



## Scholarship Guidelines and Procedures

### I. GENERAL OVERVIEW

The Three Rivers Community Foundation (the "Foundation") 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 usually be administered through Scholarship Funds of the Foundation whereby donors or their representatives may make recommendations as to recipients of scholarship grants. The Foundation will approve all scholarship programs established by such Scholarship Funds in advance of any solicitation of applications. In all cases, the Foundation will independently investigate to ensure that donors' recommendations for award recipients are consistent with these Scholarship Guidelines and Procedures, the Foundation's charitable purposes, and its mission. The Foundation will make the ultimate decision regarding scholarship award distributions. Grants may be awarded for one year or for multiple years.

### II. SCHOLARSHIP SELECTION PROCESS

#### A. Criteria for Selection

The Foundation will work with donors to develop appropriate scholarship purposes and criteria. The Foundation will review the proposed purposes of each Scholarship Fund to ensure that such purposes are consistent with the Foundation's charitable purposes and its mission. The Foundation shall review and shall have final approval authority over the adopted criteria for each 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. The Foundation will work with donors to develop the scholarship application form for each Scholarship Fund. The Foundation shall have ultimate approval authority over all application forms used by Scholarship Funds established at the Foundation.

## **B. Selection Committee**

The Foundation will work with donors to form a Scholarship Advisory Committee whose purpose it will be to make initial scholarship award recommendations. The Foundation may appoint a Foundation representative to such Scholarship Advisory Committee. In all events, the Foundation shall have ultimate approval authority over final scholarship award recipients.

Application materials for all applicants tentatively selected by the Scholarship Advisory Committee shall be forwarded to the Foundation for review and for final determination that the applicants meet the criteria established by the Scholarship Fund, these Scholarship Guidelines and Procedures, and the Foundation's operating guidelines and policies. Along with the application materials, the chairperson of the Scholarship Advisory Committee must also return signed verification confirming that no award was recommended to a party related to any member of the Scholarship Advisory Committee and that the applications were distributed to a broad class of eligible individuals.

## **C. 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, the Foundation shall not take into account a candidate's employment relationship with any person. Family members of past or present directors and/or employees of the Foundation shall not be eligible to receive scholarship grants, nor shall any person who is a "disqualified person" with respect to the Foundation within the meaning of Internal Revenue Code § 4946(a). Typically, no employee or family member of a donor, an advisor, or a member of the Scholarship Advisory Committee, is eligible to receive scholarship grants.

## **III. SOLICITATION OF APPLICANTS**

Typically, applicants shall be solicited throughout the state of Washington. Application forms shall be distributed by counselors and other administrators at Washington educational institutions, or as specified by a Scholarship Fund's program criteria, as approved by the Foundation.

## **IV. NOTIFICATION OF SCHOLARSHIP RECIPIENTS**

Foundation scholarship recipients shall be notified after the Foundation has given final approval of the scholarship award recipients. Notification can be given either by the Foundation or by a representative of the Scholarship Fund. The Foundation (or a representative of the Scholarship Fund, after notification and approval by the Foundation) 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 the Foundation 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 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.

## **V. SUPERVISION OVER GRANTS**

The Foundation 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 the Foundation 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.

The Foundation 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. The Foundation 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 the Foundation 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 the Foundation. 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 the Foundation.

## **VI. RECORD KEEPING**

The Foundation shall keep records, which shall include:

1. all information that the Foundation 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 the Foundation 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.

## **VII. INVESTIGATION AND ENFORCEMENT PROCEDURES**

If a grant recipient fails to submit transcripts and reports as provided in Section V after a reasonable time has elapsed from their due date, the Foundation shall initiate an investigation. The Foundation 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, the Foundation will pursue the following investigation and enforcement measures.

It is the policy of the Foundation to require the educational institutions that have received funds on behalf of the scholarship recipients to return unused funds to the Foundation 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. The Foundation does not intend that scholarship awards be made available directly to students.

If the Foundation 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.

The Foundation 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. The Foundation shall require the recipient to take appropriate precautions to prevent further diversions.

If a scholarship recipient has previously diverted funds and the Foundation determines that the recipient has done so a second time, the Foundation shall take all reasonable and necessary steps to recover the diverted funds and may at its discretion discontinue all future payments. Alternatively, if the diverted funds are in fact recovered or restored and the Foundation receives delinquent transcripts or reports and receives adequate assurances of future compliance, upon the recommendation of the Scholarship Advisory Committee, the Foundation may in its sole discretion make further payments if it determines that to do so would further its charitable purposes.