

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

Department of the Treasury

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Contact telephone number:

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LEGEND

B= Name of Program
C= States' Names

r = Number
t = Number
v= Number

Dear :

You have previously received approval for your scholarship grant procedures under Internal Revenue Code section 4945(g) in our letter dated July 1, 2008. You are now requesting advance approval of the revised scholarship procedures. This approval is required because you are a private foundation that is exempt from federal income tax.

Our determination

We approved your revised 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 have operated a scholarship program called B. You now are making changes to B and are requesting approval of the revised scholarship procedures.

The purpose of B is to award scholarships to graduating high school students in the states of C, who have unmet financial needs to help them complete a bachelor's degree.

Scholarships may be used at any 2 or 4 year nonprofit accredited college or university in the U.S and are awarded to eligible applicants without regard to race, color, creed, national origin, or age and will be awarded for all or part of (1) tuition and fees that are required for college enrollment, (2) books, supplies and equipment that are required for college courses, (3) the cost of on or off campus room and board, (4) student health insurance if the student is not covered under their family policy, and (5) other miscellaneous expenses considered related to the student's educational activities. Your scholarship program is publicized on your website, and through brochures distributed to local high schools in the states of C.

To be eligible for a scholarship, the student must (1) be a high school student expected to graduate from a high school in C (2) be a current resident of C, (3) be a U.S. citizen or permanent resident or have refugee or asylum status in the U.S., (4) demonstrate financial need and (5) have a minimum ACT score of r or a minimum SAT combined math and reading score of t.

To apply, a student must submit an online application designed to elicit detailed information as to financial need, academic performance or promise, leadership potential, personality, potential to contribute to his/her community, as well as other information on which the scholarship award is based.

To select recipients, you create two pools of applicants separated by gender. Through a screening process, you will reduce the pools to several times the number of scholarships to be awarded. You may also use the services of other 501(c)(3) organizations to reduce the number of applicants to a reasonable number. The remaining applicants are semifinalists and will be subject to a final review by one of your selection committees. The selection committees consist of volunteers who are invited by you. You desire for the selection committee to represent diversity in gender, ethnicity, and industry. You also seek persons from a variety of backgrounds such as individuals from the business community, the nonprofit community and the educational community. Approximately one-third of the members of the selection committees are replaced each year to allow for continuity, but also to allow for new representatives.

The selection committees will use available information such as the applicant's application form, letters of recommendation as well as conduct personal interviews of each semi finalist and independently make the selection decision based on scoring the following criteria:

1. Financial need- Eligibility to receive a scholarship will be based on the ability of the applicant and his/her family to show financial need. There will be an evaluation of the family's income, the family's assets, and the size of the family. The applicant and the family's ability to pay toward the cost of college will be the primary determinant of financial need.
2. Academic potential or promise.
3. Personal evaluation-Each semi finalist will be interviewed by a Selection Committee and will be evaluated on some or all of the following: (i) Academic

Performance or promise, (ii) Strength of character, (iii) evidence of leadership potential and emotional maturity and stability, (iv) well rounded personality, abilities and broad interests, (v) the potential to contribute to one's community later in life.

Scholarships award amounts vary in size for each student, depending on the cost of the college selected and the unmet needs of the student. Unmet needs are measured by the difference between the cost of the college selected by the student and the ability of the student and his/her family to contribute toward the college costs. College costs will be determined after consideration of available governmental grants, including work-study, any financial aid award made by the college and other scholarships or financial aid from other sources. Information as to the scholar's and family's expected contributions will be determined from annual financial information filed by the student and his/her family with the Free Application for Federal Student Aid (FAFSA) and/or other appropriate independent resources. Your goal is to award v scholarships per year but the actual number awarded may vary based on budget and number of students who actually accept the scholarship. In addition, you provide all recipients a computer to be used for their educational activities.

The scholarships are annually renewable if the student is making satisfactory academic progress and complies with the conditions of the scholarship. A student who satisfies or meets the definition of financial need and is selected for a scholarship is not required to demonstrate continuing financial need as a scholarship eligibility requirement for future years.

Recipients must attend a college orientation program provided by you during the summer after high school graduation. The purpose of this program is to give them a sense of college life and provide a thorough orientation to your organization and the expectations, policies and procedures with respect to the scholarships given.

Recipients are also required to hold jobs during the school year because you believe that balancing work and school teaches them discipline and helps them build time management skills, and helps them contribute financially to their own education. The minimum work requirement is established annually by your board of directors. Failure to comply with the work requirement may result in termination from the scholarship program.

Scholarships are generally paid directly to the educational institution. The educational institution must agree to use the scholarship funds either to directly defray the recipient's costs or to pay the funds to the recipients themselves on the condition that the recipient is an enrolled student in good standing. Moreover, each scholarship recipient must send you a report of courses taken and grades received for each academic period. The report must be verified by the college at least annually. Because the college will have agreed to disburse funds either to itself or to an enrolled student in good standing, you will look primarily to the college to supervise the disbursement of the scholarship awards. If you have reason to believe that the scholarship awards are not being used for proper

purposes, you will withhold further amounts and investigate the matter until resolved. Further, you will seek to recover improperly diverted amounts from the college or the scholarship recipient by all reasonable and appropriate steps.

If funds are distributed directly to the student, you require the student to certify at the end of each semester that the funds were used solely for educational expenditures and that any excess funds not used for educational expenses will be returned

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 Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- 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,

Director, Exempt Organizations