

BLUE MOUNTAIN COLLEGE

GUIDELINES FOR ESTABLISHING AN ENDOWED SCHOLARSHIP AT BLUE MOUNTAIN COLLEGE

1. **Amount of Funding Required for Establishing an Endowed Scholarship**

Endowed scholarships require a minimum corpus of \$10,000.00, which is the amount necessary to provide an annual scholarship award of approximately \$500.00. Lesser contributions will be gratefully received and added to an existing scholarship fund of the donor's choice. An endowed scholarship fund specifies that the principal be held intact, invested, and the annual income used for specified purposes at Blue Mountain College.

If an endowed scholarship does not reach its fully-endowed target level within five years and there have been no contributions to it during a five-year period, the College will reserve the right to combine its fund with another appropriate scholarship account.

2. **Restrictions on Recipients of an Endowed Scholarship**

Donors may stipulate specific requirements for scholarships; however, Internal Revenue Service regulations will not allow tax deductions on scholarship gifts for which recipients are selected by the donor. Preferential treatment for relatives or descendants in the awarding of scholarships or in the use of donated funds is not permitted. No scholarship gift will be accepted if the terms of the gift in any way include a commitment for the future employment of the student recipient.

3. **Required Information for Establishing an Endowed Scholarship**

The following information is necessary for the establishment of a scholarship at Blue Mountain College:

Name - The donor has the opportunity to name the scholarship. For example, the *John and Jane Smith Memorial* Scholarship. A named scholarship provides an excellent opportunity to honor or memorialize someone.

Area - The donor may choose to make the scholarship general in nature or may choose the academic area for the scholarship. For example, the scholarship may benefit a student majoring or minoring in Bible or English or Music, etc. Donors are asked not to be too restrictive in this area so that the pool of applicants for the scholarship is not unduly small.

Amount - Scholarship monies available from endowments are determined by the amount earned by the principal in a given year. One year's earnings accrue prior to the first award unless the donor makes other arrangements.

Criteria - Criteria for making scholarship awards should be as broad as possible. Some examples of criteria are listed:

- ▶ Awards will be made to an upperclassman majoring or minoring in (*major area*).

BLUE MOUNTAIN COLLEGE

- ▶ Awards will be made on the basis of good scholarship, fine character, and the need of financial assistance.
- ▶ Recipient(s) must have demonstrated financial need as determined by the Office of Financial Aid.
- ▶ Recipient(s) must have earned a cumulative grade point average (GPA) of at least 2.0, 3.0, etc.
- ▶ Preference in awarding the scholarship will be given to students from (*name of*) County or (*name of*) State although any student meeting criteria is eligible.

Selection - Endowed scholarships, as well as general scholarships, are awarded by a Scholarship Selection Committee appointed by the President of Blue Mountain College.

Publicity - The donor is asked to state whether publicity for the establishment of the endowment will be allowed.

Provisions - Alternative provision should be included for endowments; namely,

In the event that the original purposes stated in the endowment agreement can no longer be carried out due to changing conditions, the College, through its Board of Trustees, shall have the power to modify the purposes to the extent necessary to enable the endowment to be used. Any such alternative use shall be for a purpose which most closely coincides with the donor's primary original intent.

Should Blue Mountain College be closed, discontinued, or consolidated and removed from Blue Mountain, Mississippi, or no longer operated as church-related college by the Mississippi Baptist Convention, then, and in that event, the corpus of the trust shall revert to and be delivered thereupon to the Mississippi Baptist Foundation (*or financial institution of donor's choice*). The Mississippi Baptist Foundation (*or selected institution*), through its trustees or directors, shall then invest the funds and use the income for scholarship purposes as agreed upon in the scholarship trust with the stipulation that the scholarship shall always be designated as the (*name of*) scholarship and administered according to the criteria as stated in the original scholarship trust agreement.

Documentation - The final endowment agreement is created in duplicate and signed by the donor(s) and the President of Blue Mountain College. One fully executed copy is provided for the donor(s); the other is kept on permanent file in the Office of the President at Blue Mountain College.

4. **Administrative Responsibility for Setting Up an Endowed Scholarship**

Scholarships may be established through the Office of the President. When a donor communicates a desire to establish a scholarship fund, a letter with a sample scholarship trust which coordinates the donor's intent with criteria acceptable by the College is prepared by the College president for the donor's review. When a scholarship trust has been fully executed with appropriate funding, one copy is sent to the donor and one copy is maintained in the Office of the

BLUE MOUNTAIN COLLEGE

President. Additional gifts through cash, bequests, trusts, etc. may be made to the scholarship fund.

5. **Accountability to Scholarship Donors**

The Office of the President will maintain the names and addresses of major donors/ sponsors in a file and database so that the appropriate notification of scholarship awards and annual reports can be made.

The Office of the President will send status reports each year to donors, providing a summary of account transactions and recipient information as follows: (a) name and account number of scholarship; (b) name, hometown, classification, and major for each recipient; (c) dollar amount of funds available and number of scholarship awards for each scholarship (If no award is made from a certain scholarship, the reason, i.e., not enough funds, no qualified student, etc. will be noted.)

Adapted from Policy 2.32: Student Scholarships | October 07, 2005