

## Developing Scholarships and Endowments

1. Define and publish the criteria for the scholarship making sure that the process is fair, open and supportive of the mission, vision and diversity policy of the American Inns of Court Foundation.
2. Ensure that all endowment contributors are aware of the purpose of their contribution and encourage them to become familiar with the scholarship purpose.
3. Issue all contributors a receipt for their donations. The receipt should contain:
  - a. Contributor's name
  - b. Contribution amount
  - c. Contribution date
  - d. Purpose of the Contribution (IE: "The Hon. James E. Smith Memorial Endowment")
  - e. Inn's tax ID number
  - f. Directive re: deductibility (IE: "Contributions to The Hon. James E. Smith American Inn of Court can be considered tax deductible. All contributors should consult their tax advisor before taking any deductions)
4. Ensure that the Inn treasurer counts all contributions, including contributions to an endowment, when totaling the Inn's annual income. This total amount determines whether to file the 990-N or the 990-EZ for each tax reporting year.
5. Ensure that all contributions are tracked separately as contributions given to the Inn for a specific purpose. Inns must be able to document that contributions have been spent on their designated purpose.
6. When considering the development of an endowment, Inns should be aware that the endowment should be 20–25 times the scholarship size. As an example, to confer \$1,000 annually in scholarships, Inns need to raise \$20,000–\$25,000 in the endowment, invest it prudently, and spend no more than 4–5% of the value of the endowment per year.
7. Scholarship recipients must be issued a 1099 from the Inn at the end of the year in which the scholarship is given.
8. The duties for both the endowment process and the scholarship issuance should be detailed in the treasurer's job description.