

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

Department of the Treasury

Release Number: **201135033**
Release Date: 9/2/2011
Date: 6/8/2011

Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

LEGEND

UIL: 4945.04 - 04

Q = State
R = Association

Dear

We have considered your request for advance approval of your grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated December 1, 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 dated December 1, 2009 indicates that you will operate a grant-making program which will offer scholarships to eligible recipients.

Your purpose is to award scholarships to students pursuing Medicine entering at
an R accredited College of Medicine.

One of your purposes is to offer educational grants to third year students studying Medicine.
Medicine at an accredited College of Medicine. These grants provide additional funding to help students with tuition at a post-secondary school.

The criteria to determine eligibility for the grants are:

- The applicant must be a resident of Q and a US citizen
- The individual must be enrolled at an R accredited College of Medicine and not the recipient of a full tuition scholarship

Recipients are selected based on the eligibility criteria listed above. In their grant request, the applicant must detail their financial need need, college transcripts, essay, community service activities, GPA and MCAT test scores.

Scholarships are advertised on your website and will be available at local financial aid offices at various educational institutions offering the program you are supporting.

Two annual scholarships will be awarded primarily based on merit with a secondary focus on financial need. Criteria will be weighted 55% and 45% for academic merit and financial need, respectively.

Potential recipients must submit a scholarship application form and provide supporting documentation to be considered for a grant. A scholarship selection committee will first screen the applications to determine whether the applicant meets the grant criteria and will forward recommendations to your board of directors for final consideration.

No person shall serve on the selection committee in a year in which a relative of that person applies for the scholarship. Additionally, no board member whose relative applies for the scholarship in a given year shall participate in the decision making process for scholarship recipients for that year.

Your grant recipient must meet the following requirements in the first year of the grant in order to receive funding.

- Applicant must remain in good standing with an R accredited College of Medicine evidenced through submission of course transcripts

In order to seek renewal of the grant, your recipient must meet the following requirements in order to continue receiving funding.

- Applicant must remain in good standing with an R College of Medicine evidenced through submission of course transcripts

You maintain records and case histories of all grants and the payments are made directly to the school in which the recipient is enrolled. In addition to obtaining transcripts of courses taken and grades received at least annually from the educational institution, where study at the institution does not involve the taking of courses but the completion of internships or preparation of research or projects, you will require a brief report from the institution on the progress of the internship, paper or project at least once a year. Funds will be applied to tuition for students who are in good standing. As part of the program, the student is required each semester to submit to you proof of enrollment and academic standing. In the event that the recipient is not in good academic standing, the grant funds will convert to a five year loan at 5% interest per year. Scholarship recipients are responsible to repay you for funds paid to the recipient's College which were not applied to educational purposes.

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).

In addition, we have determined that awards made under your procedures are excludable from the gross income of the recipients subject to the limitations provided by section 117(a) of the Code.

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)(1) 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.

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.

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

Sincerely yours,

Lois G. Lerner
Director of Exempt Organizations

Enclosures, Notice 437, Redacted copy of this letter