

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Number: **201550046**
Release Date: 12/11/2015

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

Date: September 14, 2015

LEGEND

UIL: 4945.04-04

B= Name
C= Name
D= College Name

e = Number
f = Number
g dollars = Amount

Dear _____ :

You asked for advance approval of your educational grant procedures under Internal Revenue Code section 4945(g)(3). This approval is required because you are a private foundation that is exempt from federal income tax.

Our determination

We approved your procedures for awarding educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grants meet the requirements of Code section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

Description of your request

Your letter dated April 7, 2015 indicates that you will operate an educational grant program called B. You were established to help young people of exceptional promise to reach their full potential and one of your major goals is to identify extraordinary individuals and help them pursue the kind of formal education your founder was denied.

You have already received advance Internal Revenue Service (the "Service") approval under sections 4945(g)(1) and 4945(g)(3) for several grant making programs including a graduate fellowship program, C, which the Service approved as meeting the requirements of section 4945(g)(1) of the Code.

You plan on expanding C to include B for international travel, which will provide graduate students a unique educational experience that comes from experiencing the history and culture of a foreign country first-hand; you believe that travel offers a valuable way for graduate students to further their studies, acquire new academic experiences, and broaden their appreciation of foreign cultures. B will initially be available to C participants who are attending D but will be expanded to cover more qualifying institutions in the United States and abroad. B will cover expenses such as transportation, room, board, and any fees needed to visit or participate in locations or events related to the travel's educational purpose at both United States and international institutions. The exact number of awards in a given year will depend on a number of factors including the number, qualifications and particular needs of the applicants. In the first three years of B the number of grants awarded may be in the range of f for approximately g dollars.

The primary selection criteria for B shall include, but are not limited to, acceptance into C, a summary proposal describing the planned travel destination(s), educational purpose of the travel and planned activities, and motivation for travel. The travel and use of funds must be completed within e months of the date of the grant.

Educational advisers and your staff will generally make applicants to C aware of B and solicit applications directly from those selected to participate in C. You may also enter into agreements with unrelated independent organizations ("scholarship consultants") that will assist you in promoting B as part of C, contacting graduate and doctorate programs with relevant information on B and C, designing and processing the applications, and evaluating the eligibility of applicants. All such scholarship consultants will be separate corporate entities that are completely unrelated to you. None of the employees, officers, or directors of scholarship consultants will be employees, officers, or directors of yours, or disqualified persons with respect to you. Fixed fees paid to scholarship consultants for services provided to you will be set in accordance with standard rates for similar consulting and management services provided to other organizations. You will be responsible for approving all aspects of program design, promotion, award selection, and allocation.

As part of the selection process you may enlist either an independent selection committee composed of individuals with relevant educational expertise or authorize your staff to review and evaluate all eligible applications for recommendation to your Board of Directors of award recipients. The scholarship consultants may also identify qualified individuals to serve as panelists on the selection committee and may provide training sessions for the panelists. In all cases, your board will make the final selection.

You do not discriminate on the basis of race, religion, creed, color, sex, age, physical or mental disabilities, sexual orientation, or national origin. All awards are required to be awarded on an objective and nondiscriminatory basis. No awards will be awarded to your founder, creator, officers, board members, or staff, or their families, or to any disqualified person or for a purpose that is inconsistent with the purposes set forth in section 170(c)(2)(B) of the Code.

You will require each recipient to be in regular contact with an educational adviser appointed by you. Each recipient must submit a final report after the end of his or her travels detailing his or her accomplishments, the impact of the award on his or her academic and professional development, and the use of the funds received.

If a required report is not submitted, if the submitted report is unsatisfactory, or if all or any part of the awards are being diverted from their intended purposes, you will take all reasonable and appropriate steps to recover the funds and/or to ensure restoration of the diverted funds. This would include legal action if deemed appropriate under the circumstances. Any unused funds will be transferred back to you.

You will retain complete records with respect to all awards, as required by the applicable regulations. These records will include all information obtained by you to evaluate applicants, the identification of recipients, the completed application of each applicant, the amount of each grant, progress reports from recipients or their supervisors, and any additional information that you or your scholarship consultants, have obtained in the course of the grant administration process.

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 section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii); or
 - A prize or award subject to the provisions of section 74(b), if the recipient of the prize or award is selected from the general public; or
 - To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

To receive approval of its educational grant procedures, Treasury Regulations section 53.4945-4(c)(1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

Other conditions that apply to this determination

- This determination covers only 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 precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes in 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 make 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 must 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 any questions, please contact the person listed at the top of this letter.

Sincerely,

Jeffrey I. Cooper
Director, Exempt Organizations
Rulings and Agreements