

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Number: **201430015**
Release Date: 7/25/2014

Employer Identification Number:

Person to Contact - ID#:

Date: May 1, 2014

Contact telephone number:

LEGEND

UIL: 4945.04-04

B= Name
C= College

e= Quantity
f= Quantity
g= Quantity
h= Quantity
t dollars= Amount
u dollars=Amount
v dollars= Amount
w dollars= Amount

Dear _____ :

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code section 4945(g)(1) and for advance approval of your educational grant procedures under Internal Revenue Code section 4945(g)(3). This is required because you are a private foundation that is exempt from federal income tax.

Our determination

We have determined your procedures for awarding scholarships meet the requirements of Code Section 4945(g)(1). We also determined your procedures for awarding educational grants meet the requirements of Code Section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

Also, awards meeting the requirements of Code Section 4945(g)(1) which are made under these procedures are scholarships 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 grant program to achieve your purpose of preserving B's legacy by encouraging students attending C to prepare for a life of service

to self, community, and their alma mater. Under your grant program, you are making distributions under both Sections 4945(g)(1) and 4945(g)(3). You will provide grants to students and recent graduates of C on an objective and non-discriminatory basis for the following:

- **Service Projects:** Recipients pursuing a service project can receive grants to cover travel expenses, food and housing costs. Approximately e service project grants will be awarded annually worth about t dollars and each based on the itemized budget submitted by the applicant and reviewed by you;
- **Educational Programs:** You will provide f grants in the range of u dollars depending on the educational program to cover program fees to recipients enrolled in educational programs at an accredited school under Sections 509(a)(1) and 170(b)(1)(A)(ii). Portions of these grants may not meet the definition of "qualified tuition and related expenses" and may cover travel, housing and food expenses.
- **Internships:** You will provide about g grants as a work stipend in the range of v dollars to recipients who are completing a for-credit internship during the academic school year. Recipients may also receive a travel stipend which covers mileage expense (Computed based on IRS current rates) for travel from C to the internship site for up to 2 trips per week for up to 15 weeks.
- **Fellowships:** You will provide h grants in the amount of w dollars for fellowships, which are typically completed by recent graduates and last for one year. This includes a work stipend as well as stipends for travel, food, (based on cost of living in the area) and housing (based on the recipient's actual housing costs as approved by you. Fellowships are typically out-of-state and often in foreign countries. The travel stipend covers the recipient's travel to the fellowship site at the start of the program and back home upon completion.

Internships and fellowships are completed at not-for-profit organizations, which you have partnered with. Service projects may also be completed at not-for-profit organizations which you have had prior experience with or recipients may design their own project (subject to your approval of the project and supervisor). For each type of grant, a supervisor is designated to monitor the recipient's work. For educational programs, this is typically an academic advisor at the school. For service projects, internships and fellowships, this is typically a responsible party at the not-for-profit organization where the project is taking place.

Your grant program will be publicized using the following methods:

- Social media (C's website, Facebook, Twitter);
- Information booths at events organized by C (i.e. new student orientation, winter fair, etc.);
- Presentations at C, which discuss your history and purpose and the eligibility requirements, application process, and current program details;
- Oral information, provided by C's admissions department, regarding your programs to prospective students during tours and information sessions;

- Brochures, newsletters, and announcements.

To be eligible for a grant, applicants must meet all of the following criteria:

- Enrolled at C as a second semester freshman or above, or be a recent graduate of C;
- GPA of 3.0 or above;
- Outstanding disciplinary record;
- History of service (volunteer work).

Potential recipients must complete a one page grant application and answer questions such as:

- How will participation in the study program, internship or service opportunity benefit the applicant's educational experience or future professional plans?
- Why is such an experience important to the applicant and how has the applicant prepared for such an experience?
- In the spirit exemplified by B, how will the applicant contribute and engage in service to the community?

Besides the application, applicants will be required to provide the following:

- Copy of their transcript and résumé;
- Writing sample;
- Itemized budget;
- Signed release form authorizing you to request judicial records;
- Signed code of conduct and waiver of liability.

All applications must be submitted in person to your director at your foundation office at C by early spring for the summer and fall semesters and by early fall for the spring semester. Your selection committee, made up of your director, a trustee and a volunteer will do an initial review of the applications; they will disqualify applicants whose applications are incomplete or who do not meet the criteria. Those qualifying are contacted and must submit letters of recommendation from all of the following: The dean of students, the academic advisor, a professor familiar with the applicant's work ethic and commitment to career path, a staff member or respected member of the community who can attest to the student's character and service, and the supervisor for the applicant's previous grant (if previously granted an award).

Recipients will be selected based on academic merit, history of volunteer work, and past performance (if the recipient has previously received a grant from you).

Recipients, who are current students must maintain a 3.00 GPA and an outstanding disciplinary record through the duration of the program to maintain their grants and qualify for new grants. In addition, to qualify for new grants, recipients must receive outstanding reviews from their supervisors.

Relatives of members of your selection committee, trustees, and program supervisors are not eligible for grants. In addition, substantial contributors, managers, and their family members, as described in IRC 4946(d), are not eligible for grants.

Recipients will be required to fulfill the following expectations:

- Complete weekly summaries, including photographs, of their experiences throughout the duration of the program;
- Attend your events;
- Attend seminars and other scheduled events which will be held on campus throughout the academic year;
- Turn in a reflective essay by the last day of class;
- Honor you and B by mentoring and providing student opportunities throughout their college and professional career.

The distributions that qualify under Section 4945(g)(1) are for educational programs to cover program fees to recipients enrolled in educational programs at an accredited school under Sections 509(a)(1) and 170(b)(1)(A)(ii). Distributions that qualify under Section 4945(g)(3) are portions of these grants that may not meet the definition of "qualified tuition and related expenses and may cover travel, housing and food expenses. The other distributions that qualify under Section 4945(g)(3) are grants for service projects, internships, and fellowships.

The distributions made under Section 4945(g)(1) are distributed to the respective school. The school is responsible for allocating the funds to the student accounts. If, for any reason, a selected recipient does not participate in the anticipated program or fails to remain in good academic and judicial standing, the grant will be withdrawn.

The distributions made under Section 4945(g)(3) are distributed to the recipient periodically during the program period (this allows the payments to be stopped if a violation occurs). Throughout the program period, you will communicate with the recipient's project supervisor regarding the recipient's performance. If the terms are violated, the recipient's participation may be terminated and he/she will not be considered for future grants.

You will operate in compliance with all statutes, executive orders and regulations restricting or prohibiting US persons from engaging in transactions and dealings with terrorist designated countries, entities, individuals, or in violation of economic sanctions administered by OFAC. You will check the OFAC list of specially designated nationals and blocked persons.

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 section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii); or
 - A prize or award subject to the provisions of section 74(b), if the recipient of the prize or award is selected from the general public; or
 - To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

To receive approval of its educational grant procedures, Treasury Regulations section 53.4945-4(c) (1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

Other conditions that apply to this determination

- This determination covers only 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 precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes in 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 make 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 must 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.

Please keep a copy of this letter in your records.

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

Sincerely,

Director, Exempt Organizations