
Policies and Procedures for Scholarships and Grants to Individuals

Approved by the Board of Directors on July 21, 2021

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1. Introduction: Scope and Intent of the Policy

The Blue Mountain 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 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.

2. 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.

Grantee – an individual who receives a scholarship (“scholarship grant”) or grant, award, or stipend under the terms of this Policy.

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.
- Room and board, travel, research, clerical assistance. Payments for expenses in this group are not exempt from income tax.

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, siblings, 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).

Scholarship Policy – This term refers to this document, the “Policies and Procedures for Scholarships and Grants to Individuals.”

3. Nondiscrimination in Grantmaking

BMCF will provide equal opportunity to all scholarship and grant applicants. When making grant decisions, BMCF does not and will not discriminate or in any way base its decision-making on any basis that is prohibited in grantmaking decisions by a local, state, or federal law or regulation.

BMCF will not provide grants in a manner that discriminates on the basis of race, color, religion, age, sex, national origin, ancestry, physical or mental disability, medical condition, veteran status, marital status, pregnancy, sexual orientation, gender identity or any basis prohibited by applicable law. However, BMCF may target grants to a particular population that is generally recognized as dis-advantaged or has having suffered from long-term systemic inequities.

4. Diversity, Equity and Inclusion in Grantmaking

The following text is the Foundation's "Statement of Inclusion."

At BMCF, we believe in advancing equity, diversity and inclusion in our work to fulfill our mission and achieve our vision. BMCF believes that persistent disparities based on such characteristics as race, gender, national origin, ethnicity, culture, disability, age, faith, gender identity and sexual orientation - together with barriers imposed by poverty - prevent BMCF's vision Improving quality of life for all in the Blue Mountain area through philanthropy from being fully realized.

All of these values are integral to BMCF's governance, operations and programs including fund-raising, awarding scholarships and grants including distributions from BMCF's varied funds, and collaboration with the community. We seek participation of a wide variety of people so that BMCF is as effective as possible in its mission, solving problems and improving the quality of life in our communities.

We are committed to ensuring our commitment to DEI through our scholarship policies and procedures.

5. Grant Approval Authority

The Foundation's Bylaws places the authority to approve grants with the Board of Trustees. In particular, Article 8 of the Bylaws contains the following requirements:

Section 8.1 Determination of Distributions in General. The Board of Trustees not less frequently than annually shall (1) determine all distributions to be made from income and principal of the Foundation's funds and properties (including funds held by agents of the Foundation), pursuant to provisions of the Articles of Incorporation and these By-Laws, and make, or authorize and direct the respective agents having custody of funds of the Foundation to make, payments to organizations or persons to whom payments are to be made, in such amounts and at such times and with such accompanying restrictions, if any, as it deems necessary to assure use for the charitable purposes and in the manner intended; and (2) determine all disbursements to be made for administration expenses of the Foundation and direct the respective agents having custody of funds of the Foundation as to payment thereof and funds to be charged.

Section 8.2 Voting Requirements. All determinations with respect to distribution or disbursements for charitable purposes shall be by the affirmative vote of a majority of the Board of Trustees present at a meeting at which a quorum is present, unless a greater vote is expressly provided in a donor's restriction at the time of the gift (which is nevertheless subject to variance as provided in Article VII).

Through the approval of this Scholarship Policy, the Board is hereby delegating approval authority for certain types of grants to Board Committees or the CEO.

a. Executive Committee Grant Approval Authority

The Board of Trustees hereby grants to the Executive Committee the authority to approve all grants recommended by staff or scholarship committees under the terms of this Scholarship Policy provided that (a) the distributions are consistent with the Foundation's charitable purposes and all relevant policies (including this Scholarship Policy) and (b) all distributions approved and made by the Executive Committee are reported to the Board for ratification at the Board's next meeting. Staff may act on the Executive Committee's approval and distribute the grants without waiting for the Board's ratification.

6. 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.

a. *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.

b. *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.

c. *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.

7. 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.

a. *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 so long as such preference does not violate public policy.

Recipients of Scholarship Grants must be (1) 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.

b. *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.

c. *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.

8. 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 to the Foundation's main Scholarship Committee shall be made as prescribed in the Foundation's Bylaws¹ and the Scholarship Committee Charter. Appointments to scholarship or appointment committees created or used by specific Funds shall be made by the President of the Foundation or the President's delegate.

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.

Donors 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

¹ Bylaw 5.4.

circumstance where he or she would derive, directly or indirectly, a private benefit if any potential grantee or grantees are selected over others.

Grants 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. Grants also may not be awarded to any donor/advisor or substantial contributor to the Fund making the award, to any member of a selection committee for such award, or to any members of their families. 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's Executive Committee and/or Board shall approve each award made under this policy as prescribed in the Foundation's Bylaws.

9. 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 staff may deem appropriate on a schedule to be determined by the Foundation staff. 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.

10. 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.

11. Supervision of Grants

a. 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.

b. 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.

c. Individual Achievement Grants and Awards and Prizes to Achieve a Specific Objective

Individual Achievement Grants cannot require a particular use of the funds, so no report is required from the recipient.

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.

12. 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.

13. 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.

Amendment History:

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