

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

Department of the Treasury

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Release Date: 11/25/2011

Date: August 31, 2011

Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

UIL: 4945.04-04

LEGEND

B= Program

C= Location

z = dollar amount

Dear

We have considered your request for advance approval of your grant-making program under section 4945 (g)(3) of the Internal Revenue Code, dated November 7, 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 scholarship program for students to attend B. The scholarship program is open to all students at C, which are approximately 350 individuals. One to two scholarships will be awarded annually in the amount of \$z. Scholarships are not renewable and are awarded on a one-time basis.

Scholarship recipients will be recruited by a representative hired to coordinate the program. The coordinator, who does not serve as an officer, director or trustee, will select the top candidates. Nominees must be in good academic standing at C and able to withstand the physical challenges of B. Preference will be given to low-to-moderate income students and students of single parents. Applicants will be reviewed by the coordinator and your trustees appointed annually by your Board to the selection committee. Together, you will make a final selection. The names of applicants are not disclosed during the review process. You especially seek students who possess untapped leadership potential and an interest in giving back to the community.

Upon selection, you will contact recipients and their parents to ensure the rigors of B are understood and the recipient is capable of participation. The recipient will select a three week B course located anywhere in the continental United States. You will cover program and travel costs with payment directly to B. Students will not receive any direct funding from you.

You will monitor the program to ensure the recipients' successful completion of B. Recipients will be asked to tell you what they got from the program and to help recruit applicants for the following year.

You will investigate any diversions of funds from their intended purposes, take all reasonable and appropriate steps to recover diverted funds and ensure funds held by a grantee are used for their intended purposes. If funds are diverted from their intended purposes, you will withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversions from occurring.

You agree to 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.

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)(3) 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

Enclosures: Notice 437,
Redacted copy of letter