Foundation sends an annual statement for all

scholarships and endowed funds. The annual statement will include the current financial status of the endowment fund along with notification of any scholarship recipients.

Endowment funds are critical to support students and faculty today, and they also provide sustainable scholarship and program support for the future.

For more information about endowments and other forms of charitable support through Pensacola State College Foundation, contact the Pensacola State College Development staff at 850-484-1560.

Thank you for considering Pensacola State College for your charitable giving.



PENSACOLA
STATE COLLEGE

FOUNDATION

{Endowment Name} Endowment Agreement

An ENDOWMENT AGREEMENT, entered into on month, day, year, between (“Donor”) and the Pensacola State College Foundation (“Foundation”), a non-profit, 501(c)(3) corporation, establishing an endowment to be held, managed and used by the Foundation for the benefit of Choose an item (scholarships, program support, etc.) at Pensacola State College (“College”).

A. Endowment to be Established

The Foundation shall establish the {Endowment Name} Endowment (“Endowment”), pursuant to the terms of this Agreement and Foundation policies adopted by the Board of Governors. The Endowment shall be classified a permanent endowment with assets held and managed for investment and appropriation for purposes described below.

B. Background

{Biographical information on the Donor, their relationship with College and their reason for establishing the endowment; or other background information to describe important facts and circumstances surrounding establishment of the endowment by donor.}

C. Transfer of Assets

All contributions to this Endowment are irrevocable gifts and shall become the property of the Foundation. The Endowment shall be established upon transfer and acceptance by the Foundation of {donated or transferred} assets:

1. Cash in the total amount of {\$ amount}, payable upon the following schedule:
{insert schedule}
2. Vested {charitable remainder trust or charitable gift annuity} established on {date} with an initial fair market value of {\$ amount}.
3. Securities or bonds with a fair market value of {\$ amount} and described as follows:
{Name, identification number, and number of shares}
4. Proceeds from the pledge of the following assets:
{Description of pledged assets and transfer schedule}

5. Interest in real or other personal property described as follows:
{Description of real or other personal property}
6. Any other gifts or bequests that the Donors or other persons may designate for the purpose outlined below.

D. Purpose of Endowment

At the direction of the Foundation, the {Endowment Name} Endowment's payout shall be utilized exclusively for the following purposes:

{List scholarship criteria here: may include GPA requirements; major or area of study; County restrictions; non-traditional students, etc.}

E. Endowment Payout

The annual distribution available for spending shall be determined by the spending policy established by the Foundation's Board of Governors, and in accordance with the law of the State of Florida, including the Florida Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), and generally accepted accounting practices. Annual distribution will be no more than annual earnings up to five percent. Should annual returns exceed five percent, excess earnings will be added to the principal of the non-expendable endowment.

F. Investment of Endowment Assets

The Foundation shall invest endowment assets as an institutional fund under UPMIFA with the goal of optimizing yield and maintaining the spending power of the endowment assets. The Endowment's assets shall be subject to the investment policies of the Foundation relating to endowments, and shall be managed in a manner that is consistent with these requirements. The Foundation shall exercise exclusive authority over management of the Endowment, including the pooling of the Endowment for investment and payout purposes, and accounting for endowment assets under generally accepted accounting principles.

G. Additional Assets to Endowment

Additional assets may be added to the Endowment by contribution or by transfer of other funds held by the College or by the Foundation for the College. Such additional assets shall not contain restrictions, conditions, or designations which are inconsistent or in conflict with this Agreement.

H. Alternative Use of Endowment Distributions

In the event the above purpose cannot be accomplished, Endowment distributions shall be made available as specified by the Foundation for uses most consistent with the above stated purpose.

I. Endowment Management

The Endowment shall be managed in accordance with applicable law of the State of Florida, the provisions of this Agreement, and Foundation's endowment policies.

J. Recognition, Promotion and Reporting

To express the appreciation of the Foundation, to enhance the Fund, and to attract gifts for similar

purposes, the College and the Foundation may make appropriate announcements through internal/external publications and other acknowledgments of the Donor's generosity, as is suitable.

Approved by:

DONOR

Signature

Date

Print Name: _____

Signature

Date

Print Name: _____

Donor Address

City,

State Zip

Donor Email

Donor Phone

PENSACOLA STATE COLLEGE FOUNDATION

Signature

Date

President,

Board of Governors, Pensacola State College Foundation

ATTEST

Andrea Krieger

Date

Executive Director, Pensacola State College Foundation



ENDOWMENT CRITERIA QUESTIONNAIRE

ENDOWMENT NAME: _____ Endowed Scholarship

AMOUNT AWARDED: Variable as funds allow (up to \$_____) Please indicate any cap on the amount of the award that can be extracted annually.

DATE ESTABLISHED: _____

CRITERIA: Donors determine the criteria that committee members or program administrators to use to consider using interest earnings from your endowment. funds to students that have applied for a scholarship who meet these pre-determined characteristics.

1. Most Scholarships include language regarding financial need. Student must demonstrate a financial need for supplemental funding. Would you like to use this criteria? Yes___ No___
(This common terminology that allows committee members to consider the most students who match other criteria is above)
2. Student must have a minimum grade point average of (please list any required GPA here). ____
Note: a common GPA to allow you to match your scholarship to the most students is 2.0.
3. Student must be a United States citizen or resident alien. Is this criteria desired for your award? Yes___ No___
4. Student may be enrolled on a ___full-time or ___part-time basis.
5. Student must be enrolled in _____ Field of Study.
6. Scholarship will cover (please select all that apply):
___tuition, ___fees, ___books, ___materials required by the syllabi.

7. Please list any special instructions/notes/preferences here: _____

Signature of Donor or Donor Designee: _____
Printed Name of Donor or Donor Designee: _____

Donor Address _____ City, _____ State Zip _____

Donor Email _____ Donor Phone _____
Date: _____

Signature of Witness: _____
Printed Name of Witness: _____
Date: _____

Amended Date: _____
Signature of Donor or Donor Designee: _____
Printed Name of Donor or Donor Designee: _____
Synopsis of Changes Made to Criteria: _____

Office Use Only:

Changes entered into scholarship database by (print name): _____
Date of Entry: _____
Scanned copy of signed document scanned and entered into donor database by (print name): _____
Date of Upload: _____