

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

Department of the Treasury

Release Number: **201125046**
Release Date: 6/24/2011
Date: **March 31, 2011**

Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

LEGEND

UIL 4945.04-04

L = University
M = School
N = Organization
P = Location

Dear

We have considered your request for advance approval of your scholarship program under section 4945 (g)(1) of the Internal Revenue Code, dated September 16, 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).

Your letter indicates that you will operate a scholarship program.

The purpose of the scholarship program is to provide financial assistance for study to individuals attending a 170(b)(1)(A)(ii) educational institution.

You will initially fund each year, two or three four-year scholarships for no less than _____ and no more than _____.

Information regarding application for the scholarships will be provided to educational organizations in P such as L, M, and N.

L, M, and N will notify and identify students who may apply for the scholarship. An eligible recipient must meet the minimum admission standards of an Educational Institution and must reasonably be expected to attend an educational institution full time. There will be no discrimination with regard to race, gender, religion, or national origin.

The trustees that constitute your governing body will select scholarship recipients from the potential applicants based on the following criteria which includes prior academic performance, performance on tests designed to measure ability and aptitude for college work, recommendations from instructors and counselors, financial need, and leadership potential as demonstrated by extracurricular achievements. Your trustees will have the exclusive right to vary the amount of each scholarship awarded and such amounts will be determined by the number of deserving students, cost of such student's education and available funds.

The trustees shall act by a vote of a majority of the trustees. All actions of the trustees shall be documented by written record and signed by all trustees. A trustee may vote at any meeting by letter which clearly states that action upon which the vote is taken and the trustee's vote thereupon. The trustees shall keep record of all such actions of the trustees.

You may renew any scholarship if you have no information indicating that the original scholarship is being used for any purpose other than that for which it was made, if the reports due at the time of the renewal

decision pursuant to the terms of the original scholarship have been furnished, and if any additional criteria and procedures for renewal are objective and nondiscriminatory.

You will arrange to receive a report from a scholarship recipient at least once each year in which a recipient takes any course and receives grades. The report is to be prepared by the educational institution where the recipient has matriculated. Upon completion of the recipient's study, you will obtain a final report.

You will only make grants that are excluded from the recipients gross income under I.R.C. §117(a) before its 1986 amendment, that are paid to the educational institution and not to the individual recipient, and that are paid to educational institutions that agree to use the scholarship funds to defray the recipient's expenses, or pay the funds to the recipient only if the recipient is enrolled at the institution and the recipient's standing at the institution is consistent with the purpose and conditions of the scholarship.

You will insure that recipients have not diverted scholarship funds away from the original purpose of the grant. You will investigate and withhold further payments to the extent possible until you are satisfied that there are not any diversions of scholarship funds.

If funds have been diverted you will take all reasonable and appropriate steps to either recover the scholarship funds or insure the restoration of the funds. You will withhold any further payments until there has been recovery, and you receive assurances from the recipient that no future diversions will occur.

As provided in Treasury Regulation §53.4945-4(c)(6), you will retain records pertaining to all scholarship to recipients. Such records shall include the identity of each scholarship recipient and the amount of each scholarship awarded, all written information received in relation to the consideration and selection of scholarship recipients, and the verified academic reports furnished by each college with respect to each recipient of a scholarship.

As provided in Treasury Regulation §53.4945-4(b)(4), the person or group of persons that select the grant recipients will not be in a position to derive a private benefit directly or indirectly from the selection of certain potential grantees. Additionally, no trustee will participate in any decision to award a scholarship where a person related, by blood or marriage, to such trustee. A recipient cannot be a trustee or any disqualified person as defined under I.R.C. §4946.

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.

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