**Revised Procedure for Participants to Make Scholarship Awards**

The structure of the Rotary District 5080 Charitable Fund (Charitable Fund) is deemed by the Internal Revenue Service (IRS) to be a Donor Advised Fund in regard to participating Rotary Club funds. IRS rules prohibit a Donor Advised Fund to directly make grants to benefit an individual person, which would include scholarship awards. Therefore, the Charitable Fund has adopted the policy that a Rotary District 5080 Scholarship Fund be established within the Rotary District 5080 Charitable Fund and that a Scholarship Fund Board be created to review proposed scholarship applications submitted by participating clubs. Participating Clubs shall be able to donate funds to the Scholarship Fund to be used exclusively to award scholarships to deserving students.

Participating clubs that wish to award scholarships from funds donated to the Charitable Fund will need to follow the process adopted by the Charitable Fund regarding Scholarship awards.

1. Participating clubs will direct that funds from their donor advised fund be transferred to the Charitable Fund Scholarship Account.
2. The participating club may then submit Scholarship Award Proposals to request that scholarships be paid to benefit a student.
3. The Scholarship Fund Board shall strive to review submitted scholarship applications within one week of submission and shall notify the Charitable Fund Treasurer promptly of its decision on each scholarship application. The Scholarship Fund Board shall be responsible to verify that proposed scholarship awards are allowable under IRS rules.

If your club does not award scholarships through the Charitable Fund, these procedures do not affect your club.