

**I. PURPOSE.** The purpose of this Policy on External Scholarship Committees is to guide the board, staff, volunteers and donors of Benton Community Foundation (BCF) in complying with the law applicable to External Scholarship Committee and with BCF's administrative policies while achieving donor's charitable goals.

**II. DEFINITIONS.**

- A. Related Party - a related party is a relative, employee, attorney or advisor of the donor.
- B. Immediate Family - immediate family includes spouse and children (step, adopted, foster); brother, sister, their spouses and children; and grandchildren.

**III. SCOPE.** The following policy applies to scholarships in which the applicants are reviewed and recommended to the Scholarship Committee by an External Scholarship Committee, rather than the Scholarship Committee of BCF.

**IV. POLICY.**

- A. External Committees must be comprised of a minimum of three individuals.
- B. Donors or related parties may participate as members of the External Scholarship Committee as long as they represent a minority of the voting members serving on the committee.
- C. A donor may serve as Chair of the External Scholarship Committee.
- D. Annually, the membership of all External Scholarship Committees must be approved in accordance with BCF's Bylaws and this policy prior to the beginning of the scholarship process. If changes are made to the membership structure of the External Scholarship Committee, then the Grants Manager must be notified.
- E. Annually, the procedures used to make the scholarship selections by the External Scholarship Committee will be submitted to BCF's Grants Manager for approval. The procedures must ensure that all awards are made on an objective and nondiscriminatory basis. Such criteria 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 conclusions which the grant selection committee 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, 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, ethnic background or religion so long as such preference does not violate public law. 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 and all 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. BCF 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 BCF's Board of Directors.

- F. If an individual is serving on an External Scholarship Committee, their immediate family members are not eligible for that scholarship.
- G. All External Scholarship Committees will be encouraged to use BCF's Scholarship Application Form as the mechanism to select nominees. In the event a separate application is desired, it shall be approved by the President/CEO of BCF.
- H. Once appropriate candidates have been identified, the External Scholarship Committee shall provide BCF with a written, dated recommendation form that includes:
  - 1. The names, home addresses, and universities of the preferred candidate( s) and ideally at least two alternates;
  - 2. The total number of applications received and reviewed;
  - 3. A statement confirming the external committee followed policies and procedures as previously established. If policies and procedures were not followed exactly, a written explanation of the procedural deviation is required, and
  - 4. A copy of the original signed application forms of each of the recipients and all alternate(s).

As required by law, BCF Board shall review and independently approve or disapprove each award made under this Foundation.

If an External Scholarship Committee fails to provide any of the information required in the selection process, then BCF Scholarship Committee reserves the right to make awards from the scholarship fund. If an External Scholarship Committee is inactive for two consecutive years, the scholarship will be treated as an internal scholarship of BCF.

*Adopted by BCF Board of Directors on March 21, 2013.*

*Modified by the Board of Directors on July 16, 2015.*

*Revised and adopted by the Board of Directors on November 17, 2017.*

*Reviewed and approved by the Board of Directors on September 19, 2019.*

*Scheduled for review in 2021.*