Grantmaking Procedures for Awarding Scholarships and Other Grants to Individuals Rotary District 5080 Charitable Fund

Scope and Intent of Policy:

The Rotary District 5080 Charitable Fund (“the Organization”) may provide scholarship grants to deserving students intending to pursue a course of study at either a two-year or four-year educational institution, secondary school, or trade program.

The Organization has established the following procedures pursuant to which grants will be awarded. The following procedures shall be interpreted to ensure the Organization’s compliance with all applicable requirements of the Internal Revenue Code, including Section 4966 (related to private foundations), accompanying Treasury Regulations and guidance from the Internal Revenue Service, and these procedures may be amended from time to time.

1. Selection of Grantees

Grantees are to be selected on an objective and nondiscriminatory basis and shall be made in accordance with current regulations issued pursuant to the Internal Revenue Code. The persons selecting the grant recipients shall not derive any private benefit from the selection process.

The Organization will advertise the availability of the Organization’s Scholarship Grants in high schools locally served and request local community administrators nominate potential candidates or encourage potential awardees to submit applications for scholarship aid. In addition, individuals affiliated with the Organization may inform other community members (i.e. teachers and counselors) about the grant availability so members of these organizations can also encourage potential awardees to submit applications for scholarship aid.

1. Criteria for Selection

The criteria to be used in selecting recipients must be based on criteria appropriate to accomplishing the underlying purposes of the grant. The Organization considers the following factors in its review of applications for grants. Criteria may include, but are not limited to, the following:

* *Prior academic and/or athletic performance*
* *Performance of each applicant on tests designed to measure ability and aptitude*
* *Recommendations from instructors of such applicant and any others who have knowledge of the applicant’s capabilities*
* *Additional biographical information regarding an applicant’s academic, trade and other relevant experiences,*
* *Financial need and conclusions which the Organization may draw 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, and past or proposed courses of study and trade.*

Recipients of Scholarship Grants must intend to pursue a course of study at either a two-year or four-year educational institution, secondary school or trade program, to gain the skills and knowledge for gainful employment in a recognized occupation or trade. Scholarship recipients may have a desired major or career aspiration in any field of their choice.

Scholarship Grants must be used for tuition and related expenses at an educational institution described in IRC § 170(b)(1)(A)(ii), i.e., such institution must normally maintain a regular faculty and curriculum and must normally have a regularly organized body of students in attendance at the place where the educational activities are carried on.

1. Grant Selection

The Scholarship Committee shall review applications received and make an initial determination regarding the granting of the scholarships in accordance with the provisions set forth herein. A final determination will be made by a Scholarship Committee to be comprised of independent local members of the community area served by the Organization.

No family member or lineal descendent of any person that is a part of the selection process shall be eligible to be considered for a scholarship grant.

1. Application and Nomination Process

Applicants for scholarship grants shall be required to submit such application forms and supporting materials as the Organization may deem appropriate on a schedule to be determined by the Organization.

1. Grant Renewals

Grants will ordinarily be awarded for a one-year period but may be for a shorter or longer period. The Organization may consider renewing a grant on a case-by-case basis according to the status of the grantee’s educational course of study, financial need, and the purposes of the grant.

1. Supervision of Scholarship Grants

General Procedures

To the extent possible, the Organization shall pay all scholarships directly to the recipient’s educational institution and such educational institution shall agree to use the scholarship funds to defray the 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 scholarship. A condition of each Scholarship Grant is that it will be used only for qualified tuition and related expenses within the meaning of IRC § 117(b)(2), and for room and board. Accordingly, a Scholarship Grant can be used only for: (1) tuition and fees required for enrollment or attendance of the student at a qualifying institution, trade school or learning course; (2) fees, books, supplies, and equipment required for courses of instruction at such an educational institution, trade school or other learning; and (3) room and board. 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.

Special Procedures

If for any reason, a Scholarship Grant is paid to a person other than the educational institution attended by the scholarship recipient or if the Scholarship Grant is used for expenses other than qualified tuition and related expenses within the meaning of IRC § 117(b)(2) or for room and board, the Organization 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.

Where the reports submitted, or other information (including the failure to submit reports) indicate that all or any part of a Scholarship Grant is not being used in furtherance of the purposes of such grant, the Organization is under a duty to investigate. While conducting its investigation, the Organization shall withhold further payments to the extent possible until any delinquent reports required under the foregoing provisions of these procedures have been submitted.

If the Organization learns that all or any part of a grant is not being used in furtherance of the purposes of the grant, the Organization shall take all reasonable and appropriate steps to recover the grant funds and/or ensure restoration of the diverted funds to the purposes of the grant. If such a diversion occurs and the grantee has not previously diverted grant funds to any use not in furtherance of the purposes of the grant, the Organization shall withhold any further payments to the grantee until it has received the grantee’s assurance that future diversions shall not occur and shall require the grantee to take extraordinary precautions to prevent future diversions from occurring.

Where a grantee has previously diverted funds received from the Organization and the Organization determines that any part of a grant has again been used for improper purposes, the Organization shall take all reasonable and appropriate steps to recover the grant funds and/or ensure restoration of the diverted funds to the purposes of the grant. In such case, the Organization shall withhold further payments until: (1) the diverted funds are in fact recovered or restored; (2) the Organization has received the grantee’s assurances that future diversions will not occur; and (3) the Organization requires the grantee to take extraordinary precautions to prevent future diversions from occurring.

The phrase “all reasonable and appropriate steps,” as used above, shall include legal action where appropriate, but need not include legal action if such action would in all probability not result in the satisfaction of execution on a judgment.

1. Recordkeeping Requirements

The Organization shall retain the following records in connection with scholarship grants covered by this policy: all information obtained by the Organization to evaluate the qualifications of potential grantees, the identification of grantees (including any relationship of any grantee to the Organization or to a director or officer of the Organization), the purpose and

amount of each grant, and any additional information the Organization 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 Organization’s annual tax return for the period in which the last installment of such grant was paid.

1. Amendments

The guidelines, limitations and restrictions set forth herein may be amended in whole or in part, at any time, and from time to time, as determined in the sole discretion of the Board of Directors.

The foregoing Grantmaking Procedures was adopted by the Board of Directors of the Rotary District 5080 Charitable Fund on [Month Day, 2021].

Bill Roe, Secretary