

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

Department of the Treasury

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Employer Identification Number:

Contact person - ID number:

Contact telephone number:

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LEGEND

B= Program name
C= Population
D= Geographic region
E= Organization members
F= Organization
G= Community Institutions
m= number
n dollars=\$amount
p dollars=\$amount

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 and its purpose is to award need based educational scholarships for college, university and vocational education to C located in D.

You benefit the C community by preserving and enhancing G. You were formed by F whose shareholders are C or descendants or dependents of C.

You publicize the scholarship availability on-line, through local D schools, through University offices and in presentations.

Scholarships are awarded on an objective, non-discriminatory basis. Scholarships are not limited to employees of F, and there is no limit on the number of those eligible. All eligible applicants receive a scholarship if they fulfill these eligibility requirements. Scholarship recipients must be C, who are also E.

- a. The student must be a high school graduate or have a completed GED.
- b. The student must be attending or have been accepted to a post-secondary or vocational education institution. The institution must maintain a regular faculty, established curriculum and organized body of students in attendance.
- c. The student shows a need for financial assistance by having a financial aid request completed by the school's financial aid department.
- d. A completed application is received in a timely fashion.
- e. Two letters of reference are provided by the applicant student.

Applicants will be required to submit a written statement explaining how they intend to use their education to enhance G values and culture. In addition, applicants will be required to give an estimate of their expenses such as, tuition, books, fees, room and board, travel, laundry and similar expenses.

The selection committee is comprised of members of your Board of Trustees. All of the Trustees have been involved in activities to preserve G. As required in Reg. 53.4945-4(b)(4), the selection committee members are not in a position to derive a private benefit, directly or indirectly. No scholarships are awarded to disqualified persons or relatives of the Selection committee. Scholarships are awarded on an objective and nondiscriminatory basis.

The number of scholarships awarded annually is approximately m. Recipients receive \$n dollars per term for full time academic schedules and \$p dollars per term for part-time schedules. There is no maximum number of terms that a student can receive a scholarship as long as eligibility requirements are met. The Trustees may change the scholarship award amounts from time to time. The amount of the scholarship will not exceed actual expenses. Scholarships are disbursed directly to the school.

To be eligible for scholarship renewal a student must:

- a. Complete semester/quarter with a 2.0 grade point average or higher.
- b. Maintain good standing in school.
- c. Submit a copy of the official transcripts/certificate for each prior semester or quarter.

You state you will maintain records and case history on all recipients. Copies of the official grade transcripts or certificate of completion must be submitted to you on completion of the semester or training period that the scholarship covers before additional scholarships are awarded.

If you learn that the funds have been diverted for other than the desired purpose, an investigation will ensue and appropriate remedial actions will be taken, if necessary. Infractions to the scholarship agreement will result in the student's placement on academic probation for the next semester/quarter, and if not corrected, the recipient will become ineligible for future funding.

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