

# Grantmaking Policy and Procedures for Awarding Scholarships



## Scope and Intent of Policy

The Blue Cross Blue Shield of North Dakota (BCBSND) Caring Foundation (the “Foundation”) holds and administers funds that provide scholarships to students who are pursuing health care careers to enable the recipients to complete a post high school education at a North Dakota based university, college or technical college of their choice.

The Foundation has established the following procedures, pursuant to which Scholarships will be awarded from funds where a BCBSND Caring Foundation Scholarship Committee, who are appointed by designated staff of the Foundation, participate in the selection of recipients. The following procedures shall be interpreted so as to ensure the Foundation’s compliance with all applicable requirements of the Internal Revenue Code, including Section 4966, accompanying Treasury Regulations and guidance from the Internal Revenue Service (IRS), and these procedures may be amended from time to time.

## Selection of Recipients

Recipients 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. No award shall be made which would be deemed a taxable expenditure under Internal Revenue Code Section 4945(d). The persons selecting the award recipient shall not derive any private benefit from the selection process.

Any award to an individual shall qualify as a scholarship award subject to the provisions of Section 4945(g)(1) of the Internal Revenue Code.

The Foundation shall contact the university, college or technical college administrators as well as managers of other relevant community institutions to advertise the availability of the Foundation’s Scholarship Awards within North Dakota and to request that these administrators make known to students that they are invited to apply for Scholarship Awards.

## Criteria for Selection

Scholarship Awards selection 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 that the BCBSND Caring Foundation Scholarship 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.

Recipients of Scholarship Awards must be (1) undergraduate or graduate students at a North Dakota university, college or technical college who are pursuing studies to meet the requirements for an academic or professional degree in a nursing or health care profession; or (2) full-time students who receive a scholarship for study at a North Dakota educational institution that provides an educational program acceptable for full credit toward an associates, bachelor’s or master’s degree. Scholarship Awards 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. The Foundation reserves the right to impose additional, minor reasonable restrictions and/or requirements upon the awarding of Scholarships and the administration of such funds. Any substantial or material changes will be made only with approval of the Board of Directors of the Foundation (the “Board”).

## Award Selection Committee

The BCBSND Caring Foundation shall appoint all members of any selection committee charged with the evaluation of candidates for Scholarship Awards. Appointments shall be made by designated staff of the Foundation.

The BCBSND Caring Foundation Scholarship Committee shall adhere to the relevant policies of the Foundation as they may be adopted and amended from time to time, including without limitation, a conflict of interest and confidentiality policy. Members of the scholarship committee shall be obligated to disclose any personal knowledge of and relationship with any potential scholarship recipient under consideration and to refrain from participation in the award process in a circumstance in which he or she would derive, directly or indirectly, a private benefit if any potential recipient or recipients are selected over others. No board member, scholarship committee member, nor any employee or board member of the Foundation's primary fund donor, Blue Cross Blue Shield of North Dakota, will be eligible to receive scholarship awards.

The Board authorizes the scholarship committee to approve all of the grants made under this policy.

## Application and Nomination Process

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

## Award Renewals

A scholarship award recipient may reapply for a Scholarship Award year to year as long as they continue to meet the eligibility requirements under which the award was established. However, receiving a scholarship award the year prior does not constitute an automatic grant of another Scholarship Award. Applicants who applied in years prior for a Scholarship Award but were not selected as recipients may reapply again the following year if they meet the eligibility requirements under which the award was established.

## Supervision of Scholarship Awards

Unless otherwise provided in the fund agreement, each scholarship shall be paid by the Foundation directly to the educational institution for the use of the scholarship recipient. Each educational institution must be described in IRC §170(b)(1)(A)(ii) and must agree to use the award funds to defray the scholarship 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 award.

A condition of each scholarship award is that it will be used only for qualified tuition and related expenses within the meaning of IRC § 117(b)(2). Accordingly, a scholarship can be used only for tuition and fees required for the enrollment or attendance of the student at a qualifying institution. An additional condition is that no part of the scholarship shall be used as payment for teaching, research or other services by the scholarship recipient required as a condition for receiving the scholarship.

Where a recipient has previously received funds from the Foundation and the Foundation determines that any part of the award has been used for improper purposes, the Foundation shall take all reasonable and appropriate steps to recover the scholarship funds and/or ensure restoration of the funds to the proper purposes of the award. 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.

## Recordkeeping Requirements

The Foundation shall retain the following records in connection with all Scholarship Awards: all information obtained by the Foundation to evaluate the qualifications of potential recipients, the identification of recipients (including any relationship of any recipient to an employee or board member of the Foundation), the purpose and amount of each award, and any additional information the Foundation obtains in complying with its awards administration procedures. Information pertaining to unsuccessful applicants for awards shall be kept along with information on successful applicants.

Records pertaining to any award made pursuant to this policy shall be kept for no less than three years after the filing of the Foundation's annual tax return for the period in which the last installment of such award was paid.