

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury**Release Number: 201537028****Release Date: 9/11/2015****Date: June 17, 2015****Employer Identification Number:****Contact person - ID number:****Contact telephone number:**

UIL : 4945.04-04

LEGEND

M = Organization

N = Organization

P = Organization

Q = Organization

X = Scholarship Program

Y = Organization

z 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 support a number of initiatives involving the educational advancement of youth as part of your charitable programs. To expand on these programs, you plan to award scholarship grants to individuals under a program titled X. The purpose of X is to make

grants to college seniors, specifically student athletes, interested in pursuing their education after graduation.

In the first year of the program, you anticipate making scholarship grants to six college seniors graduating from eligible colleges and universities throughout the country. The six scholarships will be awarded to one male and one female student athlete in each of three selected sports who intend to further their education post-graduation. The sports selected will be non-revenue sports. You may increase or decrease the actual number of scholarships from time to time. Scholarships must be used to attend an accredited college or university for post graduate study. It is anticipated that in the first year scholarships will be awarded in the amount of z dollars to be used during the recipient's first year of post-graduation educational activities. The dollar amount granted each year will be at your discretion. Scholarships will only be awarded for one year and are not renewable.

The selection criteria for the scholarship consist of:

- The student –athlete must be a member of a P volleyball, soccer or lacrosse team. One female and one male athlete from each sport will be selected.
- The student –athlete must demonstrate he or she intends to pursue an advanced degree or otherwise further his or her education at an accredited college or university after graduation.
- The student –athlete must be a graduating senior (or recently graduated senior) who has exhausted all eligibility to play an N collegiate sport.
- An eligible student-athlete must have a strong undergraduate academic record, generally with at least a 'B' average. Participants will be required to submit transcripts to you for your consideration.
- The student-athlete must have demonstrated leadership, teamwork, and good character during his or her athletic career. This may include recommendations from Y and the individual Athletic Directors of the appropriate schools.

You will strive to award scholarships to student-athletes who represent the whole range of diversity of N athletes and athletic programs, and selection will not be made on the basis of race, religion, nationality, or ethnic origin. No employees or directors of M (or any of its subsidiaries) nor any members of their immediate families will be eligible to receive scholarships. In addition, no officer, director, or employee of you or of M, nor any member of their immediate families, will be eligible to receive scholarships.

You will distribute scholarship applications to Y who will then distribute them to the Athletic Directors of its member schools who can provide them to interested athletes. Completed applications will then be submitted by student athletes to Y for consideration. A scholarship committee of Y will nominate for consideration three or four individuals, both men and women, in each of the three non-revenue sports selected. The nominations will be based on recommendations from the Athletic Directors from Y's member schools and will be based on a good record of scholarship, leadership, and teamwork. Nominations should also reflect geographic diversity, racial/ethnic diversity, and diversity among Q schools. The nominations will be sent to your selection committee which will be

made up of at least three individuals nominated by your Board of Directors. Your selection committee will then select the final scholarship recipients from the recommendations from Y. You will select recipients using objective criteria related to undergraduate scholastic record, leadership and teamwork, and good citizenship. You may take into account the full range of diversity among Q and their student-athletes. One male and one female from each sport will be selected.

You will verify each recipient's admission and enrollment in a college or university prior to awarding the scholarships. The recipient must be enrolled in an educational institution that is an educational organization described in Code section 170(b)(1)(A)(ii) or a state college or university described in Code section 511(a)(2)(B). Upon verification and approval, you will send a check to the college or university with instructions to deposit the money into the student's account with the school to defray the costs of tuition and fees.

The recipient's educational institution will send semester (or quarter) reports to you detailing courses taken and grades received for the period covered by the scholarship. Where the required reports are delinquent or indicate any possible diversion of funds, follow-up requests will be submitted. If satisfactory reports are not received after a reasonable time, you will attempt to recover the funds. While conducting an investigation, you will withhold further payments until delinquent reports have been submitted. If a diversion is determined to have occurred, no further payments will be made to the grantee.

You will obtain all records of the Y scholarship nominating committee, which will include all of the information used to evaluate potential grantees. You will retain records identifying the recipients and demonstrating that no recipient is an individual who is a disqualified person with respect to you. The records will specify the amount and purpose of each grant and will retain all follow up information regarding progress reports, any suspension of grants, and any investigations of possible diversions of grant funds.

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