



## Procedures for the Operation of Scholarship Award Accounts and Other Grants to Individuals

### Introduction: Scope and Intent of the Policy

FJC from time to time holds and administers certain funds (the "Funds") that provide scholarship grants to individuals, including high school, college and graduate school students, to enable the recipients to complete an undergraduate or graduate education in the field of their choice at the college or graduate school of their choice. FJC also holds and administers certain Funds that make grants to students in primary and secondary school to attend various educational programs and to other training. Grants made from such Funds shall be referred to as "Scholarship Grants."

FJC from time to time holds and administers certain Recognition Award Programs that make grants to individuals in recognition of achievement in the fields of art, literature, education, science, public or community service, or for other charitable or civic achievement. Such awards may not be intended to finance any specific activities of the recipients and may not impose conditions on the manner in which the prizes or awards may be expended by the recipient. Grants made from such funds shall be referred to as "Recognition Awards."

FJC also from time to time holds and administers certain funds that make grants to individuals to achieve a specific objective, produce a report or other similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee that relates to FJC's mission. Eligible individuals may include graduate students, scholars, professionals, and other individuals with specialized skills or knowledge. Scholarships also may be awarded to pay for a course of study leading to a certificate or to achieve a skill level, such as art or vocational school. Such scholarships may cover the cost of tuition, fees and related expenses. All grants described in this paragraph shall be referred to as "Awards and Prizes to Achieve a Specific Objective."

FJC has established the following procedures pursuant to which Scholarship Grants, Recognition Awards and Awards and Prizes to Achieve a Specific Objective will be awarded.



These grants may be awarded from Funds where donor-advisors have advisory privileges or participate in the selection of grant or award recipients. The following procedures shall be interpreted so as to ensure FJC's compliance with all applicable requirements of the Internal Revenue Code, including Section 4966, accompanying Treasury Regulations and guidance from the Internal Revenue Service, and these procedures may be amended from time to time.

FJC values and encourages the interest and involvement of donors to Funds established to make Scholarship Grants, Recognition Awards, and Awards and Prizes to Achieve a Specific Objective. Such involvement may include developing criteria for awards, serving on grant selection committees and recommending others for places on selection committees.

### **I. Selection of Award Participants**

Award Recipients are to be selected on an objective and nondiscriminatory basis. The group from which grant recipients are selected must be sufficiently broad so that giving awards to one or more members of the group fulfills a charitable purpose; however, selection from such a group is not necessary if one or more award recipients are selected on the basis of their exceptional qualifications to carry out the purposes of the award or it is otherwise evident that the selection is particularly calculated to effectuate the charitable purpose of the award rather than to benefit particular persons or a particular class of persons. For example, selection of a qualified research scientist to work on a particular project does not violate the requirements of this paragraph if the scientist is selected from a group of three scientists who are experts in that field. FJC may also rely on an outside advisory committee to provide recommendations of candidates for Scholarship Grants, Recognition Awards and Prizes to Achieve a Specific Objective.

In connection with Awards and Prizes to Achieve a Specific Objective, FJC shall develop application or nomination procedures that are appropriate to accomplish the purposes of the Fund under which any such award is established.

### **II. Criteria for Selection**

The criteria to be used in selecting award recipients from a Fund established at FJC must be based on criteria that are appropriate to accomplishing the underlying purpose of the award as described in the agreement creating such Fund. FJC staff should work with donors to establish Funds that fulfill the donor's charitable goals and feature clear selection criteria.



In connection with Recognition Awards, such criteria may include but are not limited to: the individual's past achievements and community involvements, other biographical information regarding an applicant's career, academic and other relevant experiences.

In connection with grants to individuals to achieve a specific objective, produce a report or other similar product or improve or enhance a literary, artistic, musical, scientific, teaching or other similar capacity, skill or talent of the grantee that relates to FJC's mission, recipients may include graduate students, scholars, professionals or other individuals with specialized skills or knowledge. Criteria shall be related to the purpose of the Fund under which the award is established and may include prior experience, contributions to the field, demonstrated academic achievement, financial need, character, ability, motivation and potential.

In connection with scholarships awarded to pay for a course of study leading to a certificate or a higher skill level, criteria shall be related to the purpose of the Fund under which the award is established and may include financial need, character, ability, motivation, potential and the relevance of the candidate's course of study and career objectives to the charitable purposes of the Fund.

FJC reserves the right to impose additional, minor reasonable restrictions and/or requirements upon the awarding of Scholarship Grants, Recognition Awards, and Awards and Prizes to Achieve a Specific Objective, and the administration of such awards. Any substantial or material changes will be made only with approval of FJC's Board of Directors.

### **III. Award Recipient Committees**

FJC's Board of Directors shall appoint all members of its Recognition Award Program Committee charged with the approval of candidates for Scholarship Grants, Recognition Awards and Awards and Prizes to Achieve a Specific Objective. All members of the Committee shall be directors of FJC. No combination of Donors, persons recommended or designated by Donors (or persons related to any of these persons) to a Fund that makes Recognition Awards may, directly or indirectly, control the Recognition Award Program committee established in connection with such Fund. For example, Donors, persons recommended or designated by Donors and persons related to any of these persons shall not constitute a majority of any such selection committee (persons may include individuals, partnerships, corporations or trusts).



The Recognition Award Program Committee may rely on the recommendations of candidates for Recognition Awards provided by an independent advisory board.

Every member of the Recognition Award Program Committee charged with the evaluation of candidates for Scholarship Grants, Recognition Awards, and Prizes to Achieve a Specific Objective shall adhere to the relevant policies of FJC as they may be adopted and amended from time to time, including without limitation a conflict of interest and confidentiality policy. Every member of the Recognition Award Program Committee charged with the evaluation of candidates for awards shall be obligated to disclose any personal knowledge of and relationship with any potential award recipient under consideration and to refrain from participation in the award process in a circumstance where he or she would derive, directly or indirectly, a private benefit if any potential award recipient or recipients are selected over others. No award covered by this policy may be awarded to any member of FJC's Board of Directors, any substantial contributor to FJC, any employee of FJC, or any other disqualified person as defined in IRC Section 4946(a) with respect to FJC or, with respect to awards from a particular Fund, any Donor or substantial contributor to such Fund or any member of the Recognition Award Program Committee to such Fund, or for a purpose that is inconsistent with the purposes described in IRC Section 170(c)(2)(B).

The Recognition Award Program Committee established under this policy shall forward its recommendations to FJC staff in such form and on such schedule as the staff shall establish.

The FJC Board shall approve the actions by the Recognition Award Program Committee in making awards under this policy.

#### IV. Application and Naming Process

Individuals and organizations wishing to nominate others for Scholarship Grants, Recognition Awards, and Awards and Prizes to Achieve a Specific Objective shall also be required to submit such nomination forms and supporting materials as FJC may deem appropriate on a schedule to be determined by FJC.



## V. Supervision of Individual Achievement Grants and Awards and Prizes to Achieve a Special Objective

Recipients of Awards and Prizes to Achieve a Specific Objective, or, if appropriate, the organization supervising the grantee's work, will be required to provide a written report to FJC about their activities and use of funds at the end of the grant period. If the grant is for a term of longer than one year, periodic written reports will be required at least annually. Any funds not expended for the purpose of the award must be returned to FJC for use in furtherance of its mission and the charitable purposes of the particular Fund under which such award was made.

## VI. Recordkeeping Requirements

FJC shall retain the following records in connection with all awards: All information obtained by FJC to evaluate the qualifications of potential grantees, the identification of award recipients (including any relationship of any award recipient to FJC or to a director or officer of FJC), the purpose and amount of each award, and any additional information FJC obtains in complying with its recognition award 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 FJC's annual tax returns for the period in which the last installment of such award was paid.

## VII. Authorized Signatories

When establishing a Fund account, or at any time thereafter, the original Authorized Signatory shall have the privilege of appointing one additional Authorized Signatory who may request distributions to the award recipients.

Authorized Signatories who are natural persons may designate a maximum of one additional Authorized Signatory to serve at any one time. Corporate Donors may designate up to two Authorized Signatories by name or office.

Unless the Authorized Signatory notifies FJC otherwise in writing, each Authorized Signatory of a Fund account shall have the full, equal and independent privilege to designate Additional and Successor Authorized Signatories. Authorized Signatories designated to serve during the lifetime of the original Authorized Signatory are "Additional Authorized Signatories." Persons



designated to serve as Authorized Signatories after the death or disability of the original Authorized Signatory and the death, disability, termination or resignation of all the Additional Authorized Signatories are "Successor Authorized Signatories."

Unless the Authorized Signatories notify FJC in writing otherwise (e.g. that recommendations must be made jointly or by some specified combination or number of Authorized Signatories), each Authorized Signatory shall have the full, equal and independent privilege to request distributions to award recipients.

When a number of individuals have the privilege of making recommendations for a fund, FJC may require that the Authorized Signatories designate one person to act for all of them in submitting recommendations to FJC.

If FJC receives a separation agreement or divorce settlement agreement for a couple, both of whom are Authorized Signatories of a Fund account, FJC will honor the terms of that agreement with respect to said account. In the absence of an agreement, upon written notice of a separation or divorce, FJC will divide the fund into two equal parts, with each spouse as the Authorized Signatory of a divided portion.

Subject to the limitation on the number of Authorized Signatories who may serve simultaneously, an initial Authorized Signatory may provide that Additional Authorized

Signatories may designate other Additional or Successor Authorized Signatories. Unless the Authorized Signatories have notified FJC otherwise in writing, after the death or disability of the Authorized Signatories, each surviving Additional or Successor Authorized Signatory shall have the right to designate his or her replacement as Authorized Signatory. Any person who has the right to designate Authorized Signatories may also limit or terminate the designation of any Authorized Signatory that person has designated. Unless the Authorized Signatory notifies FJC otherwise in writing, any person who may make designations may do so during his or her lifetime or by will.

## VIII. Investment of Assets

FJC has the sole right to invest and manage the investment of all Funds. Donors and Authorized Signatories have the privilege to recommend the allocation of funds contributed to one or more of FJC's investment choices, subject to the right of FJC to designate investment options available to the Fund account, change, add to or delete such options, and make such rules regarding investment options and investment recommendations as it may deem necessary or appropriate.



Investment income and losses are allocated to each account at the close of each period, as established by FJC. This calculation is based on a weighted daily average of the opening balance transactions in the account over the period. A report of all transactions in each Fund account, including income, gains or losses (net of expenses), contributions, grants and fees, is provided to the Donor quarterly.

No more than three times in each FJC fiscal year, at the end of a period, the Donors or Authorized Signatories may recommend that the funds held in a Fund account be reallocated among investment choices.

### **IX. Ownership of Assets in Funds**

FJC owns the assets in each Fund outright and has complete control over them for the charitable purposes of FJC. The Donors and Authorized Signatories do not have any power to restrict the absolute rights of FJC as owner of the assets.

