

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45202

Department of the Treasury

Number: **201448029**
Release Date: 11/28/2014

Employer Identification Number:

Contact person - ID number:

Date: September 3, 2014

Contact telephone number:

LEGEND:

C = country
D= media company
E= city

UIL:

4945.04-04

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(b)).

Description of your request

You will operate a program providing academic scholarships, to students from the United States and C, studying at accredited universities and colleges in the US. Scholarships will financially assist exceptional students, especially those who have experienced extreme personal hardship, in paying for their college tuition and related costs.

Recipients must have been accepted to an accredited university, college, or undergraduate or graduate educational institution; ranked in the top 100 schools in such school's respective category by D or otherwise deemed by you to be an elite educational institution which is accredited and located in the US and have demonstrated financial need. You will administer the program to ensure that the selection of grant recipients is objective and nondiscriminatory.

In order to be eligible to receive a scholarship, a candidate must meet the following requirements:

- submit a request for a scholarship that is accompanied by his or her academic transcript, a list of his or her extracurricular activities and work experience, SAT or ACT or other standardized test score which measure ability and aptitude for college work, and two references from teachers or instructors who have taught the candidate in an academic course in the two years preceding the request;
- demonstrate academic excellence;
- have been admitted to an elite school ;
- demonstrate financial need by submitting a copy of the application for financial aid submitted to the school or providing other financial records or evidence of financial need;
- demonstrate a high level of motivation, strong character, and great potential for academic success.

Your selection committee consists of your trustees. Any relatives or family members of your scholarship selection committee members or trustees are not eligible to apply for your scholarship. Applicants must apply directly to you. There is currently no limit on the number of individuals that are eligible to apply for the scholarship.

You will interview each candidate to evaluate the candidate's motivation, character, ability and potential for academic success.

In determining whether a candidate has demonstrated academic excellence, you will evaluate prior academic performance, performance on tests designed to measure ability and aptitude for college work, and recommendations from instructors.

After evaluating the above factors, you shall then determine whether to award the grant to such candidate and the amount of such grant. The decision to award a grant to a student who meets the above requirements and the amount of such grant will be made by you. You may award as many grants as determined in any given year and may award no grants in a given year. You may award, or decline to award, a grant to a student as requests are received on a continuous or rolling basis.

You will not award scholarships to any individual who are related to you, or to a substantial contributor of you or persons related to such substantial contributors, including but not limited to those persons who would be "disqualified persons" with respect to you as defined in Section 4946(a) of the Internal Revenue Code, in any way which would cause the trustee or such disqualified persons to derive a private benefit, directly or indirectly, if such individual is selected to receive the grant.

Under your scholarship program, the recipient must provide to you a report of the courses taken and grades received in each academic period of such year. The report must be certified by the recipient's educational institution. In cases of recipients whose study at an

educational institution does not involve the taking of courses but only the preparation of research papers or projects, such as the writing of a doctoral thesis, the recipient must provide you with a brief report on the progress of the paper or project at least once a year. Such a report must be approved by the faculty member supervising the recipient or by another appropriate school official. In addition, the grant recipient must provide you with a report of the use of the grant funds not paid directly by you to the educational institution or other service providers, including invoices and receipts, for all payments and expenditures made by the grant recipient. Upon completion of a grant recipient's study at an educational institution, the grant recipient must provide you with a final report of his or her academic study.

If a report submitted by a recipient indicates any misuse, you will withhold further payments and investigate the misuse of such funds. Your trustee will take all reasonable and appropriate steps either to recover the misused funds and withhold any further payments to the grant recipient until you have received a recipient's assurances that future diversions will not occur and required the grant recipient to take extraordinary precautions to prevent future diversions from occurring.

Under your program, the amount of each award will be between \$5000 and \$10000 per year. You will award between four and five scholarships. You will inform E area high schools of your program so schools can publicize to their students. You will also notify schools in C of your program. Awards may include amounts, determine at your discretion, to defray the cost of the recipient's tuition and related expenses, books, supplies and room and board.

Each scholarship will be subject to your annual review and approval of the recipients' academic record and other relevant information. Under your renewal procedures, recipients from prior years may have their scholarships renewed annually, although there is no guarantee that the grant will be renewed. You may request further information from the recipients after reviewing the reports provided by the recipients after the end of the academic year regarding their academic studies and/or financial need. After reviewing such information, you may renew such grant on the same terms or on different terms.

You will maintain records that include: information used to evaluate the qualifications of potential recipients; identification of the recipients (including any relationship of any recipients to you), the amount and purpose of each grant; and recipient reports and other follow-up data obtained in administering 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.

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