

Internal Revenue Service

P.O. Box 2508

Cincinnati, OH 45201

Department of the Treasury

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Date: February 12, 2013

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND:

UIL: 4945.04-04

B = scholarship
C = ailment
D = state
E = medical center
x = number
y = dollar amount
z = number

Dear :

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code section 4945(g). This approval is required because you are a private foundation that is exempt from federal income tax. You requested approval of your scholarship program to fund the education of certain qualifying students.

Our determination

We approved your procedures for awarding scholarships. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships meet the requirements of Code section 4945(g)(1). As a result, expenditures you make under these procedures won't be taxable.

Also, awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provide in Code section 117(b)).

Description of your request

Your letter indicates you will operate a scholarship program called B. The purpose of B is to award as many as x scholarships up to the amount of y dollars each to deserving college students whose lives have been affected by C. An estimated z individuals will be eligible to apply. You will publicize B by posting physical solicitation materials in E and on your website.

Students can apply who meet the following basic criteria:

- Have been diagnosed with, or have an immediate family member (parent, grandparent, sibling, and child) who has been diagnosed with C.
- Is a U.S. Citizen entering or continuing college and currently enrolled at an accredited college or university in pursuit of a post-secondary degree in the U.S. (preference given to residents in D).
- Have maintained a minimum cumulative Grade Point Average of 3.0.
- Have an SAT score of at least 1500 or an ACT score of at least 21.

Applications must be submitted in English and accompany the following:

- A completed and signed application. If the Applicant is under 18 years of age the application must be signed by a parent or guardian.
- A brief video or short essay. A video application is preferred (not required) provided it does not exceed 5 minutes or 100MB of data.
- An official transcript converted to a 4.0 GPA scale.
- A letter or recommendation from an individual other than a family member. The letter of recommendation must be provided in one of the following ways:
 - In a sealed envelope with the author's signature placed over the envelope flap accompanying the application (not sent separately)
 - Directly from the individual, via electronic mail (e-mail), provided the domain name of the e-mail address is clearly that of the educational institution, religious institution, or place of employment where the individual is employed.
- A list with the name of person(s) diagnosed with C, the relationship of such person(s) to the Applicant, the date on which the affected person(s) was/were diagnosed, a description of the type of C, the treatment, and the ultimate outcome.
- A signed statement from a licensed Medical Doctor verifying the affected person(s) as current or past patient(s).
- A one-page essay of how or in what ways the Applicant's life has been affected by C or in what ways the Applicant's life has been affected by the affected person(s) C.

Members of the selection committee are selected by your governing body and will be replaced upon vacancy of a position. All applications will be considered and issued on an objective and nondiscriminatory basis. Applications and accompanying materials are submitted for the sole purposes of your consideration in awarding scholarships and, therefore, will not be returned to the Applicant. You reserve the right to modify or discontinue this scholarship program at any time without notice.

Recipients will be selected based on prior academics, performance on standardized tests, recommendations, application documents and how their life has been affected by C.

Funds will be distributed directly to the school; which must be an accredited college or university located in the United States which presents formal instruction as its primary function, normally maintains a regular faculty of qualified teachers and a regularly

scheduled curriculum, and normally has a regularly enrolled body of students in attendance at a campus where educational activities are regularly carried on. You will ensure funds are used for intended purposes and maintain discretion and control over funds by making distributions directly to the institute.

You will (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversion of funds from their intended purposes, and (3) take all reasonable and appropriate steps to recover the diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and 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 diversion from occurring.

You will maintain all records relating to individual grants including information obtained to evaluate grantees, identify a grantee is a disqualified person, establish the amount and purpose of each grant, and establish that you undertook the supervision and investigation of grants described above.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is a scholarship or fellowship subject to the provisions of Code section 117(a).
- The grant is to be used for study at an educational organization described in Code section 170(b)(1)(A)(ii).

Other conditions that apply to this determination

- This determination only covers the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to your program to the Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations

- You cannot award grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

We've sent a copy of this letter to your representative as indicated in your power of attorney.

Please keep a copy of this letter in your records.

If you have questions, please contact the person listed at the top of this letter.

Sincerely,

Holly O. Paz
Director, Exempt Organizations
Rulings and Agreements