

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

Department of the Treasury

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Release Date: 9/23/2011

Employer Identification Number:

Contact Person - ID Number:

Date: July 1, 2011

Contact Telephone Number:

LEGEND

UIL 4945.04-04

C=Name of Grant

x=\$

y=\$

z=\$

u=\$

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 April 8, 2010.

Our records indicate that you are 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 grant-making program, C, to provide full cost of tuition upto \$x per year, applicant's choice of room and board of either on campus or a monthly fixed room and board allowance, books and supplies of \$y per year and a one time moving expense allowance of \$z before the start of the first semester to eligible students attending a qualified educational institution.

The purpose of the scholarship program is to give opportunity to eligible recipients who are unable to afford the cost of school to obtain a 4 year or better degree of their choosing to focus on their studies without the distraction of having to work while attending school. The amount of each scholarship may cost up to \$u per year depending on the tuition of the school attended.

To be eligible, the applicant must be working toward a bachelor's degree; the applicant must have received a Federal Pell Grant covering less than 100% of school costs; and the applicant must not previously have attended a school seeking a bachelor degree.

You will publish information about its scholarship program on a publicly accessible portion of your web-site. The information will include the eligibility requirements, current availability of any scholarships, and the process for the application.

Once a year the Board will establish a budget for C. Applicants will only be accepted electronically and will be considered in the order received. The Board of Directors will verify qualifications of each applicant. Scholarships will be awarded to each individual who meets the qualifications as long as funds are available for a full scholarship. The Board may delegate the work of verifying eligibility requirements but will always review the final report before approving the scholarships. The final selection will be reviewed by your Board of Directors. Dependents of Board of Directors are ineligible for any foundation scholarships.

In the first year you will fund exactly two scholarships. In subsequent years the number of new scholarships will depend on whether existing recipients continue to qualify, the budget for the year and the actual costs of the awarded scholarships.

On a given date each year, existing scholarships will be evaluated to determine if they will be continued. Continuing scholarships have priority over new scholarships. Shortly thereafter a budget or the number of new scholarships available will be posted and applications accepted. If an applicant meets the eligibility criteria and if sufficient funds remain a full scholarship will be granted. If insufficient funds remain all remaining applicants will be informed that the program has been closed for the year. If a selected recipient is later determined to be ineligible the Board may elect to reopen the selection process and all applications will be considered in their original order of submission. One month after the first day of submission period, the submission period will be closed if it has not already been closed previously due to awarding of all available scholarships.

The scholarship will automatically renew if the recipient meets the following criteria:

- Recipient maintains the equivalent of an unweighted Grade Point Average (GPA) of 3.2 on a 4.0 scale as reported by the school.
- The scholarship has been previously renewed for fewer than three times, scholarships are for a maximum of four consecutive years.

Funds will be disbursed directly to the school or other intended ultimate recipients. Funds for off-campus housing will be distributed to the student. Tuition and campus housing will be disbursed directly to the school. The student will be required to submit proof of housing costs, such as rent or lease agreement, to verify use of the funds for off campus housing. Discretionary portions of the award such as fees, books and supplies will be based upon reasonable costs as reported by universities.

The recipient of C will sign a contract establishing the rules by which you will verify that the funds are used as intended. Breach of the contract will carry appropriate consequences and penalties, ranging from cancellation of C to converting C into a loan with interest. For example, a student that fails to show up for school must repay any money you have given them for books, supplies, moving expenses, and room and board. If the recipient voluntarily withdraws from school or from the scholarship before completing a degree program the scholarship will be canceled. There is no procedure for re-establishing a scholarship that has been canceled.

You have agreed to maintain records that include the following:

- Information used to evaluate the qualifications of potential grantees;

- Identification of the grantees (including any relationship of any grantee to the private foundation), the amount and purpose of each grant; and
- All grantee reports and other follow-up data obtained in administering the private foundation's grant program

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

Enclosure: Notice 437
A redacted copy of this letter