

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Date: December 18, 2014

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

X = City

Y = Firm

Z = Country

w = 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 desire to expand your activities by making scholarship grants directly to individuals. You will provide scholarships to first-year law students enrolled at any ABA- accredited law school in the Z to help finance tuition and other educational costs for the second academic year. You do not expect to provide loans to students.

The scholarships will be in the amount of \$w each, awarded to highly qualified first-year students to help finance tuition and other educational costs for the second academic year. You expect to pay the scholarship to the schools directly, that will then disburse the funds to the award recipients who are in good standing. However, you may also disburse scholarships directly to the recipients. If you pay grants directly to award recipients, you will require the grantee to provide documentation that the funds were expended for the scholarship's purposes. The number of scholarships will vary each year, depending on your budget, but you expect to award approximately five scholarships each year.

The program is publicized on Y's website and through ABA-accredited law schools.

The scholarships will be awarded on an objective and non-discriminatory basis. Eligible law students include those who are currently enrolled first-year law students at an ABA-accredited law school in the Z who:

- Contribute to the diverse background of their law school's student body;
- Demonstrate strong academic achievement; and
- Demonstrate an interest in promoting diversity in the legal profession.

The scholarships may be used only for qualified tuition and related expenses within the meaning of section 117(b)(2) of the Code (tuition and fees required for the enrollment or attendance of the student at a qualifying educational institution and fees, books, supplies and equipment required for courses of instruction at such an educational institution), and for room and board. The scholarships are one-time payments of \$w each, not subject to additional amounts or renewals by the award recipients.

Your Board of Directors will make final selection of, and approves, all award recipients. In this process, they will be assisted by a Scholarship Committee that will review applications and make recommendations for awarding scholarships. Subject to the approval of Y's managing partner, the Scholarship Committee is comprised of Y's various Department Chairs. Committee members will be removed when they no longer hold the positions identified above or are otherwise replaced by the managing partner.

Relatives of members of the Scholarship Committee or your directors or officers are not eligible to receive awards under your proposed scholarship program. You review each applicant to determine whether there are any family relationships with you or with anyone at Y. Relatives of any attorneys of Y are not eligible to receive awards under your proposed scholarship program. However, relatives of non-attorney employees of Y are not excluded from receiving such awards.

You will maintain complete records in connection with all grants awarded. These records will include all information obtained by you to evaluate the qualifications of potential grantees, the identification of grantees, the purpose and amount of each grant, the terms of payment of each grant and any additional information you secured as part of the grant administration process.

You also represent that you will:

- Arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded;
- Investigate diversions of funds from their intended purposes; and
- Take all reasonable and appropriate steps to recover diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and 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