

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

Department of the Treasury

Date: June 14, 2011

Employer Identification Number:

Number: **201136028**
Release Date: 9/9/2011

Contact Person - ID Number:

Contact Telephone Number:

LEGEND

UIL 4945.04-04

C= Name of Scholarship Program
D= County
E= State
F= City and State
G= Name of Church
H= Name of Bank
J= Name of Club
K= Name of Administration organization

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 January 22, 2010.

Our records indicate that you are a Non-Exempt Charitable Trust recognized as a private foundation.

Your letter indicates that you will operate a grant-making program C to provide scholarships to graduates of D High schools who reside in F or in D who are in need of financial assistance and who attend or desire to attend a college or university located in E that are educational organizations described in Section 170(b)(1)(A)(ii) of the Internal Revenue Code of 1986, as amended .

To be eligible, the applicant must be a resident of the City of F or D. The applicant must have a cumulative Grade Point Average (GPA) of 2.0, demonstrate academic achievement and financial need. Also, the applicant must demonstrate traits of high personal character and leadership.

To apply, individuals must complete an application form. Applications can be submitted either on-line or on paper. K facilitates the administration of the scholarship fund. In March of each year, K will prepare and mail memos and flyers to the Guidance Counselors at all D High schools. All applications must be postmarked by a specific date. K will review the submitted applications after the deadline and contact applicants for missing information. Incomplete applications will not be considered for scholarships. Along with the form, applicants must submit an official transcript with grades,

cumulative GPA and SAT/ACT scores. The applicant must submit a letter of recommendation from a teacher or professor and a personal statement explaining why the scholarship is important to the applicant. A signed document listing Academic Honors, Leadership and community service and a signed copy of the parents' Federal Tax Form 1040 must also be provided.

The number of recipients and the amount of the scholarship may vary from year to year depending on the required amount and the number of applicants. The award will be applied to the cost of tuition and fees and should not exceed these costs. Checks will be issued directly to the college upon receipt of a grade report/transcript and a payment form each semester.

The Awards Advisory Committee shall be comprised of the Pastor of G in F, the principal executive officer of the F branch of H, the chairperson of the D Board of Education, the superintendent of the D Schools, and the President of the J of F. Should a vacancy on the committee occur because no person serves in the foregoing capacity or because such person is unwilling to serve, the trustee shall identify a person to fill such vacancy on the committee so long as no person serves in such capacity or so long as such person is unwilling to serve. The committee shall meet at least annually. The approval of at least four members of said committee shall be required for the selection of a student to receive a scholarship award.

The following individuals are not eligible to apply for the scholarship: any Interested Person which includes any donor, trustee, selection committee member, advisory board member, and staff members of your organization, and those otherwise deemed to be "disqualified persons" under the Internal Revenue Code; spouses and ancestors of Interested Persons; children, grandchildren, and great-grandchildren of Interested Persons; spouse of any child, grandchild, or great-grandchild of an Interested Person; and current employees of H and K and their spouses, ancestors, children, grandchildren, great-grandchildren and the spouses of such children, grand children, and great-grandchildren. No scholarship will be awarded to any individual who is related by blood, adoption or marriage to any member of the selection committee or a disqualified person with regard to the Foundation, as defined in section 4946 of the Code

You have represented that you will maintain records that include the following:

- (i) Information used to evaluate the qualification of potential grantees;
- (ii) Identification of the grantees (including any relationship of any grantee to the private foundation);
- (iii) The amount and purpose of each grant; and
- (iv) All grantee reports and other follow-up data obtained in administering the private foundation's grant program.

Scholarship funds are made payable jointly to the institution of higher learning and the student, insuring that funds are used appropriately. Any unused funds must be returned to the C. The recipient of C is required to submit grade reports and official transcripts reflecting the name of the student, name of the college, and the student's ID number.

In the event of serious malfeasance, breach of traditional conduct, failure to provide requested materials or conduct involving moral turpitude, a scholarship may be terminated within the discretion of the Awards Committee and concurrence of the Trustee whose decisions shall be final and binding. Further failure to maintain a GPA of 2.0 or higher at the end of any official grading period will result in permanent loss of the scholarship.

C is non-renewable, however, former recipients may reapply for a total of four years, or until a bachelor's degree is awarded, whichever is earlier. Current recipients will receive information on the reapplication process from K.

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.

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

Sincerely yours,

Lois Lerner
Director, Exempt Organizations