

**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:

EO

LEGEND

UIL 4945.04-04

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x=

Dear Sir or Madam:

We have considered your request for advance approval of your grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated April 18, 2008.

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

Your letter indicates that X will make grants for up to four years for the benefit of individuals who are full-time students and enrolled in colleges, universities, and secondary schools, and for up to two years for students who are full-time and enrolled in trade or technical schools in the United States. Each scholarship award shall not be less than x.

To be eligible for a grant, an individual must be a United States citizen and a resident of the United States enrolled or planning to enroll as a full-time student in a college, university, trade or technical school, or secondary school in the United States and who has (1) a financial need or (2) achieved or promises academic success.

X will solicit scholarship requests by establishing a website regarding the scholarship program and by posting a notice of the scholarship website in a newspaper of general public circulation. Possible grantees will be required to submit a brief letter demonstrating their financial need and/or academic success, their interest in the scholarship, aspirations and any special family circumstances that they would like X to consider, previous school and non-school extra-curricular activities in which they have participated, and work experience.

With respect to students who are seeking a scholarship on the basis that they need financial assistance, the college, university, trade or technical school, or secondary school

will be asked to confirm to X the eligibility of the student for Pell Grant, or as an alternate, parents will be asked to submit a true and correct signed copy of their income tax form 1040, 1040A, or 1040EZ for the most recent tax year to X. If the student is an independent student or filed an income tax return, the student will be asked to send a properly signed copy of their income tax form 1040, 1040A, or 1040EZ, including all schedules.

With respect to students who are seeking a scholarship on the basis of academic achievement, the college, university, trade or technical school, or secondary school will be asked to confirm to X the student's grades, or as an alternate, the student will be asked to submit an official transcript. X will also consider performance on tests designed to measure ability and aptitude for higher education (such as the ACT and SAT).

With respect to scholarships based on either a financial need or academic promise, X will also consider recommendations from instructors or other individuals unrelated to the candidate; and involvement in community activities, artistic activities, athletics, work experience, and other extra-curricular activities. The scholarships will be awarded on an objective and non-discriminatory basis, with neither race, creed, color, sex, age, nor disability being considered.

From the submitted information, X will choose individuals they feel best correspond to its grant-making purposes – to recognize and financially assist students who have succeeded or promise to succeed academically or who are in financial need.

The group of persons selecting the grant recipients will not be in a position to derive a private benefit, either directly or indirectly, should certain individuals be chosen to receive grants instead of others. X has established a scholarship selection committee to select grant recipients, which will include X's Trustee and an independent third-party who is a member of the community. Potential grantees that are related to X's Trustee or the independent third party (or any other disqualified person with respect to X) are not eligible for scholarships.

X's grants will be "qualified scholarships" under Code section 117 to be used at an educational institution described in Code section 170(b)(1)(A)(ii) and will be made directly to the institution, which will agree to use the grant funds to defray the grantee's educational expenses only if the grantee maintains enrollment at the institution in good academic standing. The grantee's academic standing and/or continued financial need will be verified annually in a letter from the educational institution to X.

The scholarship award can be received for up to a maximum of four years, not to exceed the standard period of time necessary to obtain the specified degree or certificate. It is also anticipated that the recipient will receive the full amount of state and federal assistance grants available.

X will retain all information used to evaluate potential grantees, the grantees' identification, the amount and purpose of each grant and each annual letter from the educational institution updating each grantee's academic and financial status.

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 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.

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