

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Release Number: **201545032**

Release Date: 11/6/2015

Date: August 11, 2015

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

S = Country
T = Denomination
V = City, Country
W = Area
X= Area
Y= State
w = Number
x = Number
y = Number
z dollars = Amount

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 establish a scholarship program to help high-potential, low-income grade school students attend college-prep high schools and help high school students attend college. You have not established the number of scholarships to be granted on an annual basis but anticipate the scholarships to be typically up to z dollars per student per year, and that over the expected life of w years of the program you intend to grant between x and y scholarships. You intend to publicize the program through your website and through direct contact with administration in schools in your target area. The program is to be established in the X area of Y and may in the future extend to other cities in the S and internationally, such as in V or other W cities.

To be eligible for one of your scholarship grants, a student must be a graduating student at a T grade school who is planning to attend secondary school at a T high school or a graduating student at a T high school who is planning to attend a college or university. Selection criteria will include financial need and a record of achievement indicating academic promise. Applicants will be required to submit an application that includes information on academic performance, the student's educational goals, annual household income, and a teacher's or advisor's assessment of the student's achievements and academic purpose. The scholarship selection committee will meet with qualified students and their families for an interview to confirm their commitment to furthering the student's education. The scholarship selection committee will consist of persons knowledgeable about education and/or with familiarity or experience with financial aid in the context of education.

All scholarship grants will be paid to the schools where the scholarship recipients are enrolled. Scholarships will be eligible for renewal as long as a student remains enrolled in the college-prep high school or post-secondary educational institution and maintains a minimum grade point average of 2.5 (or the equivalent, if a different scale is used by the school). You will require the school and/or student to annually provide grade transcripts showing enrollment and qualified grade point average. If a student remains enrolled but fails to maintain the minimum grade point average, you will, at your discretion, place the student on a one-year probation from receiving scholarship funds or terminate the scholarship.

You represent that you will maintain all records relating to individual grants, including information obtained to evaluate grantees, identify whether a grantee is a disqualified person, establish the amount and purpose of each grant, and establish that you undertook the supervision and investigation of grants.

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,

Jeffrey I. Cooper
Director, Exempt Organizations
Rulings and Agreements