THE GREATER KANAWHA VALLEY FOUNDATION

Scholarship Fund Guidelines and Procedures
Adopted by the Board of Trustees September 20, 2000
Amended and Adopted December 13, 2006

The Greater Kanawha Valley Foundation has established the following guidelines and procedures for the acceptance and operation of Scholarship Funds and the awarding of scholarship grants. Scholarship Funds are funds established to provide scholarships to and for the benefit of qualified students.

These guidelines and procedures are intended to be consistent with the purposes of The Greater Kanawha Valley Foundation, as well as in keeping with Internal Revenue Service Rulings on such funds. All scholarships shall be awarded on an objective and non-discriminatory basis. To the extent appropriate, these guidelines and procedures shall be interpreted and applied in a manner which is consistent with the requirements of Internal Revenue Code (IRC) § 4966(d)(2)(B)(ii)(III).

General Scholarships

1. Each Scholarship Fund of The Greater Kanawha Valley Foundation shall have eligibility criteria for determining appropriate candidates for consideration. Such selection criteria must be reasonably related to the educational purposes of the scholarship.

2. The eligibility criteria for scholarship applications shall be publicized to the intended pool of applicants and shall be made available to the public.

3. Each Scholarship Fund shall have a committee to review the applications and select the recipients. The committee shall be one of the Independent Scholarship Committees of The Greater Kanawha Valley Foundation.

4. Individuals charged with selecting the scholarship recipients must not be in a position to derive a private benefit, directly or indirectly, from the scholarship process or from the selection of one potential grantee over another. For this purpose, private benefit shall not arise merely from the fact that an individual is employed at an institution of higher learning to be attended by one or more scholarship recipients. The Greater Kanawha Valley Foundation's "Policy and Procedures for Scholarship Funds Relating to Conflicts of Interest" shall be strictly followed by individual members of the Independent Scholarship Committee(s).

5. An award from a Scholarship Fund of The Greater Kanawha Valley Foundation will only be made directly to the individual and the educational institution. The educational institution must satisfy the definition contained in IRC § 170(b)(1)(A)(ii).

6. Scholarships shall be made specifically for the current academic year, with a tentative commitment to continue such scholarship(s) each year for a total of a maximum of five years contingent upon the student's continued ability to meet the eligibility criteria unless specified otherwise by written instrument.

7. To the extent possible and practical, depending on such factors as the financial needs of the applicants and the income available from the Scholarship Fund, all scholarship recipients shall receive a minimum of $1,000 per annum to pay for qualified tuition and related expenses within the meaning of IRC § 117(b)(2), and for room and board. This does not preclude awards in excess of $1,000.

8. The Greater Kanawha Valley Foundation shall arrange to receive (from the educational institution or from the scholarship recipient) a report at least once a year, detailing the recipient's courses taken and grades received, and otherwise demonstrating the recipient's continued ability to meet the eligibility criteria for the scholarship. Such reports must be verified by the educational institution.

9. Where the reports received under the preceding paragraph, or other information (including the failure to receive reports) indicates that all or any part of a scholarship grant is not being used to further the purposes of such grant, The Greater Kanawha Valley Foundation is under a duty to investigate. While conducting its investigation, The Greater Kanawha Valley Foundation will withhold further payments to the extent possible until any delinquent reports required under the preceding paragraph have been received.

10. If the Foundation learns that all or any part of a grant is not being used to further the purposes of the grant, the scholarship for that student shall not be renewed. Furthermore, The Greater Kanawha Valley Foundation will take all reasonable and appropriate steps to recover the grant funds and/or ensure restoration of the diverted funds to the purposes of the grant. If such a diversion occurs and the grantee has not previously diverted grant funds to any use that does not further the purposes of the grant, the Foundation will withhold any further payments to the grantee until it has received the grantee's assurance that future diversions will not occur and will require the grantee to take extraordinary precautions to prevent future diversions from occurring. Where a grantee has previously diverted funds

received from the Foundation and the Foundation determines that any part of a grant has again been used for improper purposes, the Foundation will take all reasonable and appropriate steps to recover the grant funds and/or ensure restoration of the diverted funds to the purposes of the grant. In such case, the Foundation will withhold further payments until (a) the diverted funds are in fact

recovered or restored; (b) the Foundation has received the grantee's assurances that future diversions will not occur and (c) the Foundation requires the grantee to take extraordinary precautions to prevent future diversions from occurring. The phrase "all reasonable and appropriate steps," as used herein includes legal action where appropriate, but need not include legal action if such action would in all probability not result in the satisfaction or execution on a judgment.

11. The Greater Kanawha Valley Foundation shall retain complete records in connection with all grants awarded. These records shall include all information obtained by the Foundation to evaluate the qualifications of potential grantees, the identification of grantees (including any relationship of any grantee to the Foundation sufficient to make such grantee a disqualified person of the Foundation within the meaning of IRC § 4946(a)(1), if the Foundation were a private foundation), the purpose and amount of each grant, the terms of payment of each grant, the information obtained by the Foundation pursuant to paragraphs 8 through 10 above, and any additional information the Foundation secured as part of the grant administration process.

12. All scholarship awards will be approved by the Board of Trustees of The Greater Kanawha Valley Foundation.

13. Reimbursement from a Scholarship Fund for fundraising expenses associated with such Fund is prohibited.

Employer-Related Scholarships

1. The objective of employer-related scholarships must be to enable the students to obtain an education in their individual capacities and solely for their personal benefit.

2. The employer-related scholarships cannot be used by the employer to recruit employees or to induce employees to continue their employment or otherwise follow a course of action sought by the employer.

3. Selection of award recipients must be made by a committee consisting wholly of individuals totally independent of the employer. Any public announcement of the awards must be made by the Foundation. Only the selection committee can vary the number and amounts of the grants awarded.

4. If an employee must be employed for some minimum period by the employer to which the scholarship program relates to be eligible to receive a scholarship award, or to make that employee's children eligible to receive an award, the minimum period of employment may not exceed three years. Moreover, eligibility must not be related to any other employment-related factors, such as the employee's position, services, or duties.

5. Selection of scholarship recipients must be based solely upon substantial objective standards that are completely unrelated to the employment of the recipients or their parents and to the employer's line of business, such as academic performance, financial need, etc.

6. A scholarship award may not be terminated because the recipient or the recipient's parent terminates employment with the employer subsequent to the awarding of the scholarship regardless of the reason for such termination of employment.

7. If a scholarship is awarded for one academic year and the recipient must reapply for a grant to continue studies for a subsequent year, the recipient may not be considered ineligible for a further scholarship simply because that individual or the individual's parent is no longer employed by the employer. Renewal may not be denied because the recipient or parent has previously terminated employment with the employer.

8. The courses of study for which scholarships are available cannot be limited to those that would be of particular benefit to the employer.

9. In the case of a program that awards scholarships to children of employees, the number of scholarships awarded in any year to the children should not exceed 25 percent of the number of employees' children who are eligible, are applicants, and are considered by the selection committee, or 10 percent of the number of employees' children who are eligible for awards in that year.

10. In the case of a program that awards scholarships to employees, the number of scholarships awarded in any year to the employees should not exceed 10 percent of the number of employees who are eligible, are applicants, and are considered by the selection committee.

11. The Board of Trustees of The Greater Kanawha Valley Foundation will approve all scholarship awards.

12. Reimbursement from an employer-related Scholarship Fund for fundraising expenses associated with such Fund is prohibited.