

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Department of the Treasury

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Employer Identification Number:

Contact Person - ID Number

Contact Telephone Number:

UIL: 4945.04-04

LEGEND

X= Name of grant program
Y= Name of scholarship program
Z= Name of scholarship program

Dear _____ :

We have considered your request for advance approval of a grant-making program under section 4945(g)(3) of the Internal Revenue Code, dated July 30, 2009.

Our records indicate that you were recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that you are classified as a private foundation as defined in section 509(a).

Your letter indicates that you will operate a grant-making program named the X to provide selected undergraduate students with small stipends to cover summer living expenses, enabling them to participate in summer internships. Students with unpaid internships would receive the full stipend, while students with internships that pay an amount less than the stipend would receive the difference between the stipend and the amount the student received from the internship. These stipends will enable the recipient to achieve a specific educational objective and to improve or enhance their scholarly capacity and academic and professional skills. These stipends will be provided to lower income students, who typically need to earn money during the summer and the school year and are less likely than their wealthier peers to participate in internships. The recipients of the stipend will be chosen from among undergraduate students who received educational assistance under the Foundation's Y or Z, that have already received advance approval from the IRS. The Stipends will be provided in addition to the students' existing scholarships from the Foundation. The primary selection criteria for the X shall include, but are not limited to, the applicant's academic standing at their institutions, acceptance into an internship program, academic achievement and financial need.

All recipients must be enrolled, degree candidates in good academic standing at accredited educational institutions. The Foundation may enlist either an independent selection committee composed of individuals with relevant educational expertise or authorize Foundation staff to review and evaluate all eligible applicants for recommendation to the Board of Directors. The Foundation does not discriminate on the basis of race, religion, creed, color, sex, age, physical or mental disabilities, sexual orientation, or national origin. All stipends are required to be awarded on an objective and nondiscriminatory basis. No stipends will be awarded to the Foundation's founder, creator, officers, board members, or staff, or their families, or to any disqualified person with respect to the Foundation.

The Foundation may enter into agreements with independent organizations ("scholarship consultants") that will assist the Foundation in promoting its program, contacting colleges and universities with relevant information on the program, designing and processing the application, and evaluating the eligibility of applicants.

The exact number and amount of stipends in a given year will depend on a number of factors, including the number, qualification, and particular needs of the applicants. All stipends are one-time awards and not renewable.

The Foundation will require each recipient to furnish a report of his or her accomplishments, the impact of the internship on his or her personal and professional development, and the use of the funds received. The Foundation will require the intern to be supervised by someone at the internship site. The supervisor may not be related to the recipient. Their supervisor must complete a report describing the recipient's work and the duration of the internship. If the Foundation learns that all or any part of the funds from a stipend awarded are being diverted from their intended purposes, it will take all reasonable and appropriate steps to recover the funds and/or to ensure restoration of the diverted funds to the purposes of the X. This would include legal action if deemed appropriate under the circumstances.

The Foundation will retain complete records with respect to all stipends awarded, as required by the applicable Treasury regulations. These reports will include all information obtained by the Foundation to evaluate the applicant, the identification of recipients, the completed application of each applicant, the amount of each grant, progress reports from recipients or their supervisors, and any additional information that the Foundation or its scholarship consultants have obtained in the course of grant administration process.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein, constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(3) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

We have not considered whether grants made under your procedures are excludable from the gross income of recipients under section 117(a) of the Code.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi
Director, Exempt Organizations
Rulings and Agreements