

Frequently Asked Questions Charleston Chapter of CPA's Accounting Scholarship Fund

The following information submitted in FAQ (Frequently Asked Questions) format is designed to provide information about the design, establishment and operation of the accounting scholarship fund.

1. What prompted the establishment of an accounting scholarship fund?

The need to attract students to pursue careers in accounting has never been greater. The April 2004 issue of *The CPA Letter* states "Ensuring the continual flow of qualified CPA's into the profession is one of the most important missions of the AICPA." In the AICPA's 2003 annual survey of the top five MAP issues, "finding and retaining qualified staff" was the number one pressing issue for CPA firms. Not only was "finding and retaining qualified staff" the top pressing issue in the AICPA survey for 2003, it has been the top pressing issue for six (6) consecutive years. This concern is rooted in a scarcity of accounting graduates, according to an analysis of the survey. In a Cabinet meeting of the WVSCPA's on April 21, 2002, our Society addressed this issue of recruitment, retention, and supply of professionals and set forth strategies to: 1) increase the quality and quantity of the talent pool; and 2) increase the supply of incoming professionals. We feel that the establishment of an accounting scholarship fund serves these two stated initiatives of our state Society.

2. What are the eligibility criteria for the scholarship? Will financial need, demonstrated community service, leadership and etc., be criteria?

The criteria for a scholarship recipient will be a high school student attending school within a geographic area served by the Charleston Chapter CPA's who intends to pursue a degree in accounting and who has demonstrated the criteria of academic excellence, leadership qualities, student involvement, community service and character traits. Financial need of the students will also be considered. The most important criteria will be a desire to pursue a career in accounting.

3. Will the scholarship fund be an "endowment fund"? Will distribution of scholarship funds be limited to earnings from the fund?

The establishment of an endowment fund with limited distributions will not serve the urgent need to put contributions to work as soon as possible to fund scholarships. Under the endowment fund scenario, it may take years to build the scholarship fund to a sufficient balance to permit meaningful scholarship distributions from earnings. Our plan is to establish a non-endowment fund with full rights to invade principle to fund scholarships as soon as possible.

4. How soon will funds be available to award scholarships? Could we begin immediately to award, say, an annual \$1,000 scholarship?

Our goal is to begin to award scholarships as soon as possible. The Greater Kanawha Valley Foundation (hereinafter TGKVF) requires a minimum balance of \$10,000 which may be funded over a three year period. That funding requirement would necessitate setting aside approximately \$3,300 per year in order to meet this minimum funding balance. If our fund-raising efforts are successful and we were able to raise more than this amount, then funds raised in excess of this minimum funding requirement would be immediately available for the awarding of scholarships. We believe it is fully within our reach to raise this \$3,300 plus additional amounts which could be available for the awarding of an accounting scholarship for the academic year 2004-2005.

5. Will scholarship recipients be limited geographically and will the recipients be limited to attending only West Virginia colleges and universities?

We believe that scholarship recipients should be limited to high school students within the geographical area served by the Charleston Chapter of CPA's. Whether recipients be restricted to attending only West Virginia colleges and universities is an issue yet to be determined. Our goal is to attract our brightest and best high school students to pursue a career in accounting with the hopes that they will pursue employment opportunities within our geographical area. Restricting the recipients to West Virginia colleges and universities may improve the chances of scholarship recipients seeking local employment. However, as our political leaders have pointed out, many of our graduates are forced to pursue employment outside the state of West Virginia due to limited job opportunities within the state, a factor over which we have little control. That said, our stated goal is to encourage local high school students to pursue careers in accounting and to practice that profession within our geographical area.

6. How much financial aid will be awarded to scholarship recipients? Will more than one scholarship be awarded?

Under TGKVF guidelines, scholarship recipients will receive a minimum of \$1,000 per annum. Our vision is that scholarship awards will begin with that amount. With the growth of the scholarship fund and continued success in our fund-raising efforts, we will be afforded the opportunity to increase the individual amounts awarded to scholarship recipients. Also with the growth and success of the accounting scholarship fund, we will be afforded the opportunity to award multiple scholarships. All of this, of course, depends on the success of our fund-raising efforts.

7. Will donors receive a charitable contribution deduction for donations to the fund?

The Charleston Chapter of CPA's is an extension of the WV Society of Certified Public Accountants, a 501(c)(6) non-profit organization. It is my understanding that charitable contributions made to a 501(c)(6) corporation do not qualify as a charitable contribution. However, by partnering with a 501(c)(3) organization, such as The Greater Kanawha Valley Foundation, contributions to the accounting scholarship fund can be made payable to TGKVF and designated for the Charleston Chapter Accounting Scholarship Fund. Under that scenario, donors will receive a qualified charitable contribution deduction.

8. Will funds be contributed directly to the accounting departments of colleges and universities in West Virginia?

We are not ruling out direct financial support of our colleges and universities. Such a decision will be in the hands of those given future oversight responsibilities of the fund. However, our stated goal is to encourage our area's brightest and best high school students to pursue careers in accounting. We feel that objective will be best met by distributing available funds directly to the students in the form of accounting scholarships. Furthermore, WVSCPA has been instrumental in the formation of the Accounting Education Foundation, Inc. whose mission statement includes financial support of the accounting departments of West Virginia area colleges and universities. We do not want to duplicate the gifts of this organization.

9. How will the fund be administered in the future to make sure it continues to meet our objectives and goals?

Our vision is that the leadership of the Charleston Chapter of CPA's be charged with responsibility of future fund-raising and administration of the accounting scholarship fund. Their responsibility will be to insure that it continues to meet the stated goals and objectives of the scholarship fund. Whether that responsibility is relegated to the elected officers and board members of the Charleston Chapter, or whether it is relegated to a special committee or board as elected by the membership of the Charleston Chapter of CPA's is an issue yet to be determined. It is obviously important that the groundwork be properly laid for the establishment of this fund to insure the continued success of the fund. We envision, obviously, that the Charleston Chapter's ongoing involvement will involve oversight responsibilities.

10. Why is it important to enter into a contract with The Greater Kanawha Valley Foundation to administer the fund? What services will they provide to the Chapter in the administration of this fund?

As a 501(c)(6) non-profit organization, the Charleston Chapter of CPA's cannot solicit tax deductible charitable contributions. Furthermore, we are concerned that the officers and Board members of the Charleston Chapter may either lack expertise or the time to screen and select scholarship recipients as well as to continue to monitor the continued eligibility criteria of scholarship recipients. The responsibilities of providing meaningful programs for the local chapter is very time

consuming and we are concerned that future boards may not be able to devote the time and energies necessary to fulfill both responsibilities. This is why we are recommending a contract with The Greater Kanawha Valley Foundation. Services provided by TGKVF include providing assistance in the establishment of the scholarship program, assisting in fund drives to establishing and maintaining the fund, providing investment services, publicizing the scholarship in a booklet distributed to high school counselors throughout West Virginia, working closely with colleges and universities, providing valuable screening services to select recipients, and monitoring scholarship recipients to determine that they continue to meet eligibility criteria. We do recommend that an advisory committee be appointed among the membership of the Charleston Chapter of CPA's who will be charged with oversight responsibilities of the future administration of the fund. It should be understood that the legal consequences of establishing a fund with TGKVF will be irrevocable. The Chapter will have no power to alter, revoke or terminate the fund. Monies contributed to this fund may only be used for its intended purposes, that is, the awarding of scholarships to deserving accounting students. No part of the funds may be withdrawn or used for any other purpose. However, monies in the fund could be spent down to a zero balance, making the fund an inactive fund. So, it should be understood that any monies contributed to the scholarship fund can only be used to award scholarships.