



SAN JUAN ISLAND

Community Foundation

## SCHOLARSHIP GUIDELINES AND PROCEDURES

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### GENERAL OVERVIEW

The San Juan Island Community Foundation (SJICF) may in its discretion award scholarship grants on behalf of individuals (paid directly to qualified educational institutions), which grants may be used exclusively for tuition at post-secondary educational institutions that normally maintain a regular faculty and curriculum, as described as Internal Revenue Code § 170(b)(1)(A)(ii), and for fees, books, supplies, and equipment required for courses at such institutions, or for room and board expenses payable to the institution. Scholarship grants will be made only from funds designated as SJICF Scholarship Funds administered in accordance with these procedures. Scholarship Funds created by donors will become SJICF Scholarship Funds. Donors to SJICF Scholarship Funds will not review applicants nor will they be afforded an opportunity to comment on individual applicants. Scholarship grants will not, under any circumstances, be made from any fund that qualifies as a donor advised fund within the meaning of the federal tax rules. SJICF will approve all scholarship grant-making programs administered by SJICF Scholarship Funds in advance of any solicitation of scholarship applications. In all cases, the SJICF Scholarship Committee, a committee of SJICF's Board of Trustees will independently review and approve all recommendations for award recipients to ensure that such recommendations are consistent with these Scholarship Guidelines and Procedures, SJICF's Operating Guidelines, SJICF's charitable purposes, and its mission. Scholarships may be awarded for one year or for multiple years.

### SCHOLARSHIP SELECTION PROCESS

**Scholarship Fund Committee** - The SJICF Scholarship Committee, a committee of SJICF's Board of Directors, comprised of at least three (3) Directors, shall supervise the administration of all SJICF Scholarship Funds in accordance with the SJICF Scholarship Committee Charter attached hereto. The Scholarship Fund Committee shall appoint all members of any committee established to make recommendations concerning scholarship awards ("Selection Committees"), shall approve the selection criteria employed to identify scholarship recipients, and shall pre-approve all scholarship awards disbursed from SJICF Scholarship Funds.

**Criteria for Selection** - SJICF will work with donors to develop appropriate scholarship purposes and criteria. SJICF will review the proposed purposes of each Scholarship Fund to ensure that such purposes are consistent with SJICF's charitable purposes and its mission. The SJICF Board of Directors shall review and shall have final approval authority over the selection criteria used to select award recipients for each SJICF Scholarship Fund.

The scholarship criteria must be "objective and nondiscriminatory," and the group from which applicants are selected must be broad enough to constitute a charitable class (e.g., the selection must not be calculated to benefit predetermined individuals, but may be designed to benefit members of a minority group or a pool of individuals who meet criteria reasonably related to the charitable purposes of the Scholarship Fund). See Treas. Reg. § 53.4945-4(b)(2). No individual within this class may be earmarked to receive scholarship benefits. The selection criteria must also be reasonably related to the purposes of the grant. Criteria may include, but need not be limited to: prior academic performance, performance on tests designed to measure ability and aptitude for college work, recommendations from instructors, financial need, and the conclusions that the selection committee might draw from a personal interview as to the individual's motivation, character, ability, and potential.

All scholarship applicants shall submit an application, which shall include a biographical record and supporting material, including essays, letters of recommendation, grade transcripts, and special awards. SJICF will work with donors to develop the

scholarship application form for each Scholarship Fund. SJICF shall have ultimate approval authority over all application forms used by Scholarship Funds established at SJICF.

### **Selection Procedures**

**In General** the SJICF will work with the individual Scholarship Fund creator to determine the type of selection process that best serves the donor's intent with respect to his or her Scholarship Fund gift.

Subsequent SJICF Scholarship Fund donors (including the fund creator), by their donation, agree to the terms of the SJICF Scholarship, as established, to which they are contributing and will not be involved in any way in the the establishment or alteration of the award criteria or the selection of individual recipients.

The SJICF Scholarship Committee will review and make recommendations to the SJICF board of directors who will have the final authority to make scholarship grants.

The SJICF board of directors will be provided all information collected by the Scholarship Committee and will review all such information independently before making a scholarship grant.

The lack of conflict of interest shall be the primary goal of the Board. Additionally, the Board will not consider race, creed, age, sex or any other criteria then prohibited by State or Federal legislation of the candidate in making its selection.

No relative or beneficial party to any Scholarship Fund creator, Board member, Scholarship committee member, or employee of the SJICF will be eligible for a scholarship award.

No donor, by virtue of their donation to a SJICF Scholarship Fund, may sit on the SJICF Scholarship Committee.

Recognizing that subsequent donors (not the fund creator) will have no say in the criteria or in award selection process, the SJICF will not be required to employ its strict conflict of interest criteria to this larger class of donors.

Any member of the SJICF Scholarship Committee and any member of the SJICG Board of Directors must disclose any conflict of interest with a specific candidate and reclude themselves from both the consideration and the vote for any such specific scholarship award.

In addition, the Board will review of the qualifications of the applicant and the appropriateness of the applicant to the goals of the scholarship.

**Fund Specific Selection Committees:** will not be permitted by the SJICF. All grants will be reviewed by the SJICF Scholarship Committee with subsequent recommendation the SJIFC Board for final approval.

### **NONDISCRIMINATORY POLICY**

Scholarship recipients may be selected on the basis of criteria reasonably related to the charitable purposes of the Scholarship Fund and may benefit members of selected ethnic minorities or may be limited to a certain age group or gender. From the charitable class of individuals that could meet the established scholarship criteria, all scholarships shall be awarded on an objective and nondiscriminatory basis within the meaning of Internal Revenue Code § 4945 and Treasury Regulation § 53.4945-4(b). In selecting scholarship recipients, SJICF shall not take into account a candidate's employment relationship with any person. Family members of past or present directors and/or employees of SJICF shall not be eligible to receive scholarship grants, nor shall any person who is a "disqualified person" with respect to SJICF within the meaning of Internal Revenue Code § 4946(a). No employee or family member of a donor, an advisor, or a member of the Scholarship Selection Committee, is eligible to receive scholarship grants.

### **SOLICITATION OF APPLICANTS**

Typically, applicants shall be solicited from residents of San Juan Island. Application forms shall be distributed by counselors and other administrators at San Juan Island educational institutions or as specified by a Scholarship Fund's program criteria, as approved by SJICF.

### **NOTIFICATION OF SCHOLARSHIP RECIPIENTS**

Scholarship recipients shall be notified after SJICF has given final approval of the scholarship award recipients. Notification can be given either by SJICF or by a representative of the Scholarship Fund. SJICF (or a representative of the Scholarship Fund, after notification and approval by SJICF) shall provide each scholarship recipient with a letter notifying him/her of the grant, and specifying that all amounts must be used exclusively for tuition at post-secondary educational institutions that

normally maintain a regular faculty and curriculum, and for fees, books, supplies, and equipment required for courses at such institutions, or for room and board expenses payable to the institution. The letter shall inform the student that no funds may be disbursed until SJICF receives confirmation that the student is enrolled in the educational institution, at which time the funds shall be disbursed to the school for the student's benefit. The letter shall also describe the reporting requirements set out below in Section V and shall specify the date by which the recipient must comply with the reporting requirements each year. The recipient shall be required to sign and return a copy of the letter indicating his/her acceptance of the scholarship.

### **SUPERVISION OVER GRANTS**

SJICF shall require each scholarship recipient enrolled in courses to provide annually a transcript indicating the recipient's courses taken, and grades received in each academic period covered by the grant. The transcript must be verified by the educational institution that the recipient is attending.

If the recipient is not taking courses, but is instead involved in the preparation of research papers or projects, the recipient shall have the educational institution prepare a brief report to SJICF at least once a year on the progress of the recipient's paper or project, which report shall be approved by the faculty member supervising the recipient's work or another appropriate university official.

Upon completion of the undertaking for which the grant was made, the grantee should submit a final report or other verification describing the grantee's accomplishments with the grant and accounting for the funds received under the grant.

SJICF shall send scholarship checks directly to the educational institution selected by the recipient, and shall instruct the institution to deposit the check into the recipient's school account upon verification of the student's full-time status. SJICF shall instruct the institution to disburse the funds over the academic year, divided and applied equally over each quarter or semester, as the case may be. If any funds remain after payment of the student's tuition in full, the balance shall be returned to SJICF in the form of a check. In the event the student transfers to another school during the academic year, the funds shall be returned to SJICF. If the student completes his or her schooling, or withdraws from school and will not be attending another institution within the same academic year, the residual scholarship funds, if any, shall be returned to SJICF.

### **RECORD KEEPING**

SJICF shall keep records, which shall include:

1. All information that SJICF secures to evaluate the qualification of potential scholarship recipients;
2. The name, address and other contact or identifying information for each scholarship recipient;
3. Any information on relationships that would cause the scholarship recipient to be a disqualified person with respect to SJICF within the meaning of Internal Revenue Code § 4946(a);
4. The amount and purposes of each scholarship;
5. A copy of the letter notifying the recipient of the scholarship grant; and
6. The follow-up information obtained under Section V.

### **INVESTIGATION AND ENFORCEMENT PROCEDURES**

If a grant recipient fails to submit transcripts and reports as provided in the "Supervision Over Grants" section above, and after a reasonable time has elapsed from their due date, SJICF shall initiate an investigation. SJICF shall withhold any further payments to the extent possible until it has determined that no part of the scholarship has been used for improper purposes, until any delinquent transcripts and reports have been submitted, and has received assurances from the recipient that future improper diversions will not occur. In the unlikely event that any individual causes the misuse of scholarship award funds, SJICF will pursue the following investigation and enforcement measures.

It is the policy of SJICF to require the educational institutions that have received funds on behalf of the scholarship recipients to return unused funds to SJICF if the student transfers, or otherwise ceases to be enrolled at the institution, or if the funds cannot be used on behalf of the student for academic purposes or for room and board expenses payable to the institution. SJICF does not intend that scholarship awards be made available directly to students.

If SJICF determines that any part of a scholarship has been used for improper purposes, it shall take all reasonable and appropriate steps to recover improperly expended grant funds and to ensure that any grant funds held by the recipient will be used exclusively for the purposes of the scholarship. Such steps may include legal action unless such action in all probability would not result in satisfaction of execution of a judgment.

SJICF shall not make any future scholarship payments on behalf of a recipient who has improperly diverted funds until it has received any delinquent transcripts and reports, and has received assurances that future improper diversions will not occur. SJICF shall require the recipient to take appropriate precautions to prevent further diversions.