

Scholarship Policy

Elk Grove Community Foundation dba Elk Grove Regional Scholarship Foundation (EGRSF)

A. Purpose

The purpose of the EGRSF Scholarship Policy is to provide guidance on the funding and awarding of scholarships.

Exceptions to this policy may only be approved by EGRSF. If an exception is approved, such will be entered into the minutes on the day the exception was approved and the reasons. By November of each year, the Scholarship Committee will provide a report to EGRSF of the status of each Fund's compliance (Scholarship Distribution Report).

B. Definitions

1. An Endowed Scholarship is a Fully-Funded scholarship with the principal determined by the Board and is awarded yearly based on a specified percentage of the earnings. The goal is for earnings on the funds categorized as endowments to earn enough money, so annual earnings equate at least \$250 per scholarship unit as of March 31 of the previous year.
2. A Pledged Scholarship is one which has been approved by the Board but is not yet Fully-Funded.
3. A Yearly Award is the amount a donor contributes to an established Endowed Scholarship, or in the process of being Fully-Funded to increase the payout for the current year. Monies for Yearly Awards must be received by September 30 of the scholarship year.
4. A Pass-Through Scholarship is a one-time scholarship paid annually. A Pass-Through Scholarship is established upon the completion and approval of a Pass-Through application together with the receipt of a deposit by EGRSF of Board-specified minimum plus an annual processing fee.

The entire deposit, plus any additional contributions specific to that Pass-Through Scholarship during the year, will be disbursed annually toward the designated scholarship. Unless otherwise approved by the EGRSF Board, Pass-Through Scholarships will be disbursed with no investment earnings or losses accrued to Pass-Through Scholarships. Once the EGRSF accepts contributions, those contributions are exclusively under the control and responsibility of the EGRSF.

Requests for modifications to existing scholarships, and monies for scholarships, must be received by September 30 of the scholarship year.

C. General

1. An Endowed Scholarship is established when a pledge has been made to make contributions totaling at least \$20,000 prior to the end of the fifth year.
2. Prior to becoming a Fully-Funded Endowed Scholarship, each Pledged Endowed Scholarship can remain in suspense for no more than 5 years. Only the contributions to an Endowed Scholarship accumulate and contribute toward attaining the Endowment level. If any Pledged Endowed Scholarship is not fulfilled by the end of the 5th year, the balance will revert to the Foundation.
3. When an Endowed Scholarship is Fully-Funded, four (4) Endowed Scholarship Units will be awarded. Annually, the Board reserves the right to increase the dollar amount required to become a Fully-Funded-Endowment for the subsequent year.
4. Each Fully-Funded Endowed Scholarship Unit will entitle an award of \$250 of Annual Scholarship money, with the minimum of any one Annual Scholarship being not less than \$1,000 per year. Thus, a Fully-Funded Endowed Scholarship will minimally be represented by one annual \$1,000 Scholarship. The Board reserves the right to adjust annually the amount of Annual Scholarship to be awarded per Scholarship Unit.
5. It is the Policy of EGRSF that only one scholarship will be given per recipient per year unless exceptions are approved by the Board.

D. Contributions to Endowed Scholarships

1. If additional contributions are pledged to a specific Fully-Funded Endowed Scholarship to increase the increments of \$5,000, said contributions will be treated similarly to a pledged Endowed Scholarship until the pledged contributions attain the Fully-Funded level. To attain the Fully-Funded level, accumulated contributions totaling \$5,000 must be received.
2. Upon attaining the Fully-Funded level, one (1) additional Endowed Scholarship Unit will be awarded to that Fully-Funded Endowment. Accordingly, as an example, once the first Fully-Funded level is attained, the Endowed Scholarship will be entitled to a total of four (4) Scholarship Units and thus the Annual Scholarship will be \$1,000, or the amount as adjusted by provision in Section C.4.
3. The expanding of a Fully-Funded Endowed Scholarship in this manner will allow the named Fully-Funded Endowed Scholarship to award scholarships in excess of the minimum amounts. In addition, those Fully-Funded Endowed Scholarships

with eight (8) or more Scholarship Endowed Units may award multiple scholarships as long as the minimum scholarship awarded is not less than \$1,000 (i.e., a Fully-Funded Endowment of eight (8) units could have one \$2,000 annual scholarship, or two \$1,000 annual scholarships).

4. Failure of an Endowment to reach the Fully-Funded level by the end of a five (5) year period will be treated as an unfulfilled Endowment, with the funds reverting to the Foundation, subject to changes made by the Board of Directors.
5. New Endowment Scholarships must be received and fully-funded by March 30 of the year previous to awarding the scholarship. Pass-Through Scholarships must be received by August 1 and funded by September 30 of the year to be awarded.
6. Requests for modifications to existing scholarships must be received by September 30 of the scholarship year.

E. Other Contributions

All contributions and allocations of additional funds to specific Endowed Scholarship Funds, or Funded Endowment Funds will be added to the principal of the Fund.

General contributions that are not fund-specific (e.g., Spotlight on Excellence, etc.) will flow into and be accounted for in the Foundation Budget. These will then be allocated as of December 31 in accordance with this policy. Once the EGRSF accepts any contribution, those contributions are exclusively under the control and responsibility of the EGRSF.

F. Payout of Annual Scholarships

It is the primary philosophy of the EGRSF Board to maximize the payout of annual scholarships from the earnings on Fully-Funded Endowed Funds. The Foundation will also use earnings as a tool to continue to grow scholarship payouts. Scholarships will come only from Fully-Funded Endowed Funds.

G. Expiration of Awarded Scholarships

Scholarship awardees have two school years to request distribution of their awarded scholarship. This applies to all awarded scholarships, whether from Endowed named scholarships or Pass-Through scholarships.

1. If an awardee fails to qualify for distribution of the awarded scholarship, that awardee can, before the conclusion of the two-year period, request an extension of time by the Board if special circumstances justify.

2. If the two-year period expires, that scholarship amount will be carried to the next award period to be awarded again under that same-named scholarship but to a new awardee as coordinated by the Scholarship Committee.

H. Criteria for a Scholarship

Each application for a Scholarship Fund that is submitted by the donor to the EGRSF will state the criteria to be used to award a Pass-Through or Endowed Scholarship. The EGRSF reserves the right to approve or reject the establishment of any Scholarship Fund in its sole and absolute discretion.

If a student is awarded a scholarship based on his or her application and meets the criteria listed by the donor but decides after being named as the recipient for the scholarship that they can no longer meet these criteria, then they will no longer be eligible for the award. For example, if the criteria is that the recipient majors in Nursing, but after being named as the scholarship recipient, decides to major in something else, then the student will no longer be eligible for the award.

I. Criteria Modification and Policy Amendment

Once criteria for a scholarship are approved by EGRSF, the scholarship will only be awarded based on the approved criteria. EGRSF reserves the right to make modifications to scholarship criteria that are necessitated by law or in order to be in compliance with this policy.

Upon a written request by the original applicant of a previously approved Fund, EGRSF, in its sole and absolute determination, may approve or disapprove such written requests for amendments or modifications to scholarships, Funds, and/or disbursement procedures. The decision by EGRSF on such written requests will then be recorded in the minutes of the Board meeting. Requests must be made by September 30.

The EGRSF reserves the right to modify, amend, or delete sections of this policy as previously provided herein.

J. Disputes

EGRSF will attempt to follow the instructions made by the donors on an approved application. However, if there is a dispute between the EGRSF and a donor, the decision and interpretation by the EGRSF will prevail.

K. Scholarship Recipient Selection

The selection of an individual to receive a scholarship must be in compliance with the approved criteria as contained on the application to establish a scholarship Fund. Scholarship recipients will be chosen by either the Scholarship Committee, Specific School Selection Committee, or Community Leaders Selection Committee as designated by the donor when establishing the scholarship. Notwithstanding, the minimum grade point average for any scholarship recipient is 2.0, and a scholarship recipient must enroll and attend a post-secondary institution, trade school, or other vocational education opportunity as deemed reasonable and approved by the Board.

Scholarships will then be awarded based upon the applications submitted and their conformance to the approved criteria.

If a scholarship does not have a qualified applicant, Donors may be contacted to verbally make minor changes to the criteria so the scholarship may be awarded. (i.e.: The college to attend or the GPA.)

L. Arm's Length Selection Process

In order to preserve the integrity of the EGRSF's Internal Revenue Service Code Section 501(c)(3) status, independence in managing and disbursing funds must be strictly maintained.

If during the selection process, a donor or immediate family member of a donor participates in the selection process, that person may serve only in an advisory capacity without any vote. The Selection Committee will then request an independent review of their selection to ensure that there has been no breach of independence in their selection process.

Any person serving on a Selection Committee, for which an immediate family member has applied, shall recuse themselves from that Selection Committee for that specific Scholarship. Once the EGRSF accepts contributions, those contributions are exclusively under the control and responsibility of the EGRSF.

M. Disclosures

EGRSF typically invests in a combination of mutual funds, bonds, equities, and fixed investment instruments in accordance with its investment policy. The EGRSF investment policy will be made available to any donor, upon written request to the EGRSF.

While it is the goal of the EGRSF to use prudent investment practices to provide safe consistent earnings, the EGRSF cannot and does not guarantee that there will be funds or earnings available for the payment of any annual scholarship. EGRSF cannot and does not guarantee any rate of return.

Once funds are deposited with EGRSF, those funds belong solely to the EGRSF. This policy and any subsequent amendment or exceptions to this policy are subject to change without notice by the Board and changes in the law.

Adopted December 2000
Revised January 2001
Revised February 2006
Revised November 2007
Revised December 2025