

**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:

LEGEND

UIL 4945.04-04

P= Name of scholarship program
Y= Company Name
Z = School District
X= \$ amount

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 March 23, 2009.

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

You indicate that you will operate a grant-making program called P to provide college level educational scholarships to High School Seniors in the Z. You expect to award up to 118 one time scholarships per year in the amount of x. The grants would be for tuition, textbooks, and lab fees that may be used at any accredited university, college or trade school. The number of individual scholarships available are two for each high school in Z plus one for a home schooled individual. The number of grants awarded will vary based on the selection criteria and number of applicants.

The scholarship program is publicized in Z's " , " which is distributed to students and high school counselors. The website of Y also lists the scholarship, application criteria and contact information. Brochures are also distributed each year at public events that are attended by high school seniors. Additional information is also faxed to guidance counselors and key club contacts at each high school.

Eligibility criteria are as follows

- a U.S. citizen or legal permanent resident,
- A high school senior attending school or home schooled in Z,

- completion of 20 hours of community service within the previous 12 months as validated by school counselor, agency or organization,
- A minimum grade point average of 3.0 on a 4.0 scale,
- A goal of pursuing a degree at an accredited post-secondary institution,
- Not a child or grandchild of employees or officers of Y or its sister or parent companies.

Applicants must complete and submit an application available from Z between March 1 and 15 each year. The applicant must also include an official high school transcript, a personal statement outlining career goals and aspirations, a 500 word essay explaining why community service is important. A resume of community service projects, number of volunteer hours, school activities, awards and recognition, school/community leadership and academic achievement must also be submitted along with a letter of recommendation from a school official, and one to three letters of recommendation from an agency or organization where the student has volunteered.

Scholarships will be awarded by the Selection Committee comprised of volunteers who are active employees of Y who are solicited each year to participate in the selection process. Scholarships are sent directly to the trade school, college or university and all unused funds are returned to you. Each student receives a scholarship enrolment form which states the program requirements. Each student is required to sign and return this form prior to processing the scholarship check. A notification letter is sent with the check to the educational institution asking that the award be credited to his/her account to be used for tuition, textbooks or lab fees. The letter includes directions to the educational institution to return the funds back to you if the student withdraws, transfers to another institution or has surplus funds from this scholarship.

Scholarship recipients are notified by US Postal Service first class mail. Each Recipient is required to sign and return a scholarship enrollment form to you with the name and address of the institution the student will attend, a copy of the admission letter and an acknowledgement of the policy requiring the return of unused funds to the foundation.

Disqualified persons as defined in Section 4946 of the Internal Revenue Code and the related regulations, managers and officers of the foundation and Y and their spouses, ancestors, lineal descendants and spouses of lineal descendants are prohibited from receiving scholarships.

Scholarship recipients are encouraged to attend Y's youth leadership discovery program, held in April/May. This five day program prepares scholarship recipients for the challenge of life beyond high school by providing them with the opportunity to sharpen their leadership skills and to become active leaders in the community.

A scholarship reception is held at Y's offices. Immediate family members of the recipient are encouraged to attend. An award reception is held after graduation from Y's youth leadership program recognizing the accomplishments of the scholars. Recipients will be featured in various promotional materials.

You will (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversions of funds from their intended purposes, and (3) take all reasonable and appropriate steps to recover diverted funds, ensure other grant funds held by a grantee are used for their intended purposes.

You will retain all records pertaining to all grants to individuals as described above. Such records shall contain all information secured to evaluate the qualification of potential recipients; identification of grant recipients and specification of the amount and purpose of each grant.

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