

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Release Number: **201535022**

Release Date: 8/28/2015

Date: **June 1, 2015**

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND:

Y= individual

Z= 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

You will operate a scholarship program to:

- assist an undergraduate or graduate student to pursue his or her education for a maximum of four years;
- recognize scholastic achievement; and
- honor Y for whom your Chapter is named.

The scholarship will be awarded to a native-born or naturalized American student who meets *any one* of the following four sets of criteria:

Criteria A:

- has graduated from an accredited Z high school with at least a 3.2 CPA (weighted or un-weighted), and
- has been accepted by or is a full-time student in good standing at an accredited college or university. (Note: the applicant may currently be in process of applying to college but must be accepted by an accredited college or university by the time the scholarship is awarded).

Criteria B:

- is attending on a full-time basis an accredited college or university for an undergraduate degree (B.A. or B.S.) maintaining at least a 3.0 overall average.

Criteria C:

- is attending on a full-time basis a graduate or professional school (e.g. medical, law, public health, or graduate school) maintaining at least a 3.0 overall average.

Criteria D:

- has graduated from an accredited college or university with at least a 3.0 average and
- has been accepted to a full-time graduate program at an accredited university for an advanced degree.

If the applicant is attending college or graduate school at the time the scholarship is awarded, he or she must provide a certified transcript from the college or university at the time of application and each semester thereafter until graduation, showing that a 3.0 GPA has been maintained each semester. You have currently set aside at least \$10000 annually for awards and will determine year to year the number of recipients.

If the applicant has graduated from college with an overall GPA of 3.0 at the time of application and is planning to attend graduate school, he or she must submit to the Scholarship Committee Chair the following:

- a certified final transcript from the college or university from which he or she obtained a bachelor's degree;
- documentation of acceptance to an accredited graduate or professional school program; and
- ongoing certified transcripts each semester documenting maintenance of full-time status and an average 3.0 GPA.

Proof of United States citizenship must be submitted. A copy of either an official birth certificate or a copy of a U.S. passport is acceptable.

Upon awarding the scholarship, funding will be renewed annually until the recipient's graduation from college (for a maximum of four years) provided he or she meets the ongoing requirements as described above. If the recipient graduates from an

undergraduate college or university but has part of the four year award remaining, the unused funding may be applied to an accredited graduate program as described above.

Potential recipients must submit:

- A completed application
- A short paragraph on Y
- High school, college or graduate school transcripts
- A personal statement about community service and its meaning to them
- Letter of recommendation from one of your Chapter members, a teacher, coach, school official or job supervisor

In addition, an applicant will have an interview with members of your Scholarship Committee.

Funds are paid directly to the attended institution and recipients must provide transcripts confirming continued eligibility. If terms are violated the recipient will lose eligibility.

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