

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:

LEGEND

UIL: 4945.04-04

B=
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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 will not 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(c)).

Description of your request

Your letter indicates you will operate a scholarship program called X

The purpose of X is to provide financial assistance in the form of a scholarship grant to an outstanding student graduating each year from Y in Z. The purpose of the program is to honor the legacy of B by making scholarship grants for attendance at a campus located in the state of C of any two-year, community, four-year or vocational educational institution described in IRC section 170(b)(1)(A)(ii) (hereinafter referred to as an "Educational Institution"). You will not make any educational loans.

You will award b scholarship equal to the cost of tuition for b academic year at an educational institution to an outstanding graduating student from Y each year, disbursed in b installment directly to the educational institution selected by the annual recipient, with the requirement that the educational institution return the funds if a scholarship recipient fails to enroll for classes at the educational institution within c months from the date funds are disbursed.

Your selection committee will be composed of the then acting principal of Y, the then acting guidance counselor of Y (or a member of the faculty of the high school selected by your board of directors in the event that no guidance counselor is then serving at the high school), and two members of your board of directors or its representative.

The members of your selection committee will be positioned to assess students' eligibility for the program and to select an annual scholarship grant recipient applying your criteria. You will assess the student's eligibility based on the following criteria:

- academic performance
- character
- community involvement
- the applicant's financial need; and
- any other relevant factors determined by your selection committee.

In awarding the scholarship, there will be no discrimination based on race, national origin, religion, sexual orientation or gender. Children or legal descendants of the officers and directors of you, and of other selection committee members, shall not be eligible to receive scholarship grants.

Applicants for scholarship grants shall be required to submit application forms and supporting material as you may deem appropriate. Each member of the selection committee will review the applications submitted and the selection committee as group will select the annual scholarship grant recipient.

You may increase the number of scholarships issued in any given year, as well as modify the amount of the annual scholarship payment provided by you, depending upon the amount of funds available and such other criteria as you shall determine. You may also authorize the selection committee to make renewal scholarship payments to former scholarship recipients for up to an additional d consecutive years of study, provided that the recipient: (a) continues to enroll at an education institution; (b) maintains at least a 3.0 cumulative GPA average and (c) upon such other criteria as you may determine. The

recipient shall provide copies of all supporting material you may deem appropriate determined by you before any renewal scholarship payment shall be made. All renewal payments shall be disbursed directly to the educational institutions, with the requirement that the educational institution return the funds if a scholarship recipient fails to enroll for additional classes within c months from the date funds are disbursed. The amount of any such renewal scholarship payment shall be based upon the amount of funds available for, and such other criteria as you shall determine.

You will maintain case histories related to your program, which will be composed of the annual student nomination summary. The annual student nomination summary will record the name and address of each nominee being considered for a scholarship grant for a given year, the information relied upon by the selection committee to determine eligibility, and the criteria upon which the committee selected each scholarship recipient over the other nominees. The annual student nomination summary shall also describe your criteria concerning eligibility for renewal scholarship payments, and the selection committee's determination regarding any renewal scholarship payment recipients in any given year. In addition, the annual student nomination summary will require written confirmation that each scholarship recipient bears no relationship to the officers and directors of the foundation, or to the other members of the selection committee. You will maintain these records for a period of at least e years following the date the annual scholarship selection process has been completed each year. You will periodically review its case histories to evaluate the effectiveness of the program.

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