

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:

M = Organization Name
N = Organization Scholarship Program
P = County in which Organization is Located
w = Number of Grants
x = Amount of College Scholarship
y = Amount of College Scholarship per Semester
z = Amount of College Scholarship per Year
a = Amount of Vocational Scholarship
b = Amount of Vocational Scholarship at Initial Enrollment
c = Amount of Vocational Scholarship Subsequent Awards

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 October 19, 2009.

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 received November 20, 2009 indicates that M will operate a grant-making program, called N.

The purpose of M is to further the education and training of primary and secondary school educators and staff employed by the various schools in P, to provide scholarships to graduates of the high schools in P, and to improve the social and economic welfare and educational conditions in P.

The purpose of N is to provide tuition assistance for w college and w vocational school students per year at the educational institution of their choice.

Individuals are eligible for grants through N if they are graduating seniors from either of the P high schools with good academic standing who will attend college or vocational school.

Recipients are selected based on the student's academic performance, community involvement, and financial need.

M awards w college scholarships and w vocational scholarships annually. The total amount of each college scholarship is x, with y awarded each semester, or z awarded each year. The total amount of each vocational scholarship is a, with b awarded for initial enrollment, c awarded for 50% completion of vocational requirements, and another c awarded upon graduation.

N is publicized by the high schools' principals through guidance counselors who provide applications to students on request.

Potential recipients must submit an application form and provide supporting documentation to be considered for a grant.

As part of the program, relatives of M's board of directors, which is also its selection committee, are ineligible for grants.

The grant recipient must meet the following requirements in order to continue receive funding from M. The recipient must be enrolled at an accredited college with a minimum of twelve (12) credit hours per semester, maintain a cumulative grade point average of 2.5 on a 4.0 scale or its equivalent. The grant recipient is also required to submit a transcript each semester to M and also meet personally with M's executive director each semester to provide proof of compliance with scholarship requirements. If any requirements are not met, the recipient may be placed on probation or potentially forfeit the remaining scholarship funds.

M maintains records and case histories of all grants and maintains a folder which contains original application, grades, contact information, and amount of the grant for each recipient.

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)(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