

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

Z=
M=
x dollars =
y dollars =

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(c)).

Description of your request

Your letter indicates you will operate a scholarship program called M.

The purpose of M is to provide scholarships to freshmen or sophomore college students who demonstrate financial need for their education.

Terms of Scholarship Program

You intend to provide scholarships to individuals based primarily on the individual's financial need, to help support and advance the individual's higher education. You represent that the specific criteria you use to determine who is eligible for your program will always require a showing of financial need. In addition you require academic references, a reference from an

employer or community member and an academic transcript. You will also conduct an in-person or video conference interview with the applicant, as part of your selection process.

Qualification and Criteria

You plan to provide scholarship(s) initially to freshmen or sophomore students enrolled in accredited college or university who can demonstrate financial need, as well as provide proof of acceptance or enrollment in a degree program in a STEM subject (science, technology engineering, or mathematics), with at least a 2.5 GPA based on a 4.0 scale. In addition, you plan to provide various individuals scholarships in future years, always based primarily on financial need, for student from specific colleges, as well as students from economically disadvantaged groups of individuals in society. You do not select grantees for any of your grant programs based on racial preferences, nor do you engage in any type of racial discrimination.

Your purpose for each educational scholarship is to cover (i) the individual recipient's qualified education expenses, such as tuition and fees, and course-related expenses such as books, supplies, and equipment, and/or (ii) the individual's other education-related expenses, such as room and board while the individual is enrolled as a full-time student.

Terms of Scholarship

You will provide up to x dollars for each educational scholarship, with a maximum of y dollars available annually for such grants, until you consider otherwise. You expect to make available 2-4 scholarships annually.

Funding and Limitations

You represent that a student must submit a copy of their class schedule for each semester and grades after each semester. You disburse checks to the educational institution in which the recipient is enrolled in and/or disburse a check to the recipient for other educational related expenses.

You represent that if you determine that a recipient has failed to comply with the terms or has misused all or part of the grant award, you will cease any further disbursements of the grant award and request, in writing to the recipient for repayment of any misspent funds from the grant award. You will also notify the educational institution the student was enrolled in, of your cessation of the grant award to the student. If the recipient promptly rectifies the noncompliance and/or returns any misspent funds of the grant award, you may reinstate the recipient to the program, at your discretion.

Publicizing

You publish your scholarship grant program to the general public on social media and as a member of the National Scholarship Providers Association. You may also publicize your grant program through various search engines which provide free advertising to scholarship providers.

You represent that the scholarship committee is composed of the four trustees of the foundation and have stated that members of the committee or your officers, directors or substantial contributors are not eligible for awards made under your 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