

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

Department of the Treasury

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Release Date: 5/20/2011

Date: February 25, 2011

Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

Legend

M: scholarship name

UIL 4945.04-04

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 July 26, 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).

The purpose of your program, the M, is to provide scholarships to graduating high school students to help them pay for their college educations.

Potential applicants will be made aware of M through their high school counselors.

Persons listed on your scholarship selection committee were selected by your founder as shown in your Trust Document. The members of your selection committee may serve as long as they are willing to serve.

Each individual listed on the scholarship selection committee comes from various backgrounds and each person gets only one vote, thus there is no selection bias among members. In addition, each committee member is asked to disclose any conflicts and would abstain from participation in any decisions where a conflict exists.

No relatives of members of the selection committee, or of any officers, directors or substantial contributors or any other disqualified persons are eligible for awards under the scholarship program.

Each applicant must complete your Academic Scholarship Application. Each member of your selection committee ranks each student on a scale from 5 to 1 based on specific selection criteria. The five basic categories are financial need, student involvement in school, scholastic rank, student involvement outside of school, and a student essay. The

Name:

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highest ranking students from each selection committee member are compiled and then voted on by the entire selection committee.

Once the student is approved by the selection committee, a packet consisting of a certificate, letter of congratulations and a commitment letter is sent to the student. The commitment letter identifies the requirements of the scholarship and includes a place for the student to list the school he/she will be attending, the address and the contact e-mail. The student must sign and return to you one copy of the commitment letter.

The population size of the group of individuals eligible to apply for the scholarship is anticipated to be between 270 and 310 per year. You expect about 35 to 45 applicants a year and will award approximately fifteen to twenty scholarships the current year, next year and the following year. Each scholarship will be worth about \$ per year.

Scholarship funds are disbursed directly to the school of the scholarship recipient for the benefit of the recipient. A letter will be sent directly to the school specifying that the school's acceptance of the funds indicates that the school agrees to refund any unearned portion of the scholarship and to notify your trustees if the scholarship recipient fails to meet any terms or conditions of the scholarship.

Scholarships are renewable if the scholarship recipient continues to be enrolled in an accredited college or university, maintains full time student status(12 hours per semester), maintains a 2.0 cumulative grade point average and avoids being on conduct probation while attending school. All scholarship recipients are required to submit an official transcript of grades and hours each semester. If all information meets the criteria of the scholarship, the additional funds will be distributed to the school on behalf of the scholarship recipient.

If the scholarship recipient does not attend the school, the funds are returned by the school to you. If the school has already applied payment and the recipient stops, withdraws or leaves the school, the recipient is disqualified from any future scholarship disbursements.

If the scholarship recipient does not submit the required reports, there will be no funds distributed to the school on his/her behalf.

A file for each scholarship recipient is maintained and contains the original scholarship application, returned commitment form, transcripts, check sheet which shows distribution of payments made and additional correspondence received.

If upon review, it is determined by your trustees that the students lack of contact, grades or credit hours do not meet the requirements of the program, you will send a letter notifying the student that his/her scholarship will be terminated.

You will investigate any possible misuse of funds by the recipient and will withhold further funds during any investigation if a misuse of funds is discovered. You will make every effort to recover misused funds including legal action if appropriate.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Name:

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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.

Name:
EIN:

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(k)(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.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Lois G. Lerner
Director, Exempt Organizations