



POLICIES AND PROCEDURES: SCHOLARSHIP FUNDS

Introduction: Scope and Intent of the Policy

The Community Foundation of North Central Massachusetts holds and administers funds that provide scholarship grants to individuals, including high school, college and graduate school students. These grants enable the recipients to complete an undergraduate or graduate education in the field of their choice at the college or graduate school of their choice or to pursue vocational and other training.

The Foundation may also hold and administer Funds that make grants to individuals in recognition of achievement in the fields of art, literature, education, science, public or community service, or for other charitable or civic achievement. These awards are not, and may not be, intended to finance any specific activities of the recipients and may not impose conditions on the manner in which the prizes or awards may be expended by the recipient. Grants made from such funds are referred to as **“Individual Achievement Grants.”**

The Foundation has established the following procedures pursuant to which grants will be awarded from funds where donors/advisors have any advisory privileges or participation in the selection of grant or award recipients. The following procedures shall be interpreted so as to ensure the Foundation's compliance with all applicable requirements of the Internal Revenue Code, including Section 4966, accompanying Treasury Regulations, and guidance from the Internal Revenue Service, and these procedures may be amended from time to time.

The Foundation values and encourages the interest and involvement of donors to all three types of funds. Donor involvement may include developing criteria for awards, serving on grant selection committees, and recommending others for places on selection committees. Because donor-advised funds are not permitted to make grants to individuals, it is important that all persons involved in the process of selecting individuals for grants covered by this policy adhere carefully to the procedures and policies incorporated in this document.

Definitions

Advisor – A person appointed by a donor to have advisory privileges with respect to a Fund. The term also includes members of the advisor's family and businesses controlled by the advisor and family members.

Donor – an individual or organization, including a corporation, partnership, or trust, that makes a contribution to a Fund where such Fund is separately identified by reference to contributions of the donor and with respect to which the donor (or any person appointed or designated by such donor) has, or reasonably expects to have, advisory privileges with respect to the distribution or

investment of amounts held in such Fund by reason of the donor/advisor's status as a donor. The term also includes members of the donor's family and businesses controlled by the donor and family members.

Educational Institution – An institution that has a regular faculty, a curriculum, and an organized body of students in attendance at the place where the educational activities are held.

Qualified Expenses – Certain expenses incurred in attending an educational institution are tax-exempt. They are:

- Tuition and fees for enrollment and attendance.
- Course-related expenses – fees, books, supplies, and equipment required of all students for courses of instruction.

Related Persons – The term includes both a donor or advisor's family members and businesses they control:

Family Members – An individual's parents, grandparents, great-grandparents, spouse, siblings, children, nieces, nephews, grandchildren, great-grandchildren, and the spouses of all of the above.

Controlled Businesses – Corporations, partnerships, and trusts or estates if the donor or advisor and family members own more than 35 percent of the total combined voting power (corporations), 35 percent of the profits interest (partnerships), or 35 percent of the beneficial interest (trusts or estates).

Selection of Grantees

Grantees are to be selected on an objective and nondiscriminatory basis. The group from which grant recipients are selected must be sufficiently broad so that giving grants to one or more members of the group fulfills a charitable purpose. Selection shall be based on Foundation-approved selection criteria.

Scholarship Grants

Designated members of selection committees established for such awards shall contact high school, college, and graduate school administrators as well as managers of other relevant community institutions to advertise the availability of the Foundation's Scholarship Grants and to request that these administrators nominate potential candidates or encourage potential awardees to submit applications for scholarship aid.

Individual Achievement Awards

Designated members of selection committees established for such awards shall contact relevant community institutions and individuals to publicize the availability of the Foundation's Individual Achievement Awards and to solicit nominations for such awards. Candidates for such awards may take no part in the selection process.

Selection Criteria

Scholarship Grants

Criteria for scholarship grants may include, but are not limited to, the following:

- Prior academic performance;
- Performance of each applicant on tests designed to measure ability and aptitude for educational work;
- Recommendations from instructors of such applicant and any others who have knowledge of the applicant's capabilities;
- Additional biographical information regarding an applicant's career, academic and other relevant experiences, financial need; and
- The grant selection committee's conclusions as to the applicant's motivation, character, ability, or potential.

Criteria may also include the applicant's place of residence, past or future attendance at a particular school, past or proposed course of study or evidence of his or her artistic, scientific, or other special talent. Preference may be given to applicants of underrepresented groups including sex, race, ethnic background, or religion so long as such preference does not violate public policy.

Recipients of Scholarship Grants must be (1) undergraduate or graduate students at a college or university who are pursuing studies or conducting research to meet the requirements for an academic or professional degree; or (2) students – whether full-time or part-time – who receive a scholarship for study at an educational institution that provides an educational program acceptable for full credit toward a bachelor's or higher degree or offers a training program to prepare students for gainful employment in a recognized occupation and is authorized under federal or state law to provide such a program and is accredited by a national recognized accreditation agency.

Scholarship Grants must be used for qualified educational expenses (see definition) at an educational institution (see definition). The Foundation reserves the right to impose additional, minor reasonable restrictions and/or requirements upon the awarding of Scholarship Grants and the administration of such grants. Any substantial or material changes will be made only with the approval of the Foundation's Board of Directors.

Individual Achievement Awards

Criteria for Individual Achievement Awards include but are not limited to: the individual's past achievements and community involvements, other biographical information regarding an applicant's career, academic and other relevant experiences. The Foundation reserves the right to impose additional, minor reasonable restrictions and/or requirements upon the awarding of Individual Achievement Awards and the administration of such grants. Any substantial or material changes will be made only with the approval of the Foundation's Board of Directors.

Grant Selection Committees

The Foundation shall approve all members of any selection committee charged with the evaluations of candidates for grants covered by this policy.

A Fund's donors may not control the selection committee. This means that no combination of donors, persons appointed or designated by donors, and persons (a term that includes partnerships, corporations, and trusts as well as individuals) related to them may constitute a majority of the committee, be given a veto power, be allowed to chair the committee, or otherwise be permitted to control the committee's decisions. If a donor/advisor recommends a person for appointment to a selection committee based on objective criteria related to the expertise of such person, such person will not be deemed to be appointed or designated by the donor/advisor.

Donors/advisors and related persons may provide advice with respect to the selection of grant or award recipients solely as members of a selection committee. This means that donors may not pre-screen applications and choose those to be referred to the committee. It also means that donors may not make a final selection from among candidates approved by the committee.

Every member of the selection committee must adhere to the relevant policies of the Foundation as they may be adopted and amended from time to time, including without limitation the Foundation's conflict of interest and confidentiality policy. Each member of any selection committee covered by this policy must disclose any personal knowledge of and relationship with any potential grantee under consideration and refrain from participation in the award process in a circumstance where he or she would derive, directly or indirectly, a private benefit if any potential grantee or grantees are selected over others.

Grants covered by this policy may not be awarded to any member of the Foundation's Board of Directors, any substantial contributor to the Foundation, any employee of the Foundation, or any other disqualified person with respect to the Foundation. Grants also may not be awarded to any donor/advisor or substantial contributor to the Fund making the award, to any member of a selection committee for such award, or to any members of their families.

Each selection committee shall forward its recommendations to the Foundation staff in such form and on such a schedule as the staff shall establish.

Supervision of Grants

Scholarship Grants Paid Directly to the Educational Institution

The Foundation will pay Scholarship Grants directly to the educational institution for the use of the scholarship recipient. The educational institution must agree in writing to use the grant funds to defray the scholarship recipient's expenses or to pay the funds (or a portion thereof) to the recipient only if the recipient is enrolled at such educational institution and his or her standing at such educational institution is consistent with the purposes and conditions of the grant.

Unless otherwise provided in the fund agreement establishing a Scholarship Grant, a condition of each Scholarship Grant is that it will be used only for qualified educational expenses. An additional condition is that no part of the Scholarship Grant shall be used as payment for teaching, research, or other services by the scholarship recipient required as a condition for receiving the scholarship.

Individual Achievement Grants

Individual Achievement Grants cannot require a particular use of the funds, so no report is required from the recipient.

Recordkeeping Requirements

The selection committee shall provide the Foundation with the following records in connection with all grants covered by this policy:

- All information obtained by the committee to evaluate the qualifications of potential grantees,
- The identification of grantees
- The purpose and amount of each grant, and any additional information the Foundation obtains in complying with its grants administration procedures.
- Information pertaining to unsuccessful applicants.