

NEBRASKA COMMUNITY FOUNDATION
Policy for Administering Scholarships

Adopted by the Board of Directors February 7, 2007

The purpose of this policy is to establish procedures that must be followed by any Affiliated Fund of the Nebraska Community Foundation (“NCF”) that awards scholarships, in order to ensure compliance with Internal Revenue Service rules and to provide a common and consistent manner for awarding scholarships.

- I. Awarding of Scholarships
 - a. Scholarship awards must be made on an objective and nondiscriminatory basis.
 - b. Generally, scholarship recipients are residents of or graduates of high schools in Nebraska. A scholarship fund or account may further define the applicant pool by academic standards, financial need, residency, organization or field of interest or graduation from a specific Nebraska high school(s). Using religion, race, ethnic origin or gender as criteria for a scholarship is not allowed unless approved in advance by NCF.
 - c. Applicants directly related to any member of the scholarship selection committee are not eligible to be awarded a scholarship.
 - d. Scholarship awards must be for study at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.
 - e. The Scholarship Selection Committee for each affiliated fund that awards scholarships must be appointed by NCF annually, prior to the beginning of the scholarship announcement, application and selection process.
 - f. It is intended that this policy be in compliance with all Internal Revenue Service requirements for scholarship awards. Additional procedures beyond those stated herein may be put into place in order to meet such requirements.

- II. Scholarship Selection Committee (“Committee”)
 - a. Each Affiliated Fund that awards one or more scholarships shall have a Scholarship Selection Committee consisting of four to seven individuals, at least one of whom must be a current Fund Advisory Committee member of the Affiliated Fund.
 - b. To ensure compliance with the requirements for scholarships implemented by the federal law known as the Pension Protection Act of 2006 (“PPA”), no Scholarship Selection Committee may be controlled by a donor or parties related to a donor with respect to any of the scholarships to be awarded by the Committee. “Donor” shall include anyone reasonably determined by NCF to be covered by the provisions of the PPA, and shall include (i) family members in the case of a donor advised fund established by such family; (ii) family members of a deceased individual in the case of a memorial fund; (iii) members of a professional or alumni group which sponsors a scholarship; and (iv) employees of a corporation in the case of a fund established by the corporation. To ensure that a Committee is not controlled by a donor, less than 50% of the membership of the Committee may be a donor, family or employees of the donor, or individuals who serve in an advisory capacity to the donor, with respect to any scholarship to be awarded by such Committee.

- c. Annually, on a schedule to be determined by NCF, each Fund Advisory Committee shall nominate individuals to participate on the Fund's Scholarship Selection Committee.
- d. Annually, NCF will appoint the Scholarship Selection Committee for each Affiliated Fund. While the nominations made by the Fund Advisory Committee will be taken into account, NCF in its sole discretion will select the Committee members.

III. Procedures for Awarding Scholarships

- a. The affiliated fund should widely publicize the availability of scholarships.
- b. Application forms provided by NCF should be provided to and completed by applicants for the scholarship(s).
- c. Using the Applicant Rating Form provided by NCF, the Committee should evaluate the scholarship applications based on the criteria for each scholarship and selects the recipient(s) of each scholarship for which the Committee is responsible.

IV. Procedures for Payment of Scholarship Awards

- a. The Committee must complete a Scholarship Reporting Form for each scholarship awarded.
- b. The Scholarship Reporting Form, along with a Disbursement Form, should be submitted to NCF when payment of the scholarship is to be made.
- c. Payment will be made directly to the educational institution for the benefit of the student, and not directly to the scholarship recipient.
- d. NCF, in accordance with the law, must retain final responsibility for all distributions from the foundation. Accordingly, NCF may reject any selection made by the Committee if the information on the Scholarship Reporting Form indicates that the recipient was not selected on an objective and nondiscriminatory basis and consistent with the purposes of the fund or account awarding the scholarship.

V. Other

- a. The minimum amount of an annual scholarship award will be \$500 to any one recipient.
- b. Scholarship awards of \$2,000 or less will be paid to the educational institution in a single installment.
- c. Endowed scholarship accounts may not award a scholarship in any year in which the account does not have a balance of at least \$10,000.