



Scholarship Policies

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THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA
SCHOLARSHIP PROGRAM POLICIES

The following policies have been adopted by The Community Foundation of Western North Carolina (“CFWNC”) and apply to all persons acting in any capacity with CFWNC’s scholarship funds.

I. Administration

- A. Authority – The administration of the scholarship grant process (including the selection of recipients) is within the sole and absolute discretion of the CFWNC Board of Directors (the “Board”), and these policies may be modified at any time with the approval of the Board.
- B. Foundation Staff – CFWNC’s staff will provide day-to-day administration of scholarship programs, including, but not limited to, overseeing scholarship advisory selection committees (hereinafter “committee” or “committees”), implementing Board decisions concerning scholarship applications, and making recommendations on policy and procedures to the Board.

II. Fund Types

- A. Named Scholarship Endowment Funds with Their Own CFWNC Committees – A gift or bequest of \$100,000 or more is required to establish a new permanently endowed scholarship fund in a name of the donor’s choosing, with the donor having the ability to specify eligibility and general selection criteria (within CFWNC’s policies and guidelines), and with a separate committee. Donors may not serve on committees except as a minority vote (if donor desires), and all committee members are subject to CFWNC approval.
- B. Named Scholarship Endowment Funds within Established CFWNC Committees – A gift or bequest of \$25,000 or more is required to establish a new permanently endowed scholarship fund in a name of the donor’s choosing, to be administered through CFWNC’s pooled process. These funds will follow eligibility and general selection criteria that follow CFWNC’s policies and guidelines and will be administered through established committees guided by CFWNC staff.
- C. WNC Fund for Scholarships – A donor who wishes to aid with scholarships for area students may contribute any dollar amount to the CFWNC’s WNC Fund for Scholarships. The WNC Fund for Scholarships is one of several funds that make up the WNC Regional Scholarships, follow eligibility and selection criteria that adhere to CFWNC policies, and are administered through CFWNC staff and the WNC Regional Scholarships committee.

III. General Payment and Use Guidelines

- A. Funds Available– Prior to reviewing applications, each committee will be informed by CFWNC of the amount of funds available for distribution from the relevant fund(s) for the next academic year.
- B. Spending Policy – The amount available for scholarships each year is determined by CFWNC under the spending policy currently in effect for all permanent funds.
- C. Scholarship Payments – Each scholarship grant shall be paid to an educational institution, not directly to the individual scholarship recipient. Any unused monies resulting from a change in the recipient's enrollment status shall be (1) refunded by the educational institution to CFWNC for return to the appropriate fund or (2) redirected, in accordance with these policies (see Appendix A), if the recipient transfers to another eligible educational institution.
- D. Eligible Educational Institutions – Recipients are allowed to choose from all accredited nonprofit post-secondary two- and four-year colleges, universities, and vocational schools in the United States, unless otherwise specified in the relevant scholarship fund agreement.
- E. Use of Scholarship Grants – Scholarship grants must be used for qualified educational expenses at an eligible educational institution (see III. D. above). CFWNC reserves the right to impose additional, minor reasonable restrictions or requirements upon the awarding and administration of scholarship grants. Any substantial or material changes will be made only with approval of the Board.

Qualified educational expenses are certain expenses incurred in attending an eligible educational institution. They are:

1. Tuition and fees for enrollment and attendance.
2. Course-related expenses – fees, books, supplies, and equipment required of all students for courses of instruction.
3. Room and board, travel, research, clerical assistance. Payments for expenses in this group may not be exempt from income tax, and award letters to scholarship recipients will advise recipients to seek professional advice regarding the tax implications of scholarship awards.

IV. Committees

- A. Purpose – Committees are responsible for reviewing specific scholarship applications thoroughly and making recipient recommendations to CFWNC. Committees are established by CFWNC staff as necessary. Committees shall follow CFWNC recommendations for the number and amount of scholarships awarded each year, adhere to CFWNC criteria and general eligibility requirements to select scholarship grantees, and recommend recipients for approval.
- B. Size and Composition – Each committee will preferably be comprised of an odd number of voting members, with a required minimum of 3 and a suggested maximum of 5. Members of committees must not be in a position to derive a private benefit, directly or indirectly, from the selection process.

- C. Approval of Committee Members – All committee members must be approved by CFWNC prior to serving.
- D. Term – Committee members shall be appointed for one-year terms and may serve one or more successive terms.
- E. Chair – CFWNC will select the Chairs of the committees that meet to discuss applications or conduct interviews. Committees that do not meet but review applications online only do not require a Chair.
- F. Committee Members – Scholarship Committees may consist of Board members, CFWNC staff members, people with experience in the field of education and/or other people in the region with a connection to CFWNC. Depending on the type of scholarship fund a donor has established, the donor or related parties may sit on the fund's committee; however, in no event shall such donors or related parties, considered in the aggregate, constitute more than a minority of the committee. All committee members serve at the sole discretion of CFWNC.
- G. Meetings – In general, the scholarship selection process includes two meetings per year: (1) a meeting to select finalists to be interviewed; and (2) a meeting to interview finalists and select the scholarship recipient(s). Members of committees that do not meet to select or interview finalists will review applications independently and report their recommendations to CFWNC staff, who will tally the results and present them for CFWNC approval.
- H. Attendance – Active participation is expected of all committee members. If a committee member is unable to participate in all meetings for a scholarship program in a given year, that member should not serve on the committee for that year. Any member who is unable to attend the meetings but who wishes to remain involved may contact CFWNC staff prior to the first meeting to determine in what capacity, if any, he or she may participate.
- I. Advisory Capacity – All committees act in an advisory capacity with the understanding that awards are not final until approved by CFWNC. CFWNC may approve recommended recipients and amounts or request reconsideration in whole or in part.
- J. Confidentiality – By agreeing to serve on a committee, members agree not to disclose private and confidential information included in scholarship applications (including the identity of applicants). Members will safeguard applications from third parties and refrain from discussions with or about applicants outside of CFWNC committee meetings or the online review process. All communications with CFWNC from scholarship seekers regarding scholarships shall be made through the CFWNC office. No contact shall be made with members of the Board or committees outside of the review process. Nor should committee members communicate with scholarship recipients regarding decisions prior to official review, approval and notification from CFWNC.

Discussions by committee members in all scholarship meetings and information contained in, gleaned from or provided by applications, interviews, or CFWNC staff shall remain confidential. At the conclusion of the awards cycle, all hard copy applications, if any, must be returned to CFWNC for disposal. Any

electronic versions of applications saved on the committee members' personal computers, drives or devices should be deleted immediately upon completion of the process.

Intentional disclosure of private or confidential information about applicants or awards may result in termination from committee membership.

- K. School-based committees are made up of teachers, counselors and school staff serving in a professional capacity. As such they are expected to follow all confidentiality and conflict of interest protocols that their profession upholds.

IV. Conflicts of Interest

A. Definitions

1. Conflict of Interest: A conflict of interest arises when a Foundation Representative who is in a position to influence a Foundation transaction, or a Related Person of such a Foundation Representative, has a personal interest, including a Financial Interest that could influence the Foundation Representative's judgment regarding the transaction.
2. Foundation Representative: Foundation Board members, Foundation Committee members, members of Foundation affiliate or fund advisory boards, other Foundation volunteers, and officers and employees of the Foundation (each a "Foundation Representative" and, collectively, "Foundation Representatives.")
3. Related Person (with respect to a Foundation Representative): a spouse, domestic partner, parent or child; spouse or domestic partner of a parent or child; grandchild; spouse or domestic partner of a grandchild; and all members of the Foundation Representative's household.
4. Financial Interest: a direct or indirect ownership interest, investment interest or compensation arrangement that may financially benefit a Foundation Representative or Related Person.

- B. Conflict of Interest Policy – It is the policy of The Community Foundation of Western North Carolina that no organization, business or individual shall receive special consideration due to a relationship with a Foundation Representative or Related Person and that no Foundation Representative or Related Person shall benefit financially or otherwise gain a Financial or other interest in any organization or business as a result of his or her position as a Foundation Representative or Related Person.

C. Conflict of Interest Practices for Scholarship Committee Members

1. All committee members shall sign a Conflict of Interest Statement (Form A) and submit it to CFWNC prior to reviewing any applications. The responsibility for applying the Conflict of Interest policy is placed on individual Foundation Representatives. Each person completing the form must fully disclose all Conflicts of Interest involving himself or herself or a Related Person.
2. Committee members are under a continuing obligation to disclose any current or potential Conflicts of Interest as they may arise.

3. Members of committees that meet shall also complete and submit for approval the Scholarship Committee Recommendation Form (Form B). Members of committees that meet shall disclose all current and potential conflicts of interest before discussion begins and shall be reflected as abstentions where indicated on the Scholarship Committee Recommendation Form (Form B).
4. Members of committees that review applications online shall disclose all current or potential conflict of interest to CFWNC staff. After the potential conflict is disclosed, the committee member shall abstain from discussing, reviewing, or voting on that application.
5. Committee members, other volunteers and Related Persons of such committee members and other volunteers with a past or current working, familial, or other significant relationship with an applicant may not assist that applicant during the application process (including writing letters of recommendation or support) or participate in assessing that individual's application.
6. Members of school-based committees should follow all conflict of interest procedures that their profession upholds. Therefore, members of school-based committees are not required to sign an additional conflict of interest form.

All award recommendations from a committee will be held in abeyance until all required reports are received at CFWNC, after which the recommendations will be forwarded to CFWNC for consideration.

V. Evaluation and Awards

- A. Applicant Pool – Generally, scholarship recipients must be North Carolina residents or graduates (or equivalent) of North Carolina high schools. Depending on the type of scholarship fund, the donor may further define the applicant pool by academic standards, financial need, residency, field of interest, graduation from a specific North Carolina high school, or other criteria. A scholarship fund that gives preference for or creates criteria that an applicant be a member of certain race, gender, religious or ethnic group(s) requires the approval of CFWNC. Preferences or criteria based on race, gender, religion or ethnicity may only be approved when they provide opportunities for historically disadvantaged groups. All scholarships will comply with CFWNC policies currently in effect.
- B. Evaluation – To ensure that a fair, equitable, and non-discriminatory selection process is employed, all applicants to any particular scholarship program must adhere to the same guidelines and submit the required standardized application form and attachments. Following receipt of applications, each committee will rank applicants for each particular scholarship program using a point-based evaluation system with identical criteria and consistent scoring procedures for all applicants. The selection criteria must meet IRS guidelines and be submitted to CFWNC.
- C. Availability of Scholarship Information - There must be broad dissemination of eligibility requirements and deadlines for awards. Applications must be made available to all eligible students.
- D. Selection – CFWNC shall ensure that all scholarship recipients are selected on an objective and non-discriminatory basis and that selections are based on specific guidelines and criteria for each fund. CFWNC staff will assist committees in complying with established procedures. Committees have the

option of not recommending a recipient if no qualified applications are received. Upon request, the committees shall supply CFWNC with documentation of the application procedures, criteria and processes used to identify recipients and alternates. CFWNC may rely on the applicant's certification that they meet eligibility requirements.

- E. Approval of Recipients – All award recommendations shall be subject to the approval of the Board, which shall either approve the suggested names and amounts or request reconsideration in whole or in part. All scholarship recommendations must be approved by CFWNC prior to any announcement of awards.
- F. Alternates – Whenever possible, committees are encouraged to select an alternate student to receive the award in case the originally-recommended recipient declines all or part of the award. In the absence of an alternate, any unused monies will be returned to the appropriate fund for reinvestment.
- G. Announcement and Publicity – Awards will be announced by CFWNC through written notice to students and counselors. Donors will be notified in writing of scholarship results. Initial announcements will be made by CFWNC (not by the educational institution or sponsoring organization) after Board approval. Subsequent to CFWNC announcements and with staff approval, the educational institution or sponsoring organization may coordinate whatever student recognition it deems appropriate.
- H. Duration of Awards – Awards are made in the summer for the upcoming academic year unless otherwise specified by the relevant fund agreement. Generally, schools will be asked to apply the full annual award evenly among terms. Students may defer payment if they observe CFWNC policies for deferment. Refer to Appendix A, "Non-Standard Scholarship Payment Policies".

APPENDIX A
NON-STANDARD SCHOLARSHIP PAYMENT POLICIES

- Scholarship funds are paid to the institution each academic year.
- If the scholarship recipient withdraws from school during the first term of the academic year for purposes other than disciplinary or academic reasons and enrolls in the same or another educational institution during the same academic year, he or she is entitled to the scholarship, unless the award is institution-specific. If the educational institution's policy limits the amount of money that may be refunded, the student will not receive full benefit of the scholarship. The student is responsible for ensuring that the scholarship is refunded to the CFWNC. No payment will be re-issued until a refund is received by CFWNC.
- If the scholarship recipient withdraws from school during the first term of the academic year for purposes other than disciplinary or academic reasons and does not enroll in another educational institution during that academic year, the monies returned 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 CFWNC in writing and requesting deferment of the scholarship.
- If the scholarship recipient withdraws following completion of the first term and prior to the completion of the second semester or quarter for purposes other than disciplinary or academic reasons, the unused portion of the award will be held within the scholarship fund in the recipient's name for up to one year. The student is responsible for contacting CFWNC in writing and requesting deferment of the scholarship.
- If the recipient withdraws from school for disciplinary or academic reasons, the student's entitlement to the award will be evaluated on an individual basis in the sole discretion of CFWNC. The student is responsible for contacting CFWNC in writing and requesting evaluation of his or her specific case, which will be based upon the student's performance, individual circumstances, and other information provided to CFWNC by the educational institution or the student.
- If a scholarship recipient elects to defer payment, in part or in whole, for any reason, in advance of the school year, that student is responsible for providing CFWNC with written instructions regarding the deferred payment of the award. Except in exceptional circumstances, which must be approved by CFWNC, requests for deferment will stand for one (1) year.
- Awards are made for full-time attendance. If a student enrolls in an eligible educational institution on less than a full-time basis, his or her award will be suspended until the student again enrolls full-time; provided, however, that CFWNC, in its sole discretion, may make exceptions to this policy in exceptional circumstances.
- If a student receives a refund from his or her institution resulting from a CFWNC scholarship that exceeds the cost of allowable educational expenses, the student must return that amount to CFWNC. A student's failure to return a refund to CFWNC may result in the student's forfeiture of any remaining scholarship monies.

- If the recipient of a renewable award experiences unusual circumstances that adversely affect his or her performance or enrollment status, that student is strongly encouraged to submit a written explanation of his or her circumstances to CFWNC for review.
- On a case-by-case basis, there may be help available to students who are not meeting minimum academic requirements. Awards in these circumstances may be continued for one semester or year, on a probationary basis, or in another manner at CFWNC's sole discretion.
- If CFWNC discovers that the educational institution rather than the scholarship recipient is benefiting from the award, CFWNC will work with the recipient and the institution to direct the monies to the student's benefit as originally intended. If the student is unable to use the award, an alternate student will be offered the scholarship assistance. In the absence of an alternate who can use the award, all remaining monies will be returned to the relevant scholarship fund.
- CFWNC reserves the right to evaluate each circumstance on a case-by-case basis.

APPENDIX B

COMPANY SCHOLARSHIPS

The Internal Revenue Service has issued guidelines for private foundations that maintain scholarship programs for children of employees and/or employees of the company that created the private foundation. However, there are no IRS guidelines for a community foundation administering a corporate scholarship program. As a best practice, the Community Foundation of Western North Carolina follows the guidelines set for private foundations. Therefore, CFWNC has adopted the following guidelines based on those IRS regulations.

- The scholarship program must be established for a sufficiently broad “charitable class” from which scholarship recipients will be selected. A broad charitable class of grantees exists if the following criteria are met:
 - ◆ Selection of scholarship recipients is objective and non-discriminatory.
 - ◆ The class is sufficiently broad, based on the facts and circumstances.
 - ◆ Proper criteria for selecting scholarship recipients are established.
 - ◆ A group or committee independent of the sponsoring employer is used to select proposed scholarship recipients.
- The scholarship may not be used by the employer to recruit employees or to induce employees to continue employment.
- If an individual must meet employment-based eligibility criteria, the minimum period of employment may not exceed three years.
- Neither the eligibility nor the selection criteria should be related to any employment-related factor such as position, services, seniority, or duties.
- Scholarships may not be terminated because the recipient or the recipient’s parent or grandparent terminates employment after the scholarship is awarded, regardless of the reason for termination. In addition, if an award is renewable or if a recipient must reapply in future years, employees may not be considered ineligible due to termination of employment since the initial award and renewal criteria must be based solely upon factors unrelated to continued employment.
- The courses of study for which scholarships are available may not be limited to those that would particularly benefit the employer.
- The terms of the scholarship must be consistent with the disinterested purpose of enabling recipients to obtain an education solely for their personal benefit and must not include any commitments, understanding, or obligations to suggest that studies are undertaken by the award recipient for the benefit of the employer.
- When scholarships are awarded to children or grandchildren of employees, the number of scholarships awarded must be limited to 25% of the number of students who were eligible, applied for grants and were considered by the committee. Alternately, the number of scholarships awarded may be limited to

10% of the number of children who were eligible for the year whether or not they submitted an application.

- When a program awards scholarships to employees, the number of grants awarded may not exceed 10% of the number of employees who were eligible, applied for grants, and were considered by the committee.
- If a scholarship program does not meet the percentage test described above, then the primary purpose of the extra compensation will be evaluated to determine whether it is competitively awarded to educate recipients in their individual capacities or if it may be construed as an employee benefit and therefore not in compliance with these guidelines.

It is important to note that scholarship assistance must be available only for attendance at educational institutions (payable to U.S. institutions on U.S. soil) that are eligible to receive federal funding (grants, loans, and work-study) and that funds be awarded for only educational expenses. Recipients are responsible for any tax consequences of their awards. Scholarship recipients must be students who attend high school or are candidates for degrees unless otherwise specified by the fund agreement.

The above information was adapted from the “Grants to Individuals by Community Foundations,” by Jane Nober, a publication of the Council on Foundations.

FORM A
SCHOLARSHIP COMMITTEE
SCHOLARSHIP POLICY ACKNOWLEDGEMENT AND
CONFLICT OF INTEREST AND CONFIDENTIALITY STATEMENT

CFWNC abides by a strict conflict of interest policy (see page 7 of these Scholarship Policies), the purpose of which is to ensure that no Foundation Representative or Related Person with a relationship to a scholarship applicant influences the decision on that application or assists the applicant in preparing the application. All awards must be objectively based on stated criteria without regard to other factors not contained in the application.

By agreeing to serve on a committee, members also agree to comply with the following:

- All committee members must fully disclose all current or potential Conflicts of Interest involving himself or herself or a Related Person to CFWNC staff and the other members of the committee. Committee members are under a continuing obligation to disclose any current or potential Conflicts of Interest as they may arise.
- Committee members and other volunteers with a conflict of interest regarding a scholarship applicant may neither participate in the discussion about, nor vote on, that application. The Committee Chair, if any, is expected to restrict or redirect the volunteer's participation in the discussion if there is any indication of improper influence for or against the applicant.
- Committee members, other volunteers and Related Persons of such committee members and other volunteers with a past or current working, familial, or other significant relationship with an applicant may not assist that applicant during the application process (including writing letters of recommendation or support) or participate in assessing that individual's application.
- Committee Members will not disclose private and confidential information included in scholarship applications (including the identity of applicants). Members will safeguard applications from third parties and refrain from discussions with or about applicants outside of CFWNC committee meetings or the online review process.

All communications with CFWNC from scholarship seekers regarding scholarships shall be made through the CFWNC office. Committee members shall not communicate with scholarship seekers outside of the scholarship review process.

- Committee members agree to safeguard their applications from third parties and to refrain from discussions with or about applicants outside of the committee. At the conclusion of the awards cycle, all hard copy applications, if any, must be returned to CFWNC for disposal. Online and electronic versions of applications shall not be saved on the committee members' personal computers, drives or devices.

I certify that I have received and read the CFWNC Scholarship Policies. I certify that I have read and agreed to adhere to the conflict of interest policy described on this page.

Name (please print): _____

Signature: _____

Date: _____

REMINDER: If at any time there is a matter under consideration with respect to which you may have a Conflict of Interest, it is your obligation to disclose the facts to the Committee, to abstain from voting, and to refrain from using your personal influence on the matter.

**FORM B
SCHOLARSHIP COMMITTEE
RECOMMENDATION FORM**

THE COMMUNITY FOUNDATION OF WESTERN NORTH CAROLINA
4 Vanderbilt Park Drive, Suite 300, Asheville, NC 28803

Phone (828) 254-4960 Fax (828) 251-2258

The scholarship advisory selection committee of the _____ Fund recommends to the CFWNC Board the award(s) listed below. Students recommended for awards from the above-named fund were chosen based on criteria contained in the founding instrument. It is attested that the selection process was fair and equitable and that no voting member of the committee (or related person) (1) had or has a familial, working, or other significant relationship to any applicants for these awards or (2) assisted any applicant with the application process for the listed award(s).

Chairperson's Signature and Date

Award Recommendations (attach another sheet if necessary)

Name(s)	Award Amount	Members abstaining from vote, if any
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

-OR-

_____ At this time, the committee does not recommend awards to any currently pending applicant.

The committee understands that student award checks will be issued directly to the institutions with instructions to divide payments equally between terms in the upcoming academic year, with CFWNC reserving the right to reallocate awards if necessary to meet student needs.

INSTRUCTIONS FOR USE OF THIS FORM

This form must be submitted when the committee meets and interviews students. Please list all students recommended to receive an award from this fund. If no applicants are deemed eligible and qualified in a given year, please initial that option.

Please also indicate one or more alternate(s) to receive the award if for any reason a recipient is unable to use the award (e.g., has already secured full funding from the institution or through federal grants, does not enroll in college, attends an ineligible institution, etc.).

If you have any questions, please contact CFWNC's Scholarship Officer. Thank you and all the members of your committee for helping CFWNC to award these scholarships.