

Internal Revenue Service

P.O. Box 2508

Cincinnati, OH 45201

Department of the TreasuryRelease Number: **201525018**

Release Date: 6/19/2015

Date: March 27, 2015

Employer Identification Number:**Contact person - ID number:****Contact telephone number:****LEGEND**

B= program

C= scholarship 1

D= scholarship 2

e dollars= dollar amount

f dollars= dollar amount

Y= high school

Z= county, state

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 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

Your letter indicates you will operate a scholarship program called B. B will consist of two types of award, C and D, each worth e dollars. B will provide scholarships to students from Y who plan to attend or are attending educational institutions of higher learning;

meaning a four year college or university, a two year college, a community college or an accredited career or technical school.

C will be awarded to applicants about to graduate from Y or who have graduated within one year or applying. D will be awarded to applicants who have already received an award from you and are working towards completing a post-high school program.

B will be publicized via local newspapers and through officials at Y.

Applicants for C must:

1. Be a resident of Z
2. Be a high school senior from Y
3. Be a graduate from Y no later than one calendar year from applying
4. Have financial need, a level of academic achievement, support through references and the ability to complete an application and essay
5. Be accepted at an eligible education institution
6. Have maintained a 3.0 GPA

Applicants for D must:

1. Be a resident of Z when not in school
2. Be a graduate of Y
3. Be a recipient of an award from you in the immediate preceding year
4. Have financial need, a level of academic achievement, and the ability to complete an application and essay. This includes not receiving more than f dollars in successive awards over a four year period.
5. Be enrolled in a qualified educational institution
6. Have completed the academic year prior to the year when the award applies
7. Have maintained a 3.0 GPA

Recipients must first meet eligibility requirements then be recommended to you from the Scholarship Advisory Committee appointed by your board. Each applicant will be ranked according to your criteria and awards given to those with the highest ranks. You plan on awarding up to ten C awards and up to thirty D awards through the first four years of B and thereafter. The Committee will consist of three impartial members of the community.

Awards will be made directly to the school or program the recipient is attending. The program must agree to apply the award to the student. Recipients must provide transcripts and a report on how funds were spent.

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