COMMUNITY FOUNDATION
OF GREENVILLE

Scholarship Fund Policy

Adopted September 28, 2011

TABLE OF CONTENTS

I. Introduction
- A. Pension Protection Act of 2006 1

II. Establishing a Scholarship Fund
- A. Criteria 2
- B. Minimum Balance 2
- C. Management Fees 2
- D. Application Acceptance 2
- E. Eligibility 3

III. Administration
- A. Authority 3
- B. Foundation Staff 3
- C. Scholarship Advisory Committees 3

IV. Fund Types
- A. Named Endowment Scholarship Funds 3
- B. Named Non-Endowed Scholarship Funds 3

V. Award Distribution Guidelines
- A. Initial Award Distribution 3
- B. Awards/Disbursements 3
- C. Spending Policy 3
- D. Scholarship Payments 4
- E. Eligible Educational Institutions 4
- F. Duration of Awards 4
- G. Return of Scholarship Awards 4
- H. Qualified Educational Expenses 4

VI. Committees
- A. Purpose 4
- B. Size and Composition 4
- C. Board Approval 4
- D. Term 4
- E. Chairperson 5
- F. Meetings 5
- G. Attendance 5
- H. Conflict of Interest 5
- I. Advisory Capacity 5
- J. Ethics and Confidentiality 5
- K. Reporting 5

VII. Evaluation and Awards
- A. Evaluation 5
- B. Availability of Scholarship Information 5
- C. Selection 5
- D. Approval of Recipients 6
- E. Announcement and Publicity 6

VIII. Appendices
- A. Scholarship Services 7
- B. Return of Scholarship Awards 9
- C. Conflict of Interest Statement 10

COMMUNITY FOUNDATION OF GREENVILLE

POLICIES FOR SCHOLARSHIP PROGRAMS

The following policies have been adopted by the Community Foundation of Greenville (Foundation) Board of Directors (the Board) and apply to all persons acting in any capacity with the Foundation's scholarship funds.

I. Introduction:

The Community Foundation of Greenville is a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code. All contributions are tax deductible to the maximum amount allowable for gifts to a public charity. A donor should always consult his or her accountant for tax advice.

The Foundation works to improve the quality of life in Greenville County by providing an effective way for donors to meet the critical needs of the community, awarding grants to not-for-profit organizations and projects, and collaborating to address community issues.

A. Pension Protection Act of 2006 - The Foundation encourages donors to be engaged with their scholarship funds within the limits identified by the Pension Protection Act of 2006. The Pension Protection Act established strict guidelines regarding scholarship awards. In order to comply with federal law, all scholarships of the Foundation must agree that:

- ***Neither the donor nor any party related to the donor may control the Scholarship Advisory Committee, directly or indirectly.*** Donors, those recommended or designated by donors, nor anyone related to the donor can constitute a majority of any such committee, unless selected based on objective criteria of expertise, such as teachers, church leaders, or community members. Donors or donor-related parties must not, directly, or indirectly, unduly influence scholarship proceedings.

- ***The Community Foundation Board of Directors must appoint all members of the Scholarship Advisory Committee by name on an annual basis before the scholarship process begins.*** Should a donor of a scholarship fund be on the Scholarship Advisory Committee, the donor's advice is given solely as a member of the committee.

- ***All scholarships must be awarded on an objective and nondiscriminatory basis using policies approved in advance by the Community Foundation's Board of Directors.*** Key to these procedures is a grantee pool large enough to encompass a charitable class and selection criteria that do not unfairly limit the grantee pool. The act also requires that whoever selects recipients not be in a position to derive a private benefit, directly or indirectly, from the selection process.

II. Establishing a Scholarship Fund

Scholarship funds are permanent assets of the Foundation and may not be established as an award for a specifically named individual or family. The original donor(s) determines the purpose and criteria of a scholarship fund. A scholarship fund is established when a *Scholarship Fund Agreement, provided by the Foundation,* is signed by both the original donor(s) and the President of the Community Foundation. Validity of scholarship criteria will be determined by the Foundation staff and may require review by the Foundation's legal counsel.

A. Scholarship Criteria - Criteria may include, but are not limited to, the following:
   - academic performance
   - performance of each applicant on tests designed to measure ability and aptitude for educational work (i.e., SAT, ACT)
   - recommendations from instructors of such applicants 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 conclusions, which the Scholarship Advisory Committee may draw as to the applicants. motivation, character, ability, or potential
   - 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 a particular sex, race, ethnic background, or religion so long as such preference does not violate public policy and the Pension Protection Act of 2006 as described above.

   Once the scholarship criterion is established, there should be no changes. Under special circumstances, the criteria may be revised to broaden the scope of the scholarship if consistent with the original donor's intent.

B. Minimum Balance to Establish Scholarship Fund - The minimum balance to establish a scholarship fund is $100,000. A donor can initiate a scholarship fund for $50,000; however, no scholarships will be awarded from the fund until it reaches the $100,000 minimum balance.

C. Management Fees: The annual fee is 2% of the fund's value, charged quarterly with a minimum annual charge of $2,000. The fund shall be allocated a pro-rata portion of the interest, and unrealized gains and losses earned in the pooled investment account. The fund shall be charged its pro-rata share of the pooled investment account money management fees.

D. Application Acceptance - All scholarship funds will use the *CFG online Scholarship Application*. The Foundation staff will contact high school guidance offices, school administrators, as well as other relevant community institutions to advertise the availability of the Community Foundation's scholarship application. The application will be completed only online and can be found on the Community Foundation's website www.cfgreenville.org. The *CFG Scholarship Application* will be reviewed annually and occasionally updated at the discretion of the Foundation staff. Completed student applications will be reviewed to verify student eligibility by the Foundation staff. Copies of the applications will be provided to the Scholarship Advisory Committee. All communications regarding scholarship applications and awards should be made through the

Foundation office. All applicant information is strictly confidential and cannot be shared outside the Scholarship Advisory Committee.

E. Scholarship Eligibility - Disqualified persons are not eligible to receive any scholarships administered by the Community Foundation except those scholarships designated for a particular title or position such as Valedictorian. The Community Foundation defines "disqualified persons" as follows: family members (including spouse, brothers and sisters, children, stepchildren, adopted children, grandchildren and great grandchildren) of a person who is currently serving as a member of the Community Foundation Board of Directors, staff or the Scholarship Advisory Committee.

III. Administration

A. Authority – The administration of the scholarship grant process is within the sole and absolute discretion of the Foundation Board of Directors and may not be delegated except as hereinafter provided. In addition, these policies may be modified at any time and from time to time with the approval of the Board.

B. Foundation Staff -- The Foundation staff will provide day-to-day administration of the scholarship program. For a detailed description of Foundation services refer to Appendix A, "CFG Scholarship Services."

C. Scholarship Advisory Committees – Scholarship Advisory Committees shall make recommendations for scholarship awards on an objective and non-discriminatory basis. The committee may make recommendations on policy and procedures to the Foundation staff. (see section VI. Committees)

IV. Fund Types

A. Named Endowment Scholarship Funds – a gift or bequest of $100,000 or more is required to establish a new permanently endowed scholarship fund. In this type of fund, the donor may specify eligibility and general selection criteria (within Foundation policy and IRS guidelines) as well as recommend an advisory committee for the fund, if desired.

B. Named Non-Endowed Scholarship Funds – The Foundation accepts only permanently endowed scholarship funds. In some instances, the Board may approve the establishment of a non-endowed scholarship fund if a clear timeline is established at the outset for the ultimate conversion of the fund to permanent status.

V. Award Distribution Guidelines

A. Initial Award Distribution – New scholarship funds shall be held for a period of at least six months before the first distributions are made to students unless the donor wishes to make a separate gift for the first-year grant award.

B. Awards/Disbursements – The minimum scholarship disbursement is $500. The recommended minimum scholarship disbursement is $1,000. The Fund Advisory Committee must determine the number and amount of the award/s for the upcoming scholarship cycle before the application process begins. Scholarship/s will be awarded as specified by the *Scholarship Fund Agreement.*

C. Spending Policy – Scholarship funds adhere to the CFG Spending Policy for Endowment Funds unless an alternate spending policy is preferred by the donor and agreed upon by the Foundation.

The Foundation establishes its spending rate with guidance from the Finance Committee and the Board of Directors.

The current spending policy, adopted in 2011, provides for an annual distribution equal to 4% of a five-year trailing average, calculated using the fund balance as of December 31.

Donors may contribute to the fund's spendable funds. Such gifts must be clearly designated as contributions to "spendable funds" at the time the gift is made. To comply with federal law, any additional contributions must be received prior to the awarding of scholarships.

D. Scholarship Payments – Each scholarship award check shall be made payable directly to the eligible educational institution the award recipient will attend.

E. Eligible Educational Institutions – The Foundation makes scholarship grants directly to U.S. academic institutions accredited by the Department of Education which qualify to receive federal student aid funding, including grants, loans, and work-study. A donor may restrict recipients' attendance to certain colleges or universities. Donors are encouraged to allow recipients to choose from all accredited tax-exempt post-secondary two- and four-year colleges, universities, and vocational schools in the United States.

F. Duration of Awards – Most awards are made for one year (the upcoming fall & spring terms) only. The fund document establishing the scholarship will stipulate whether the award is renewable or not. Renewable scholarships may be awarded by the Foundation to a student for a period of years. These scholarships are issued as single grants on a yearly basis. For these awards, the student is responsible for communicating with the Community Foundation to determine his/her continued eligibility for the award. Such eligibility is determined by the established scholarship fund criteria. After the Community Foundation staff have confirmed renewable student eligibility to receive the award, they will recommend to the Board of Directors that another year's scholarship be granted.

G. Return of Scholarship Awards – The Foundation's Board has final approval regarding the return of any scholarship funds for any reason. See Appendix B, "Return of Scholarship Awards," for details.

H. Qualified Education Expenses – Tuition and institutional fees, required course related expenses (fees, books, supplies and equipment), and room and board are qualified educational expenses. (Unqualified expenses include travel, research, clerical help, or equipment not required for enrollment or attendance at the eligible educational institution. Scholarships used to pay these expenses are taxable.)

VI. Committees

A. Purpose – The Scholarship Advisory Committee is responsible for reviewing specific scholarship applications thoroughly on an objective and non-discriminatory basis and making funding recommendations to the Board. A Scholarship Advisory Committee may be created at the time a donor establishes a scholarship fund. Scholarship Advisory Committee members must be approved by the Board and are subject to the same policies and procedures outlined in this document.

B. Size and Composition – Scholarship committees will, preferably, be comprised of an odd number of voting members, with a required minimum of 3 and a suggested maximum of 10. Donors (those

who established the scholarship fund) may not constitute the majority of a committee (see Section I.A, Pension Protection Act of 2006).

C. Board Approval – All committee members must be approved by the Foundation's Board and in accordance with the Foundation's current By-Laws.

D. Term – All scholarship committee members are approved annually and serve at the discretion of the Foundation's Board of Directors.

E. Chairperson –In general, scholarship committees shall nominate their own chairperson annually.

F. Meetings – In general, the scholarship award recommendation process includes just one meeting per year. After evaluation of the scholarship applications, committee members will meet to identify scholarship recipient(s) they wish to recommend to the Board. Minutes of this meeting should be kept and include the date of the meeting, names of attendees, number of applications reviewed, and the name(s) of the final award(s).

G. Attendance – To be an asset to the committee, participation is imperative. Any member who is unable to attend the committee's meeting should contact the Foundation staff prior to the meeting to determine in what capacity, if any, they may participate. In general, this will involve the committee member submitting his/her recommendation in writing to the Foundation staff.

H. Conflict of Interest – All committee members are expected to sign a Conflict-of-Interest Statement (Appendix C) and submit it to the Foundation staff. (Reference Section II.E regarding children and other relatives of committee members.) All conflicts shall be disclosed before discussion begins. After acknowledging the potential conflict, the members will abstain from discussing and voting on that application. Children and other relatives of Foundation staff, Board, and Scholarship Advisory Committee members are not eligible to receive scholarship assistance from any Foundation scholarship fund except those scholarships designated for a particular title or position such as Valedictorian.

I. Advisory Capacity – All scholarship committees act in an advisory capacity with the understanding that awards are not final until approved by the Board.

J. Ethics and Confidentiality – All communications with the Foundation from scholarship seekers regarding scholarships shall be made through the Foundation office. No contact shall be made with individual Board members or committee members outside of the review process. Discussions held during committee meetings and information (particularly financial data) contained in, gleaned from, or provided by applications, interviews, or Foundation staff must remain confidential.

K. Reporting – Each committee is responsible for providing documentation to the Foundation staff at the conclusion of the awards process. This documentation should include the signed Conflict of Interest Form from each committee member and minutes of the meeting, which should include the date of the meeting, names of those in attendance, number of applications reviewed, and the name(s) of the final award recommendations.

VII. Evaluation and Awards

A. Evaluation – To ensure that a fair, equitable, objective, and non-discriminatory selection process is used, all applicants must adhere to the same guidelines and submit the required application form

and attachments. Following receipt of applications, the Foundation staff will review and identify qualified applications. Then the appropriate Scholarship Advisory Committee will meet to evaluate the qualifications of applicants.

B. Availability of Scholarship Information - There must be broad dissemination of eligibility requirements.

C. Awards Process – The Foundation staff shall ensure that all scholarship recipients are determined on an objective and non-discriminatory basis and based on specific guidelines and criteria outlined for each scholarship fund. If no applicants meet the qualifications of the scholarship for which they are applying, the Scholarship Advisory Committee has the option of not recommending an award recipient.

D. Approval of Recipients – All scholarship award recommendations shall be subject to the approval of the Board.

E. Announcement and Publicity – Awards will be announced by the Foundation through written notice to students and counselors, as well as through a consolidated press release.

The Community 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 approval of the Foundation's Board of Directors.

APPENDIX A

Community Foundation of Greenville

SCHOLARSHIP SERVICES

The Community Foundation of Greenville (CFG) is committed to providing a full-service scholarship program to our donors, advisory committees, and award recipients. The following information primarily pertains to the services available to donors who are establishing a scholarship fund within the Foundation and the advisory committees that may review applications and make recommendations to the CFG Board regarding award recipients.

The types of assistance provided by the Foundation may be divided into three areas: organizational, administrative, and financial.

Organizational Assistance

The Community Foundation staff will:

1. Provide technical advice to donors interested in establishing a scholarship fund with the Foundation to benefit students. Every effort will be made to help the donor match his/her interests with the objectives of the scholarship fund.
2. Provide practical advice concerning the details to consider during the creation of a scholarship program within the Community Foundation.

Administrative Assistance

The Community Foundation staff will:

1. Publicize scholarship availability, making certain that the following items are included: list of eligibility and selection criteria; information on where applications may be obtained (all scholarship applications will be accepted via the Foundation's website) and a list of the attachments, if any, that must accompany an application. Publicity may take a variety of forms, such as articles in local newspapers, articles in the Annual Report and/or newsletters, direct mailings to schools or individuals, personal visits with the guidance counselors, etc.
2. Receive and process completed applications.
3. When appropriate, provide administrative assistance and technical advice to Scholarship Advisory Committees created for the purpose of recommending scholarship recipients to the Board.
4. Prepare written correspondence of congratulations to each recipient. A second correspondence will be sent to the educational institution along with the scholarship check explaining how the scholarship award is to be used. These letters will be sent on behalf of the Foundation. The Donor may be acknowledged or remain anonymous.
5. Work with the local media on appropriate publicity regarding the scholarship.
6. Communicate with parents, students, and educational institutions when questions and concerns arise relative to the scholarship.

Financial Assistance

The Community Foundation staff will:

1. Prepare and send receipts to all contributors who mail their donations directly to the Foundation, acknowledging a gift to the scholarship fund. (Primarily person/s who establish a scholarship fund to honor or memorialize a friend or relative use this service.)

2. Invest scholarship funds according to guidelines established by the Foundation's Board.

3. Provide quarterly fund statements to the living primary donor. The Foundation will also provide, upon request, with an up-to-date report listing the names of all people who have contributed to the fund.

APPENDIX B

RETURN OF SCHOLARSHIP AWARDS

1. If the scholarship recipient withdraws from school before or during the first term for purposes other than disciplinary or academic reasons and enrolls in the same or another eligible educational institution during the same academic year, the recipient may be entitled to the scholarship, unless the award is specific to a particular educational institution. However, this entitlement is based on the educational institution's policy regarding the amount of money that may be refunded. The student will receive benefit of the scholarship only in the amount refunded by the educational institution. The student is responsible for ensuring that the scholarship is refunded to CFG. No payment will be re-issued until a refund is received by CFG.

2. If the scholarship recipient withdraws from school during the first term for purposes other than disciplinary or academic reasons and does not enroll in another educational institution during that academic year, the funds returned (if any) by the educational institution will be held within the scholarship fund in the recipient's name for up to one year. The student is responsible for contacting CFG in writing and requesting deferment of the scholarship.

3. If the scholarship recipient withdraws following completion of the first term and prior to the start or completion of the second term for purposes other than disciplinary or academic reasons, the funds returned (if any) by the educational institution will be held within the scholarship fund in the recipient's name for up to one year. The student is responsible for contacting the CFG in writing and requesting deferment of the scholarship.

4. If the student withdraws from school for disciplinary or academic reasons, the student's entitlement to the award will be evaluated on individual merit. The student is responsible for contacting CFG in writing and requesting evaluation of his or her specific case, which will be based upon the student's performance, individual circumstances, educational institution's refund policy, and other information provided to CFG by the institution and/or the student.

5. If an award is restricted to full-time attendance and if a student enrolls on less than a full-time basis, his or her award will be adjusted so as not to exceed the eligible educational expenses.

6. If a student is unable to use the scholarship award beyond the one-year deferment period, an alternate student may be offered scholarship assistance. In the absence of an alternate student, all remaining monies will be returned to the appropriate scholarship fund.

7. The CFG Board has final approval with regard to any of the above actions and reserves the right to evaluate each circumstance on a case-by-case basis.

APPENDIX C

CONFLICT OF INTEREST STATEMENT

L. The Community Foundation of Greenville (CFG) abides by a conflict-of-interest policy, the purpose of which is to ensure an objective and non-discriminatory selection process. All awards must be objectively based on stated criteria without regard to other factors not contained in the application. *(The CFG scholarship policy does not allow for children and other relatives of scholarship advisory committee members, board members, or staff members to receive scholarship assistance except those scholarships designated for a particular title or position such as Valedictorian.)*

For the purposes of this policy, a conflict of interest is a situation where a Scholarship Advisory Committee member:

(a) has an affiliation with a potential scholarship recipient, and
(b) is in a position where the Advisory Committee member's affiliation with a potential scholarship recipient may compromise or appear to compromise his or her objectivity.

This conflict-of-interest standard applies to all Board members, Committee members, and other volunteers acting in a decision-making capacity on behalf of the Community Foundation of Greenville.

Scholarship Advisory Committee members with a conflict may participate in the discussion but may not vote on that application. The Committee chair is expected to restrict or redirect the members' participation in the discussion if there is an indication of improper influence on or against the applicant.

All committee members must sign below indicating acceptance of and adherence to this policy. Return signed form, along with other required paperwork, to CFG after recipients have been selected.

Advisory Committee name: _____

Committee Members:

Name (please print):_____ Signature:_____

Name (please print):_____ Signature:_____

Name (please print):_____ Signature:_____

Name (please print):_____ Signature:_____

Name (please print):_____ Signature:_____

Name (please print):_____ Signature:_____

Name (please print):_____ Signature:_____

Name (please print):_____ Signature:_____

Name (please print):_____ Signature:_____