

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

B = an administrator of scholarships  
C = an amateur athletic organization  
D = your founder

d = the name of your scholarship program

Dear

We have considered your request for advance approval of a grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated March 19, 2010.

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). You were founded by the now-deceased individual D, who was interested in the sport of figure skating.

Your letter indicates that you will operate a grant-making program called d.

The purpose of d is to provide scholarships to former amateur and professional ice skaters who dedicated their lives to skating and now wish to pursue a college education.

You will fund thirty to thirty-five scholarships per year totaling \$                      Each recipient will receive a scholarship of \$3                      \$5                      or \$                      based on the recipient's financial data collected by B, a separate exempt organization that administers various scholarship programs such as your d program. B gives the collected data to your independent selection committee, which determines the recipients of the scholarships and the amount of the scholarships.

Information to apply for your d scholarships is publicized by C, an amateur sports organization through emails, which can be found on C's website. You also publicize the d scholarships through flyers, magazines, and through B's website. You anticipate 150 to 160 applicants for scholarships per year.

An eligible recipient must be a current high school senior, high school graduate, or a post secondary graduate. The applicant must plan to enroll in full-time undergraduate study at an accredited two-year or four-year college, university or vocational-technical school for

the entire upcoming academic year. The applicant must have competed at least once in a C qualifying competition at the novice or higher level in the Men's, Ladies, Dance, or Pairs event. Your directors, officers, and employees and members of your selection committee, and any spouse or descendant of any such individual, are not eligible to receive a scholarship.

Scholarships will be awarded to eligible recipients without regard to race, color, creed, religion, sexual orientation, age, gender, disability or national origin. Scholarship recipients are selected on the basis of academic record, demonstrated leadership, and participation in school and community activities, honors, work experience, statement of goals and aspirations, unusual personal or family circumstances, essays, and an outside appraisal by a high school or college counselor or advisor, an instructor, or a work supervisor of the applicant.

Each applicant is required to complete an application that is available on B or C's website, and to mail the completed application to B, along with a transcript, documentation(s) showing that the applicant has competed at the novice or higher level in a C qualifying competition, and the applicant's most recently filed tax form on which the applicant is claimed as a dependent for federal tax purposes. The application must be received by the specific postmark date required by B each year.

After B receives the applications, B will evaluate all the applications, excluding personal essays, and select 50 finalists. In determining the 50 finalists for a scholarship award, B applies a scoring system to determine: (i) the cost of the applicant's school, (ii) the suggested parental contribution, and (iii) financial need. These three amounts are included in the information B gives to your selection committee, which determines the recipients of the scholarship and the amount of the scholarship. B will provide each member of your selection committee with a ranked list of finalists, and a copy of each finalist's application materials.

The finalists selected by B will be subject to a final review by your independent selection committee which is chosen by your board of directors. Your selection committee members will be former skaters with C, who are no longer competing and who have knowledge of the most significant attributes for educational success gained from figure skating, including time management, goal setting, work commitment and competition success. Your selection committee members will understand and appreciate the significant financial aspects and costs of both competing as a figure skater and attaining an education. Also, you prefer that members of your selection committee knew your founder D during her lifetime so that the selection committee will incorporate and honor D's personal values, priority for education, and her contributions back to the community through philanthropic support. You prefer that your selection committee members be former skaters who went to college after skating. You also prefer that members of your selection committee display good personal judgment, and positive character within the skating community and that they have previous volunteer experience.

Your board of directors will not appoint to the selection committee any individual who may personally or professionally benefit by serving on the committee, or any individual who has direct ties to C (such as board member, staff member, or committee head). Your board will also confirm that each selection committee member has sufficient time and background to properly review the applications and serve on the selection committee.

The selection committee determines the final scholarship amounts based largely on financial need as determined by B, but also by taking into consideration the applicants' overall circumstances that may not have been fully reflected in B's financial need calculation (for example, a change in job circumstances or medical issues), the overall character of the applicant, and the potential of the recipient to use the assistance most wisely.

Scholarships are not renewable, but students may reapply each year they meet the eligibility requirements. In July, you will distribute the total amount of the scholarship awards to B. B will process the scholarship payments on your behalf. Payments will be made in equal installments on August 15 and December 30. B will mail the checks made payable to the educational institution to each recipient's home address.

For each recipient of a scholarship, B will confirm the recipient's enrollment at an eligible educational institution. Recipients are required to notify B of any changes in address, school enrollment, or other relevant information and to send a complete transcript to B upon request by B. If B has any reason to believe that a scholarship is not being used for proper purposes, it will withhold further disbursements until the investigation is satisfactorily resolved. Further, B will seek to recover improperly diverted amounts from the educational institution or the recipient by all reasonable and appropriate steps.

Each recipient is required to review, sign and return to B a Terms and Conditions Acceptance Form prior to receiving the award. B also maintains a permanent historic Database containing the information and records for each scholarship.

Your directors, officers, and employees, members of your selection committee, and any spouse or descendant of any such individual, are not eligible to receive a scholarship. No employees of B (and affiliates), or any business related to your officer/directors are eligible to receive a scholarship.

The d scholarship does not require that any non-education acts, service or work be performed. Your policy is that no d scholarship award shall be used as a payment for teaching, research, or other services as a condition of receiving the scholarship.

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(e)(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

Enclosures:

Notice 437  
Redacted Copy of this Letter