

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Department of the Treasury

Date: November 15, 2010

Employer Identification Number:

Number: 201106020

Contact Person - ID Number:

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Contact Telephone Number:

UIL 4945.04-04

LEGEND

U = Scholarship Program #1

V = Scholarship Program #2

K = Educational Institution

L = Educational Institution

M = State

x = Amount #1

y = Amount #2

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 July 23, 2008.

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 operating foundation as defined in section 509(a).

Your letter indicates that you will operate grant-making programs called U and V.

The purpose of U is for graduating high school students who plan to attend one of the campuses of the K system. The scholarship will be for four years. The scholarship is for x total, one eighth of which is to be awarded per semester for up to eight consecutive fall/spring semesters. The scholarship will be given to one graduating high school student from each of more than 350 public and two charter high schools in M. Eligibility is open to all public high school graduates within M. Recipients are selected by their high schools by a selection committee appointed by the principal of each high school. Selection criteria include the student's community involvement, leadership skills, character and integrity, and a grade point average of 2.5 or higher. Preference is given to family members of state and local government agencies. U is paid directly to the institution the recipient will be attending. In order to continue to receive the scholarship for the maximum of eight consecutive academic semesters the recipient must be in good academic standing. Family members of directors and employees of your organization and its sponsoring organization are not eligible to receive U.

Specific criteria the selection committee at each high school must follow are:

1. The applicant is a senior at a M conventional public high school who has been accepted to one of the 16 constituent K system campuses
2. He or she is a United States citizen and resident of M.

3. He or she best exemplifies the corporation's membership philosophy of "People Helping People", and has demonstrated leadership, excellent character, integrity and community involvement.
4. He or she has demonstrated scholastic achievement with a 2.5 or better grade point average and may be deserving of financial aid.
5. The recipient uses the scholarship only to pay for full-time student tuition and other university –approved undergraduate educational expenses.
6. The recipient agrees to continue as a full-time student in good standing at the same university for up to eight consecutive fall/spring semesters. Scholarships are not transferable without the prior approval of the Corporation.
7. The recipient is not a director, employee or family member of an employee of your organization or its sponsor.

The decision made by each selection committee is final. Each year you provide the high school superintendents and principals with the criteria for U. The criteria are to be given to the selection committee. Once the selection committee has made a decision, a written statement is to be sent to you to verify the name of the recipient. A student information form is completed on the recipient and sent to you to process and record the data. A certificate is mailed to the school for a public presentation in which a local representative from your sponsoring organization will attend and may make a presentation to the recipient. A press release is also provided for the local media. You provide the university with a check for payment to the financial aid office and verify the recipient is enrolled as a fulltime student.

The purpose of V is for students attending L. The scholarship will be for two years. The scholarship is for y total, one quarter of which is to be awarded per semester for up to four consecutive fall/spring semesters. There are 116 scholarships given each year for V. Each L receives two scholarships per year, which are available for its own students. A selection committee chosen by each L considers criteria including a student's community involvement, leadership skills, character and integrity, and a grade point average of 2.5 or higher. Preference is given to family members of state and local government agencies. V is given directly to the institution the recipient will be attending. Family members of directors and employees of your organization and its sponsoring organization are not eligible to receive V.

Specific criteria the selection committee at each L must follow are:

1. The scholarship recipient is an applicant or full-time student who is a high school graduate or has completed the General Education Development (GED) program, and is enrolled in an associate degree program at L.
2. He or she is a United States citizen and a resident of M and is eligible for state tuition under M state law.
3. The applicant exemplifies the philosophy of "People Helping People" and has demonstrated leadership, excellent character, integrity and community involvement.
4. He or she demonstrates financial need.
5. He or she demonstrates scholastic achievement.
6. The scholarship is used to pay tuition, books, fees, course supplies and transportation at L.
7. The recipient agrees to continue at the L where enrolled at the time of the scholarship award for the duration of the scholarship, not to exceed four consecutive fall/spring semesters or upon completion of a diploma program.

8. He or she is not a director, employee or family member of an employee of your organization or its sponsor.

With respect to either U or V, if a recipient leaves school or withdraws, scholarship funding ceases. No funds can be paid to a recipient as a partial refund or "cash out".

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