

**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

T= Trustee
Y= Scholarship Program
Z= Administrator
C= Location

Dear :

We have considered your request for advance approval of your grant-making programs under section 4945 (g)(1) of the Internal Revenue Code, dated February 15, 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 have previously requested advance approval for your grant-making program called Y, and you have received approval in a letter dated December 17, 1971.

You have notified us that you have made a substantial change to your program. Specifically, you have amended your trust instrument to remove the provisions prohibiting certain members of the community from receiving scholarship funds from Y.

This letter supersedes the provisions of the letter dated December 17, 1971, cited above.

The purpose of Y is to provide scholarships to certain academically qualified graduates of high schools in C who attend or desire to attend a college or university in C and who are in need of financial assistance. Applicants must be residents of C and be high school seniors enrolled in a high school in C. Applicants must have a cumulative grade point average (GPA) of 3.0 on a 4.0 scale through the latest fall term and a combined SAT score of 1800 or a composite ACT score of 26. In addition, the applicant's parents must have a household adjusted gross income not exceeding \$

Z facilitates the administration of the scholarship program for T, the program's trustee. The procedures are subject to the governing documents of Y and all applicable law, which shall control in the event of any inadvertent conflict.

Name:

EIN:

Z prepares and mails memos and flyers to the Guidance Counselors at all high schools, both public and private in C. Students wishing to apply online will be instructed to go to T's website. Students must contact Z to submit paper applications. Guidelines and instructions for completing the application are on the website and are included with the paper application.

Applicants must submit official transcripts with grades, cumulative GPA and SAT/ACT scores posted through the latest fall semester. If the school does not post SAT/ACT scores, it is the responsibility of the applicant to provide Z with a copy of scores from the College Entrance Examination Board specifically naming Y. The applicants must also submit a letter of recommendation from a teacher and a personal statement explaining why the scholarship is important to the applicant (including college and career plans, if known). The following also must be attached: a document signed by the applicant listing academic honors, leadership and community services, a signed copy of their parents' Federal Tax Form 1040 (pages 1 and 2 only) and W-2 forms for each parent for the most recent year that these forms were filed.

Z will review applications after the deadline for receipt of application materials has passed and will contact applicants if any items are missing. If an email address is on the application, a message will be sent by email. Applicants without email addresses will receive one postcard regarding the missing materials. Failure to provide the missing materials within the designated time frame will result in an "incomplete" application. Incomplete applications will not be considered for scholarships.

T delegates to Z a selection committee to review all semi-finalist applications and make recommendations to Z. The scholarship selection committee, known as the Awards Advisory Committee, shall be comprised of three persons at all times. The members of the Awards Advisory Committee are selected from a pool of persons who have worked or are working in the field of education. Each committee member must sign a conflict of interest policy at least annually and disclose all potential conflicts of interest as they may arise. The Awards Advisory Committee serves for a period of time at the discretion of T.

Each year T advises the Awards Advisory Committee as to the amount of funds available for scholarships. The Awards Advisory Committee reviews the applications, determines the number of scholarships that shall be awarded, determines the amount of each scholarship and recommends to T which students should receive scholarships.

The Awards Advisory Committee shall give consideration to the respective ability, educational goals, career ambitions, and relative financial need of the applicants as deemed appropriate. Selections are based on information received from the completed applications and the additional materials. Decisions of the committee are final and justification for recipient selection(s) by the Awards Advisory Committee, Z's staff or the employees of T will not be disclosed under any circumstances.

Scholarships shall be awarded on an objective, non-discriminatory basis, with neither race, creed, color, sex, age, religion, national origin nor disability being considered.

No scholarship may be awarded to any individual who is related by blood, adoption or marriage to any member of the Awards Advisory Committee or any disqualified person of Y as defined in Internal Revenue Code section 4946 as a first cousin or nearer relative.

Name:

EIN:

Z will review the applications of successfully screened applicants and prepare a summary report for the Awards Advisory Committee. The committee will notify Z in writing of the names of those recommended to receive the scholarships. Z will provide the information to T. T then selects the scholarship recipients. Once final approval has been given, Z will notify the high school guidance counselors if they have winners from their schools and send award letters to the winners with detailed information about the scholarship. Unsuccessful candidates will be notified.

Scholarship recipients may attend any accredited public or private, two or four year college or university or technical college located in C. T pays the scholarship proceeds, for the benefit of the recipient, directly to the educational institution that the recipient attends or desires to attend. T provides a letter to each educational institution specifying that the educational institution's acceptance of the scholarship proceeds constitutes the educational institution's agreement to refund any unearned portion of a scholarship if the recipient fails to meet any term or condition of the scholarship program; and to notify T if a scholarship recipient fails to meet any term or condition of the scholarship program.

Individual scholarship awards are limited to up to one-half of the standard fees of the institution selected by the individual for tuition, room and board. The amount of this award will be reduced by the excess of other awards over one-half the total of tuition, room and board. Checks will be issued directly to the college or university upon receipt of a grade report/transcript and a Payment Form each semester. Recipients are required to access the Payment Form from T's website. Recipients must sign the form and submit it to their college or university to certify their enrollment and forward to the Scholarship Director for payments. Failure to submit the required materials will result in the permanent loss of the scholarship. Unused funds must be returned to Y.

The scholarship may be renewed for three additional years, or until a bachelor's degree is awarded, whichever is earlier. Current recipients will receive information on the renewal process from Z. The scholarship will be renewable based on passing grades in all academic subjects. One "F" on a transcript will result in the loss of the scholarship, beginning with the following semester.

Records will be maintained that include information used to evaluate the qualifications of potential grantees, the identification of the grantees (including any relationship of any grantee to T, Z or a disqualified person of Y), the amount and purpose of each grant; and all grantee reports and other follow-up data obtained in administering the scholarship program.

The number of scholarships awarded each year, the amount of each scholarship and the number and amount of scholarships that will be awarded in future years will vary depending on the "required amount." The required amount is the net income of Y, or if greater, the amount that must be distributed to enable Y to satisfy the Internal Revenue Code section 4942- minimum distribution requirement, after taking into account administrative expenses and qualifying distribution carry forwards.

In the event of malfeasance, breach of traditional conduct, failure to provide requested materials, or conduct involving moral turpitude, a scholarship may be terminated at any time within the discretion of the Awards Advisory Committee and concurrence of T, whose decisions shall be final and binding.

Name:

EIN:

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

Name:

EIN:

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