

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Date: 5/21/2014

Employer Identification Number:

Person to Contact - ID#:

Contact telephone number:

UIL: 4945.04-04

LEGEND

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Dear :

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

Our determination

Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grants meet the requirements of Code section 4945(g)(3). As a result, expenditures you make under these procedures will not be taxable.

Description of your request

You will operate an educational grant program. You fund an internship program which places students from local universities in health care facilities (placement sites) in the greater B area. The goal of the internship program is to increase access to health care in Spanish-speaking and other underserved communities.

You will partner with schools in the D area. The schools with which you partner will advertise, post, and disseminate information about your internship program to their students and solicit or recruit qualified applicants.

All internships are for one academic year; a minimum of either two semesters or three quarters. Applicants must: be a currently enrolled student, submit a résumé, and submit a personal statement addressing what they intend to do upon obtaining their degree, and explain their circumstances demonstrating financial need. Either the school forwards application materials from qualified students, or the students submit their applications, directly to you or the placement site.

Your selection committee is comprised of you, the placement site and occasionally a representative from the college attended by the student. Students are selected according to the following criteria:

- Commitment to serve the health-care needs of Latino or other underserved community upon graduation;
- Financial need;
- Minimum grade point average determined to demonstrate a likelihood of academic success.

The factors used to determine financial need are household income and the number of persons dependent on that income. Household expenses are also considered. Applicants are required to submit a personal statement addressing; among other things, financial need. Federal poverty guidelines are used in determining eligibility. While you do not have a strict income threshold, family incomes more than 50% above the federal poverty guidelines would render an applicant ineligible.

The terms and conditions under which you ordinarily award paid internships are as follows:

- Recipients must be currently enrolled students and remain enrolled throughout the internship period. An exception may be made on a case-by-case basis for a student who graduates shortly before completing the internship.
- Recipients must work at their placement site a minimum of 14-16 hours per week for one academic year. The total number of hours required is determined by the number of weeks for which classes are normally held at the student's school.
- Recipients must be reliable, conscientious and professional in their performance of their internships.
- Recipients must sign a sworn statement that they have no conflict of interest or relationship to your staff or Board members.

You maintain a close working relationship with the staff at each school and the supervisors at each placement site. This includes regular follow-up and communication. Internship stipends are paid in three installments. If necessary, an internship may be terminated by the recipient's school or placement site, in conjunction with you.

All internship checks are paid directly to the recipient so long as they remain in school in good standing and fulfill the requirements of the internships placement. Regular communication with the schools and sites assure that stipends are suspended if the recipient does not meet all the requirements.

If the recipient fails to fulfill any of the agreed upon obligations and/or responsibilities, the recipient is required to pay back all money paid by you for the education of the recipient, plus 10% per annum accounting from the date you notify the recipient of the amount that you will be reimbursed.

You will maintain all records relating to individual grants including information used to:

1. Evaluate grantees,
2. Identify whether a grantee is a disqualified person,
3. Establish the amount and purpose of each grant, and
4. 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 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.

Long-term, low-interest loans that private foundations make for educational purposes can be considered grants under Code section 4945(g)(3) and Revenue Ruling 77-434, 1977 2 C.B. 420.

Other conditions that apply to this determination

- This determination covers only the grant/loan program described above. This approval will apply to succeeding grant/loan 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/loans 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/loan 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