

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Release Number: **201509050**

Release Date: 2/27/2015

Date: **12/1/2014**

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL 4945.04-04

X= City name

Y= County name

t = Number

y dollars= Dollar 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

You will provide scholarships to students in their second or higher year of college or technical school.

You use the following criteria to determine who is eligible for your scholarships:

- The individual must be a resident of the X or Y.
- The scholarship is to be used for a health field or technical school.
- The individual must be entering their second or higher year of study at a college or technical school in Y.
- The individual must have a grade point average of 3.0 or higher.
- The individual must submit a written essay about themselves, their need for assistance and academic goals.

Preference is given to those who show financial need or are veterans or family members of veterans or adults returning to college.

Your selection committee will consist of individuals who are upstanding members of the community and provide leadership in their chosen field. If a committee member leaves the selection committee that member will choose his or her replacement using the above criteria. If a suitable replacement cannot be found a family member would fill the vacancy on the selection committee.

You offer t scholarships per year at y dollars per scholarship. You may increase the number of scholarships offered in the future. The scholarships are not renewable.

You publicize the scholarship program by providing a letter with the application forms attached to the college and tech schools in Y notifying them of the availability of the scholarships for their student bodies.

You distribute the scholarships directly to the school the recipient is attending. You request copies of the recipient's transcripts to ensure the recipient meets the GPA requirement and is in good standing with the school.

You will maintain all records relating to individual grants, including information obtained to evaluate grantees, identify whether a grantee is a disqualified person and establish the amount and purpose of each grant.

You will arrange to receive and review grantee reports annually, investigate any diversions of funds from their intended purposes, and take all reasonable and appropriate steps to recover any diverted funds and ensure other grant funds held by a grantee are used for their intended purposes. You will withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversions from occurring.

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