SCHOLARSHIP POLICIES AND PROCEDURES

Introduction: Scope and Intent of the Policy

The Northern Indiana Community Foundation ("the Foundation") holds and administers funds (the "Funds") that provide scholarship and fellowship grants to individuals, including high school, college and graduate school students. These grants enable the recipients to complete an undergraduate or graduate education in the field of their choice at the college or graduate school of their choice. The Foundation may also hold and administer certain Funds that make grants to students in pre-k, primary and secondary school to attend various educational programs and to other individuals for vocational or other training. Grants made from such Funds are referred to as **"Scholarship Grants."**

The Foundation may also hold and administer Funds that make grants to individuals in recognition of achievement in the fields of art, literature, education, science, public or community service, or for other charitable or civic achievement. These awards are not, and may not be, intended to finance any specific activities of the recipients and may not impose conditions on the manner in which the prizes or awards may be expended by the recipient. Grants made from such funds are referred to as **"Individual Achievement Grants."**

Finally, the Foundation may hold and administer certain funds that make grants to individuals to achieve a specific objective, produce a report or other similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee that relates to the Foundation's mission. Eligible individuals may include graduate students, scholars, professionals, and other individuals with specialized skills or knowledge. Scholarships also may be awarded to pay for a course of study leading to a certificate or to achieve a skill level, such as art or vocational school. Such scholarships may cover the cost of tuition and related expenses. All grants described in this paragraph are referred to as **"Awards and Prizes to Achieve a Specific Objective."**

Except where it is necessary to distinguish among the three types of educational assistance, this policy uses the collective term "grants" to refer to all three.

The Foundation has established the following procedures pursuant to which grants will be awarded from funds where donor/advisors have any advisory privileges or participation in the selection of grant or award recipients. The following procedures shall be interpreted so as to ensure the Foundation's compliance with all applicable requirements of the Internal Revenue Code, including Section 4966, accompanying Treasury Regulations and guidance from the Internal Revenue Service, and these procedures may be amended from time to time.

The Foundation values and encourages the interest and involvement of donors to all three types of fund. Donor involvement may include developing criteria for awards, serving on grant

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

Definitions

Advisor – A person appointed by a donor to have advisory privileges with respect to a Fund. The term also includes members of the advisor's family and businesses controlled by the advisor and family members.

Donor – an individual or organization, including a corporation, partnership or trust, that makes a contribution to a Fund where such Fund is separately identified by reference to contributions of the donor and with respect to which the donor (or any person appointed or designated by such donor) has, or reasonably expects to have, advisory privileges with respect to the distribution or investment of amounts held in such Fund by reason of the donor/advisor's status as a donor. The term also includes members of the donor's family and businesses controlled by the donor and family members.

Educational Institution – 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. *Qualified Expenses – Certain expenses incurred in attending an educational institution. They are:*

- *Tuition and fees for enrollment and attendance.*
- *Course-related expenses – fees, books, supplies, and equipment required of all students for courses of instruction.*

Related Persons – The term includes both a donor or advisor's family members and businesses they control:

- **Family Members** – An individual's parents, grandparents, great grandparents, spouse, brothers and sisters by whole or half blood, ancestor, children, grandchildren, great grandchildren and the spouses of all of the above.
- **Controlled Businesses** – Corporations, partnerships, and trusts or estates if the donor or advisor and family members own more than 35 percent of the total combined voting power (corporations), 35 percent of the profits interest (partnerships), or 35 percent of the beneficial interest (trusts or estates).

Selection of Grantees

Grantees are to be selected on an objective and nondiscriminatory basis. The group from which grant recipients are selected must be sufficiently broad so that giving grants 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 grant recipients are selected on the basis of their exceptional qualifications to carry out the purposes of the grant or it is otherwise evident that the selection is particularly calculated to effectuate the charitable purpose of the grant rather than to benefit particular persons or a particular class of persons. For example, selection of a qualified research scientist to work on a particular project does not violate the requirements of this paragraph if the scientist is selected from a group of three scientists who are experts in that field.

Scholarship Grants

Foundation staff and designated members of selection committees established for such awards 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

Scholarship Grants and to request that these administrators nominate potential candidates or encourage potential awardees to submit applications for scholarship aid.

Individual Achievement Awards
Foundation staff and designated members of selection committees established for such awards shall contact relevant community institutions and individuals to publicize the availability of the Foundation's Individual Achievement Awards and to solicit nominations for such awards. Candidates for such awards may take no part in the selection process.

Awards and Prizes to Achieve a Specific Objective
Foundation staff shall develop application or nomination procedures that are appropriate to accomplish the purposes of the Fund under which any such award is established.

Selection Criteria

The criteria to be used in selecting grant recipients from a fund established at the Foundation must be based on criteria that are appropriate to accomplishing the underlying purpose of the grant as described in the agreement creating such Fund. Foundation staff should work with donors to establish Funds that fulfill the donor's charitable goals and feature clear selection criteria.

Scholarship Grants
Criteria for scholarship grants may include, but are not limited to, the following:

- Prior academic performance;
- Performance of each applicant on tests designed to measure ability and aptitude for educational work;
- Recommendations from instructors of such applicant 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
- The grant selection committee's conclusions as to the applicant's motivation, character, ability, or potential.

Criteria may also include the 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 (other than white), ethnic background or religion as long as such preference does not violate public policy.

Recipients of Scholarship Grants must be (1) pre-k, primary or secondary school students; (2) undergraduate or graduate students at a college or university who are pursuing studies or conducting research to meet the requirements for an academic or professional degree; or (3) students – whether full-time or part-time – who receive a scholarship for study at an educational institution 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 and is authorized under federal or state law to provide such a program and is accredited by a national recognized accreditation agency.

Scholarship Grants must be used for qualified educational expenses (see definition) at an educational institution (see definition). The 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.

Individual Achievement Awards
Criteria for Individual Achievement Awards include but are not limited to: the individual's past achievements and community involvements, other biographical information regarding an applicant's career, academic and other relevant experiences. The Foundation reserves the right to impose additional, minor reasonable restrictions and/or requirements upon the awarding of Individual Achievement Awards and the administration of such grants. Any substantial or material changes will be made only with approval of the Foundation's Board of Directors.

Awards and Prizes to Achieve a Specific Objective
In addition to scholarships, the Foundation may make grants to individuals to achieve a specific objective, produce a report or other similar product or improve or enhance a literary, artistic, musical, scientific, teaching or other similar capacity, skill or talent of the grantee that relates to the Foundation's mission. Recipients may include graduate students, scholars, professionals or other individuals with specialized skills or knowledge.

Criteria must be related to the purpose of the Fund under which the award is established and may include prior experience, contributions to the field, demonstrated academic achievement, financial need, character, ability, motivation and potential. If the award is to pay for a course of study leading to a certificate or a higher skill level, criteria shall be related to the purpose of the Fund under which the award is established and may include financial need, character, ability, motivation, potential and the relevance of the candidate's course of study and career objectives to the charitable purposes of the Fund.

Grant Selection Committees

The Foundation shall appoint all members of any selection committee charged with the evaluation of candidates for grants covered by this policy. Appointments shall be made by designated staff of the Foundation

A Fund's donors 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 and trusts 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. If a donor/advisor recommends a person for appointment to a selection committee based on objective criteria related to the expertise of such person, such person will not be deemed to be appointed or designated by the donor/advisor.

Donor/advisors and related persons may provide advice with respect to the selection of grant or award 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 candidates approved by the committee.

Every member of the selection committee must adhere to the relevant policies of the Foundation as they may be adopted and amended from time to time, including without limitation the Foundation's conflict of interest and confidentiality policy. Each member of any selection committee covered by this policy must disclose any personal knowledge of and relationship with

any potential grantee under consideration and refrain from participation in the award process in a circumstance where he or she would derive, directly or indirectly, a private benefit if any potential grantee or grantees are selected over others.

Whenever a community foundation's potential grantee or nominee(s) includes a family member (including spouse, brothers and sisters by whole or half blood, ancestor, children, grandchildren and great-grandchildren and spouses of all listed) of any of the community foundation's directors, officers, staff and nominating committee members, each such director, officer, staff member and nominating committee member shall recuse himself or herself from the entire grant or scholarship nomination or selection process for that pool, including withdrawing from (i.e., leaving the room, and not being present during) all meetings, discussions, debates and votes regarding nominations or selections. Finally grants covered by this policy may not be made for a purpose that is not charitable.

Each selection committee established under this policy shall forward its recommendations to the Foundation staff in such form and on such schedule as the staff shall establish. The Foundation Board shall approve each award made under this policy.

Grant Committee Term Limits
Each member of the Foundation's committee shall have a three-year term, which may be renewed for another three year term, for a total of 6 years. After serving two consecutive terms, the members must be off of the committee for one full year before they can again serve on the committee.

Application and Nomination Process
Applicants for Scholarship Grants and Awards and Prizes to Achieve a Specific Objective shall be required to submit such application forms and supporting materials as the Foundation may deem appropriate on a schedule to be determined by the Foundation. Individuals and organizations wishing to nominate persons for Individual Achievement Awards shall also be required to submit such nomination forms and supporting materials as the Foundation may deem appropriate on a schedule to be determined by the Foundation.

Grant Renewals
Grants will ordinarily be awarded for a one-year period but may be for a shorter or longer period. Except for Achievement Awards, grants may be renewable for a period appropriate to the purposes of the Fund under which the grant is established. Otherwise, the Foundation may consider renewing a grant on a case-by-case basis according to the status of the grantee's project and the purposes of the grant.

Supervision of Grants

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

Scholarship Grants Paid Directly to the Recipient
If for any reason, a Scholarship Grant is paid directly to the recipient or anyone other than the educational institution, or if the Scholarship Grant 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 Grant at least once each year. This report must include a summary of the use of the funds awarded, and 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.

Individual Achievement Grants and Awards and Prizes to Achieve a Specific Objective
Recipients of Awards and Prizes to Achieve a Specific Objective or, if appropriate, the organization supervising the grantee's work, will be required to provide a written report to the Foundation about their activities and use of funds at the end of the grant period. If the grant is for a term of longer than one-year, periodic written reports will be required at least annually. Any funds not expended for the purpose of the award must be returned to the Foundation for use in furtherance of its mission and the charitable purposes of the particular Fund under which such award was made.

Investigation of Jeopardized Grants
The Foundation is not required to investigate the use of scholarship grants 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 scholarship grants paid directly to the recipient and all grants to individuals to achieve a specific objective.

Where the reports submitted or other information (including the failure to submit reports), indicate that such a grant 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 grant funds and/or ensure restoration of the diverted funds to the purposes of the grant. However, if the grantee has not previously diverted grant funds, the Foundation may elect to continue further payments to the grantee if it receives the grantee's assurance that future diversions will not occur, that the grantee has restored the missing funds and that the grantee 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 grant. 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.

Recordkeeping Requirements

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

- All information obtained by the Foundation to evaluate the qualifications of potential grantees,
- The identification of grantees (including any relationship of any grantee to the Foundation or to a director or officer of the Foundation),
- The purpose and amount of each grant, and any additional information the Foundation obtains in complying with its grants administration procedures.

Information pertaining to unsuccessful applicants for awards shall be kept along with information on successful applicants. Records pertaining to any grant made 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 grant was paid.

Privacy Considerations

The Foundation recognizes the importance of data security and privacy and is dedicated to protecting applicants' privacy and handling any personal information provided to us with care and respect. The Foundation will only gather and store information reasonably necessary to make grantmaking determinations, to communicate with educational institutions regarding enrollment, check processing and related matters and to otherwise comply with laws regarding use and storage of educational information.

What information does the Foundation collect and how is it used?

Student Application Data

To be considered for a scholarship, Individual Achievement Grant, or other awards administered by the Foundation, applicants may be required to submit data electronically for the scholarship committee to review and select recipients. By applying, applicants consent to the processing of their personal information by the Foundation for the purpose of reviewing and considering applications and selecting award recipients.

Types of personally identifiable information may include, but are not limited to:

- full name
- address
- email address and phone numbers
- guardian name(s), address(es), email address(es) and phone number(s)
- gender
- ethnicity
- academic information
- current and future enrollment information
- involvement in work, school, and community activities
- personal essays
- birthdate

Actual information collected varies based on the program being administered.

The Foundation processes applicants' personal information only for the purpose for which it was collected. When an applicant creates an account, data entered during the application process is automatically saved for applicants' convenience. Even if the application is abandoned or not submitted, the information provided is collected and is subject to our Privacy Policy.

The Foundation may use contact information to confirm receipt of application, to gather more information if there are questions regarding an application, to send notifications regarding the status of an application, or for communication necessary to administer a program or provide a service. When an applicant sends email or other communication electronically, the Foundation may retain those communications to process inquiries, respond to requests or questions to improve our services.

Applicants' personal data is seen only by those administering the program. Schools receiving scholarship payments are provided applicant's name and student ID so the scholarship can be correctly applied. No personal data will be shared with third parties without an applicants' consent.

How does the Foundation secure applicants' personal information?
The Foundation uses commercially reasonable physical, technological, and administrative safeguards designed to protect applicants' personal data from unauthorized use, access, or disclosure. Email is not recognized as a secure medium of communication. For this reason, the Foundation requests applicants not send private or sensitive information to us by email. Please view the Foundation's Privacy Policy at www.nicf.org for more information.

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