

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

Department of the Treasury

Date: April 7, 2011

Employer Identification Number:

Number: **201126033**

Contact Person - ID Number:

Release Date: 7/1/2011

Contact Telephone Number:

LEGEND

UIL 4945.04-04

X=

Y=

Z=

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 August 17, 2010.

Our records indicate you were recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that it is classified as a private foundation as defined in section 509(a).

You engage in charitable activities by enhancing access to higher education. Specifically you provide scholarships to certain academically-qualified graduates of X, in which approximately 130 students are eligible for the scholarship. The students are those who are in need of financial assistance and who attend or will attend a college or university located in the State of Y.

The number of scholarships that are awarded each year and the amount of each scholarship will vary depending upon the "Required Amount" and the number of applicants. Your trustee expects to renew each scholarship for a total of four years. "Required Amount" is defined as the net income of the trust, or if greater, the amount that must be distributed to enable the trust to satisfy Code Section 4942 "minimum distribution" requirements (after taking into account administrative expenses and qualifying distribution carry forwards).

Memos and flyers will be distributed to the students by X's Guidance Counselor's Office. These memos and flyers will be posted on bulletin boards in the Guidance Office.

You will maintain case histories showing recipients of your scholarship including names, addresses, purposes of the scholarship, amount of each scholarship, and manner of selection until the applicable statute of limitations period expires.

The Selection Committee will be made up of: 1- the bank trustee, 2 - Z, an attorney at law in the State of Y and 3 - a member selected by the other two members of the Selection Committee.

Each applicant must have at least a 3.0 GPA, must be actively involved in community service and campus leadership and must have a financial need. To apply, the applicant will provide a current Free Application for Federal Student Aid form and a completed application. The selection committee will review the qualifications of the applicants and consider recommendations of X's Scholarship Committee. All scholarships are awarded on an objective and non-discriminatory basis. No scholarships may be awarded to any individual who is related by blood, adoption or marriage to any member of the Selection Committee or any disqualified person of the Trust as a first cousin or nearer relative. If all students have the same GPA, the Selection Committee will look at the financial need, community service and leadership abilities of each applicant.

The Selection Committee provides written notification to the Guidance Counselor's Office in X of the names of the recipients of the scholarship award and then the Guidance Counselor's Office will send letters to the scholarship recipients announcing the awarding of the scholarship.

The Trustee pays the scholarship proceeds directly to the Universities the scholarship recipients attend for the benefit of the scholarship recipients. The Trustee provides a letter to each University specifying that the University's acceptance of the scholarship proceeds constitutes they University's agreement to (i) refund any unearned portion of the scholarship if subsequent to the payment of the scholarship, a scholarship recipient fails to meet any term or condition of the scholarship program; and (ii) notify the Trustee if a scholarship recipient fails to meet any term or condition of the scholarship program.

The scholarships are renewable but the scholarship recipients must re-apply each year. To renew a scholarship, a student must have at least a 3.0 GPA.

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(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.

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,

Lois Lerner
Director, Exempt Organizations

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