

Internal Revenue Service
Director, Exempt Organizations
Rulings and Agreements

Department of the Treasury
P.O. Box 2508
Cincinnati, Ohio 45201

Number: 200903097
Release Date: 1/16/2009

Date: October 10, 2008

Employer Identification Number:

*

Name

Person to Contact - ID#:

Contact Telephone Numbers:

UIL: 4945.04-04

LEGEND

M=
X=
Y=

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 April 17, 2008.

Our records indicate that M 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 M will operate a grant-making program to aid individuals with tuition, travel, room and board, and other fees associated with preparing for full time Christian ministry or seminary teaching.

The primary awarding of grants will be for those pursuing a post-bachelor degree, such as a master's degree or a doctorate in Theology or Divinity. Some grants may be awarded to individuals for post-doctoral studies, such as additional coursework or an academic or research fellowship at a graduate school or seminary. Where travel is funded, it will be limited to travel that occurs as part of the academic program in which the grant recipient is engaged.

The grant program will be publicized through professors and other educators.

An individual must meet the following criteria to be eligible to submit an application for a grant:

- Be preparing for full time Christian ministry, or for teaching or providing academic or institutional leadership at a Christian seminary or other theological institution.

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- Have completed the necessary pre-requisites for entering the degree or other educational program and be accepted at a post-secondary educational institution described in section 170(b)(1)(A)(ii).
- Be a member in good standing of a local church.
- Have a minimum of a B average for coursework associated with their most recent academic degree.
- Be highly recommended by faculty or administrative staff.
- Be able to demonstrate attempts to secure scholarship funds from two or more sources in addition to M.

Applications, including a proposal narrative, will be considered by M's board of directors. Recipients will be selected based on the quality of their application. Generally, the applicant must be proposing to use the aid in a manner that fulfills the mission of M, which is to creatively inspire, teach, and encourage leaders, ministers, and other motivated individuals to live fully, grow spiritually, and serve Christ more effectively.

Up to x grants will be awarded in a typical year for the foreseeable future until foundation assets grow. A typical grant will be in the range of y dollars.

No "disqualified person" as defined in section 4946 will be eligible to receive a grant. In no event will an individual be involved in approving a grant if that individual is in a position to receive a private benefit, directly or indirectly, by any decision regarding the grant.

Grantees will be required to sign an agreement with M to confirm grantee's intention of using the funds solely for the purposes of the grant and to repay the grant if M determines that the funds have been misused. Grantees must also agree to provide periodic reports to M on how grant funds are being used. In addition, a final, written report must be submitted to M when funds have been completely spent, in order to account for and verify the proper use of grant funds and to indicate the progress the grantee has made toward the goals described in the grant proposal.

M may withhold and/or recover grant funds in the event that the funds are, or appear to be, misused. Any failure of the grantee to provide the agreed-upon reports will be sufficient cause to seek recovery of grant funds.

All reports submitted by grantee will be reviewed by M. If review of the information from grantee, or from a source other than grantee, indicates that grant funds might be misused, M will investigate the situation and withhold additional distributions to grantee in the meantime. If the investigation determines that grant funds have been misused, M will take all reasonable steps to recover the grant funds.

M will maintain all information related to the grant, including application materials and all other information used to evaluate the prospective

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grantee; identification of all grantees, including any relationship to M; the amount and purpose of each grant; and information subsequent to the grant received by M for the purpose of ensuring compliance with the grant requirements and investigating jeopardized grants, if any.

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).

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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(k)(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
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