

## **Clark County Community Foundation, Inc. Scholarship Policies and Procedures**

### **I. Purpose**

1. The Clark County Community Foundation, Inc. (“Foundation”) holds and administers funds that provide educational scholarships to individuals, including high school, technical college, university and / or graduate school students. These scholarships enable the recipients to enroll in the educational facility of their choice and pursue a degree (associate, undergraduate or graduate) in the field or course of study they so choose.
2. Scholarships may also be awarded to pay for a course of study leading to a certificate or a skill level from a technical, art or vocational school. Such scholarships may cover the cost of tuition and related educational expenses.
3. The Foundation has adopted the following policies and procedures, designed to ensure that all scholarships awarded comply with its current governing documents and applicable federal, state, and/ or local legal and tax related requirements. All scholarship selection committees established by the Foundation will follow procedures that comply with these policies. No scholarship award will be approved by the Foundation Board unless such compliance has been achieved.
4. The Internal Revenue Service considers scholarships as “grants to individuals” and strictly regulates these grants. The following policies and procedures help Donors and the Foundation comply with these regulations and achieve the goals of each Scholarship Fund created. The Foundation accepts Scholarship Funds that can accomplish the following goals:
  - a. Qualify as a charitable activity so as not to jeopardize the tax-exempt status of the Foundation;
  - b. Provide donors to scholarship funds with an income tax deduction (as allowed by current law); and
  - c. Provide financial resources to scholarship recipients for tuition or other education related expenses.

### **II. Scholarship Fund Donor - Advisory Privileges / Participation**

1. The purpose of a scholarship fund is determined when the Donor enters into a Scholarship Agreement with the Foundation. While the Donor, through the terms of an Endowed Scholarship Agreement, generally defines who may benefit from the scholarship, additional work may be needed to clarify and/or define the objective selection criteria that will be used in order to satisfy relevant sections of the Internal Revenue Code and related regulations.

In the case of a scholarship program established by a corporation, additional rules apply.
2. The Foundation values and encourages the interest and involvement of Donors to all types of funds. Involvement of Donors who create endowed scholarship funds may include:

- a. developing criteria for scholarship awards,
- b. serving on scholarship selection committees, and/or
- c. recommending others for places on selection committees.

Because donor advised funds are not permitted to make scholarship grants to individuals, it is important that all persons involved in the process of selecting individuals for scholarships covered by this policy carefully adhere to the procedures and policies incorporated in this document.

### III. Definitions

1. Scholarship Agreement – a document creating an endowed Scholarship Fund that details the terms and conditions of contribution(s) from a Donor to the Foundation. The Scholarship Agreement (“Agreement”) shall comply with and be in accordance with the Foundation’s *Gift Acceptance Policy*.

The Agreement shall create a separate Scholarship Fund (“Fund”), within the accounts of the Foundation, that receives contributions, as identified by reference, from Donor(s). Specific details of the Agreement will discuss criteria or requirements (if any) regarding application to and disbursements from each endowed Fund.

Additionally, the Agreement may specify advisory privileges the Donor (or any person appointed or designated by such Donor) has, or reasonably expects to have, with respect to distributions from the Fund.

2. Donor – an individual or organization, including a corporation, partnership or trust, that makes a contribution to a Fund established in accordance with a Scholarship Agreement between the Donor and the Foundation. The term also includes members of the Donor’s family and businesses controlled by the Donor and family members.
3. Advisor / Advisory Committee – A person or group of persons appointed by a Donor to have advisory privileges with respect to an endowed Scholarship Fund. The term also includes an Advisor’s family and businesses controlled by the Advisor and family members.
4. Related Persons – The term includes both a donor or advisor’s family members and businesses they control:
  - a. Family Members – An individual’s parents, grandparents, great grandparents, spouse, siblings, children, grandchildren, great grandchildren and the spouses of all of the above. For purposes of this document, step-children, step-grandchildren and step-great grandchildren are defined the same as an individual’s children, grandchildren or great grandchildren.
  - b. Controlled Businesses – Corporations, partnerships, trusts or estates if the Donor or Advisor own more than 35 percent of the total combined voting power of a corporation, 35 percent of partnership interests, or 35 percent of the distributable income or loss of a trust or estate.
5. Scholarship Grants – Amounts awarded to successful scholarship applicants are referred to as Scholarship Grants (“Scholarships”).

6. Educational Institution or School – 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.
7. Qualified Educational Expenses – Certain expenses incurred in attending an educational institution, which are:
  - a. Tuition and fees for enrollment and attendance.
  - b. Course-related expenses – fees, books, supplies and equipment required of all students for courses of instruction.
  - c. Room and board, travel, research, clerical assistance. Payments for expenses in this group are not exempt from income tax.

#### **IV. Scholarship Selection Committee – Appointment of Committee Members**

1. Members of the Scholarship Selection Committee (“Committee” or “Selection Committee”) shall be annually appointed by the Foundation Board of Directors in accordance with its Bylaws. The Board will strive to appoint persons with reasonable knowledge of the educational, cultural, civic, public or other charitable needs of the Clark County, WI area.
2. The Committee shall be comprised of not less than five (5) and not more than nine (9) persons. The chairperson of this Committee shall be appointed annually by the Foundation President.
3. The Selection Committee established under this policy shall forward its recommendations to the Foundation in such form and on such schedule as the Board shall establish. The Foundation Board shall approve each scholarship award made under this policy.
4. Donors who originate endowed scholarship funds 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, trusts and estates 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. A person recommended by a Donor for appointment to a Selection Committee, based on objective criteria related to the expertise of such person, is deemed to be appointed or designated by the Foundation, rather than the Donor.
5. Donors and related persons may provide advice with respect to the selection of scholarship 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 Applications approved or selected by the Committee.
6. Every member of a Selection Committee must adhere to all policies of the Foundation as they may be adopted and amended from time to time. This includes disclosure of any conflicts of interest regarding any Scholarship Applicant under consideration during the current scholarship cycle and participation in the evaluation or selection process of any scholarship application. Specifically, the Foundation’s policies on *Conflict of Interest*,

*Code of Ethics* and *Confidentiality* must be reviewed and completed by each current member of the Selection Committee at least annually.

## V. Scholarship Selection Process and Committee Responsibilities

1. The Selection Committee (“Committee”) is responsible for implementing the Foundation’s current *Scholarship Policies and Procedures* for each scholarship cycle. This includes the receipt, review, consideration and recommendations regarding any scholarship applications requesting financial support from the Foundation through its Scholarship Funds.
2. The Foundation generally conducts one scholarship cycle from January 1 to June 30 each year. Only under rare circumstances would a scholarship be awarded outside of these scholarship cycle dates.
3. The Selection Committee 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 Scholarships and to request that these administrators nominate and encourage potential candidates to apply for scholarship grants.
4. The Committee shall meet as often as necessary to orient each committee member with the current policies and procedures and to timely complete their duties by the required deadlines of each scholarship cycle.
5. All applications received shall be reviewed by the Committee for conformity to each Scholarship Fund’s guidelines and requirements. The Committee will utilize a “*Scholarship Application Evaluation Form*” specific to each Scholarship Fund to document each Application’s adherence or conformity to specific scholarship requirements, if any. (*See Exhibits to this policy.*) Initial acceptance of scholarship applications does not guarantee funding.

These specific requirements or criteria may include, but are not limited to the following:

- a. complete and timely submission of scholarship applications to the Foundation,
- b. prior academic performance,
- c. Applicant’s performance on tests designed to measure ability and aptitude for academic work,
- d. recommendations from instructors of the Applicant and any others who have knowledge of the Applicant’s capabilities,
- e. additional biographical information regarding the Applicant’s academic, employment or other relevant experiences, as well as financial need,
- f. the Selection Committee’s conclusions regarding an Applicant’s motivation, character, ability or potential,
- g. 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 a particular sex, race, ethnic background or religion so long as such preference does not violate public policy.

- h. Applicants must be as enrolled as a student in:
    - i. a primary, secondary, or other state accredited school program
    - ii. an undergraduate or graduate college or university, pursuing studies or conducting research to meet the requirements for an academic or professional degree, or
    - iii. an educational institution, whether full or part-time, 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. This educational institution shall also be authorized under federal or state law to provide such a program, be accredited (and in good standing) by a nationally recognized accreditation agency.
- 6. Scholarships must be used for qualified educational expenses at an educational institution, as defined in Section III of this policy. The Foundation reserves the right to impose additional, minor reasonable restrictions and/or requirements upon the awarding of Scholarships and in the course of administering such scholarships. Any substantial or material changes will be made only with approval of the Foundation's Board of Directors.
- 7. All Applicants will be notified of the final status of their application in a timely manner.
- 8. The Committee is responsible for the following activities and actions involving any Advisory Committee created by the terms of an endowed scholarship fund:
  - a. determining that each member of an Advisory Committee has been appointed to their position in a timely manner by the Foundation President.
  - b. communicating and coordinating the specific scholarship application and selection process for any Scholarship Fund that has an Advisory Committee requirement.
  - c. determining that each Advisory Committee functions in accordance with the terms and conditions of the related endowed Scholarship Fund Agreement.
  - d. receiving the recommendations of each Advisory Committee stating which Scholarship Applicants (if any) should receive scholarship awards from the applicable endowed scholarship funds.
- 9. The Committee, upon completion of their duties and after due consideration and evaluation, shall select and recommend to the Foundation Board of Directors the Applicants (if any) to receive scholarship grants.
- 10. The Committee shall retain in the Foundation's records all original scholarship applications, evaluation forms, committee meeting minutes and correspondence for each scholarship cycle in accordance with the Foundation's *Record Retention Policy*.
- 11. All successful scholarship recipients will be asked to provide a recent photograph of themselves which they agree may be used by the Foundation for promotional and/or informational purposes.
- 12. Successful scholarship recipients will be selected on an objective and nondiscriminatory basis. The group from which recipients are selected must be sufficiently broad so that giving scholarships to one or more members of the group fulfills a charitable purpose.

However, selection from such a group is not necessary if one or more scholarship recipients are selected on the basis of their exceptional qualifications to carry out the purposes of the scholarship or it is otherwise evident that the selection is particularly calculated to effectuate the charitable purpose of the scholarships rather than to benefit particular persons or a particular class of persons.

## **VI. Scholarship Renewals**

Scholarships will ordinarily be awarded for a one-year period, but may be for a shorter or longer period. Scholarships may be renewable for a period appropriate to the purposes of the Fund under which the Scholarship is established. Otherwise, the Foundation may consider renewing a scholarship on a case-by-case basis.

## **VII. Good Faith and Confidentiality**

Scholarship Selection Committee Members shall:

- a. at all times act in good faith as they review, consider, evaluate and recommend Applications presented to the Foundation during each scholarship cycle.
- b. maintain confidentiality regarding any confidential information they may hear, read, or become aware of during each scholarship cycle.
- c. read and affirm their responsibilities in accordance with the Foundation's *Conflict of Interest Policy and Disclosure Form, Code of Ethics, and Confidentiality Policy*, prior to beginning their duties as a committee member.

## **VIII. Related Parties**

Scholarships 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.

Scholarships may not be awarded to any originating scholarship fund Donor, Advisor, substantial contributor to the Fund making the award, their family members and/or controlled businesses as defined in Section III of this policy.

## **IX. Supervision of Scholarships Awarded**

### Scholarship Awards Paid Directly to the Educational Institution

Unless otherwise provided in the fund agreement, the Foundation will pay Scholarships awarded directly to the educational institution for the use of the scholarship recipient. The educational institution must agree in writing to use the scholarship 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 Agreement establishing a Scholarship Fund, a condition of each Scholarship is that it will be used only for qualified educational expenses. An additional condition is that no part of the Scholarship shall be used as payment for teaching, research, or other services by the scholarship recipient required as a condition for receiving the scholarship.

### Scholarships Paid Directly to the Recipient

If, for any reason, a Scholarship is paid directly to the recipient or anyone other than the educational institution, or if the Scholarship is used for expenses other than qualified educational expenses, the Foundation must receive a report on the progress of each recipient of such a Scholarship at least once each year. This report must include a summary of the use of the funds awarded, the grantee's courses taken (if any) and grades received (if any) in each academic period. This report must be verified by the educational institution. A final report is also required.

### Investigation of Jeopardized Scholarships

The Foundation is not required to investigate the use of Scholarships paid directly to an educational institution unless the award is used to pay for something that is not a qualified educational expense. However, the Foundation does have a duty to investigate possible diversions of scholarships paid directly to the recipient and all scholarships to individuals to achieve a specific objective.

Where the reports submitted or other information (including the failure to submit reports) indicate that such a scholarship is not being used for its intended purpose, the Foundation is under a duty to investigate. While conducting its investigation, the Foundation will withhold further payments to the extent possible until any delinquent reports required under these procedures have been submitted. The Foundation also will take reasonable and appropriate steps to recover the scholarship funds and/or ensure restoration of the diverted funds to the purposes of the Scholarship Fund.

However, if the Scholarship awardee has not previously diverted scholarship awards, the Foundation may elect to continue further payments to the recipient if it receives the scholarship awardee's assurance that future diversions will not occur, that the awardee has restored the missing funds and that the awardee will take extraordinary precautions prescribed by the Foundation to prevent future diversions from occurring. If a further diversion takes place, the Foundation will take steps to recover the scholarship.

The phrase "all reasonable and appropriate steps" includes legal action where appropriate, but may not include legal action if such action would in all probability not result in the satisfaction of execution on a judgment.

## **X. Recordkeeping Requirements**

The Foundation shall retain the following records in connection with all scholarships covered by this policy:

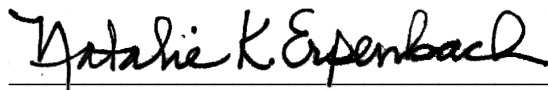
- a. All information obtained by the Foundation to evaluate the merits of Scholarship Applicants.
- b. The identification of Scholarship Applicants (including any relationship of any Applicant to the Foundation or to a director or officer of the Foundation).
- c. The Scholarship Fund(s) and amount of each scholarship applied for and any additional information the Foundation obtains in complying with its scholarship application administration procedures.

Information pertaining to unsuccessful Scholarship Applicants shall be kept along with information on successful applicants. Records pertaining to any scholarship awarded pursuant to this policy shall be kept for no less than three years after the filing of the Foundation's annual tax return for the period in which the last installment of such scholarship was paid.

---

This Clark County Community Foundation, Inc. – *Scholarship Policies and Procedures* document was initially reviewed and adopted on May 4, 2017 and subsequently revised by the Board of Directors on December 5, 2019.

*Attested to and by:*



**Natalie K. Erpenbach**  
President, Clark County Community Foundation, Inc.

12-6-2019

Date



**Carrie A. Morrell**  
Secretary, Clark County Community Foundation, Inc.

12-6-2019

Date