

The Community Foundation for the Twin Tiers

Scholarship Policies and Procedures

Purpose

The Community Foundation for the Twin Tiers holds and administers certain funds to provide educational grants to individuals for travel, study, or other similar purposes. These Scholarship Policies and Procedures have been prepared to ensure that the educational grants meet the requirements of paragraphs (1), (2), or (3) of section 4945(g) of the Internal Revenue Code and are awarded on an objective and nondiscriminatory basis.

Compliance With Section 4945(g)

All educational grants shall meet the requirements of paragraph (1), (2), or (3) of Section 4945(g) of the Internal Revenue Code.

1. Paragraph (1) of Section 4945(g) permits grants that are scholarships or fellowships. A scholarship or fellowship grant is defined as a grant to a degree candidate for tuition, fees, and other expenses. These grants are to be used for study at an educational institution that maintains a regular faculty and curriculum and has an organized body of students in attendance at the place where the educational activities are held.
2. Paragraph (2) of Section 4945(g) permits grants that are prizes or awards made primarily in recognition of religious, charitable, scientific, educational, artistic, literary, or civic achievement. If the recipient is chosen from the general public, he or she must be selected without any action on his or her part to enter a contest or proceeding, and the recipient must not be required to provide services as a consequence of receiving the award.
3. Paragraph (3) permits grants to achieve a specific objective, produce a report or other similar product, or improve or enhance a literary, artistic, musical, scientific or other similar capacity, skill, or talent of the grantee. This is the broadest category and covers, for example, awards to artists to create works of art, and some scholarships that do not fit under paragraph (1).

Objective and Nondiscriminatory Selection Process

All educational grants shall be awarded using an objective and nondiscriminatory selection process approved by the Foundation in advance of making awards.

Eligibility

The group from which grantees are selected will be chosen on the basis of criteria reasonably related to the purposes of the grant. The applicant group must be sufficiently broad so that giving of a grant to members of such group would be considered to be a charitable class. Selection from a group is not necessary where, taking into account the purposes of the grant, selection is based on the exceptional qualifications of the recipient(s) to carry out these purposes.

Selection Criteria

All grants are awarded on the basis of objective and nondiscriminatory criteria. The criteria used to select grant recipients shall be related to the purpose of the grant, and may include (but are not limited to) the following:

- prior academic performance;
- performance on a test designed to measure ability and aptitude for college work;
- recommendations from instructors;
- financial need; and
- conclusions that the Selection Committee might draw from a personal interview or written materials as to the individual's motivation, character, ability, and potential.

Selection Committee

The Community Foundation for the Twin Tiers shall annually appoint all members of each Scholarship Selection Committee after receiving basic information about why the individual is qualified to be on the committee. The advisory privileges of the donor and any person designated by the donor are performed exclusively in such person's capacity as a member of the committee. A donor or related party may serve on a Selection Committee, but no combination of the donor and persons designated by the donor (or persons considered to be related parties to such persons) may control, directly or indirectly, the committee and they may not constitute a majority of the committee. A donor may suggest some members of the committee but the Foundation has the power to accept or reject any suggestions. A donor serving in an advisory capacity will be asked to disclose any family or employment relationships existing with other committee members. A donor can be an individual, a deceased person, a charity or other nonprofit organization, a corporation or other business, a professional or alumni group, or other entity.

Supervision of Grants

If grant funds are paid directly to an educational institution, the Foundation will instruct the institution that the grant funds are to be used only to defray the grant recipient's educational expenses. Under special circumstances grant funds may be paid directly to the grant recipient after instructing the recipient of the potential tax consequences if not used for legitimate educational expenses.

Maintenance of Records

The Foundation will maintain records with respect to all scholarship grants made to grant recipients. Such records will include all information the Foundation secures to evaluate the qualification of potential grant recipients; identification of the grant recipients (including any relationship of any grant recipient to the Foundation or a member of the grant Selection Committee); specifics of the amount and purpose of each such grant; and any follow-up information the Foundation obtains on the grant recipient's use of the grant funds.

Investigation and Recovery of Diverted Grant Money

If the Foundation obtains information that indicates that any portion of grant funds are not being used in furtherance of the purpose of the grant, the Foundation will investigate the recipient's use of such funds. While conducting its investigation, the Foundation will withhold further payments to the recipient until any delinquent reports have been submitted. If the Foundation determines that any part of a grant has been used for improper purposes, the Foundation will take all reasonable and appropriate steps to recover the grant funds.

Grant Renewals

A grant that satisfied the requirements of these procedures when originally made may be renewed if:

- The Foundation has no information indicating that the original grant is being used for any purpose other than that for which the original grant was made;
- All reports due at the time of the renewal decision under the terms of the original grant have been furnished to the Foundation; and
- Any additional criteria and procedures for renewal of the grant are objective and nondiscriminatory.

Deferment Policy

If a scholarship recipient has too much money in their first year of college they may request to defer their award to a later school year.