

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

Department of the Treasury

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Date: November 30, 2015

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

W= Program Name
X= Chapter Name
Y= Association Name
Z= University Name

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 provided in Code section 117(b)).

Description of your request

Your letter indicates you will operate a scholarship program called W. Your purpose is to engage in charitable activities by enhancing access to higher education.

The purpose of W is to provide tuition assistance to members of the X chapter of Y at Z. Specifically, you will provide scholarships to certain academically qualified students only for the spring semester who are pursuing an undergraduate, graduate or post-graduate education at Z and who are members of the X chapter of Y at Z. The president of the X

chapter of Y publicizes W, distributes information about W and provides applications to interested students.

The number of scholarships that will be awarded each year and the amount of each scholarship will vary depending upon the Required Amount and the number of qualified applicants. The Required Amount must be equal to or greater than the amount that must be distributed to enable you to satisfy the Code Section 4942 "minimum distribution" requirements (after taking into account administrative expenses and qualifying distribution carry forwards).

To be eligible for tuition assistance, an applicant does not have to be a United States citizen, but must be currently enrolled as a full-time student at Z and be an active member of Y. In addition, an individual must be in good standing both academically with Z and within the Y community; applicants must also be eligible to receive financial aid from Z and/or be currently borrowing funds to pay tuition to Z.

Individuals interested in applying for tuition assistance must send an application via email to you containing the following:

- Name;
- Hometown;
- Anticipated year of graduation at Z;
- Major(s)/Minor(s);
- Cumulative GPA as of the most recently completed semester;
- Total estimated tuition cost for the spring semester;
- Other sources of funds available to pay the spring semester tuition, including, but not limited to, scholarships, loans, gifts and family resources;
- Summary of their involvement in activities at Y;
- Summary of their involvement at Z;
- Any other factors they would like you to consider.

Your Scholarship Selection Committee reviews the applications, determines the number of scholarship that shall be awarded, determines the amount of each scholarship and advises you which students shall receive scholarships. In making its selections, your Scholarship Selection Committee considers each applicant's contribution to the X chapter of Y and Z. All scholarships shall be awarded on an objective and non-discriminatory basis. No scholarships may be awarded to any individual who is related by blood, adoption or marriage to any member of your Scholarship Selection Committee or any disqualified person of yours as a first cousin or closer relative. The scholarships may be renewed annually provided that the student maintains a 2.8 cumulative grade point average on a 4.0 grade scale or its equivalent of B-.

You will pay the scholarship proceeds directly to Z for the benefit of the recipient. You provide a letter to Z specifying that Z's acceptance of the scholarship proceeds constitutes Z's agreement to (i) refund any unearned portion of the scholarship, if subsequent to the payment of a scholarship, a scholarship recipient fails to meet any

term or condition of the Scholarship Program; and (ii) notify you if a scholarship recipient fails to meet any term or condition of the Scholarship Program.

You represent that you will arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded. You will investigate diversions of funds from their intended purpose as well as take all reasonable and appropriate steps to recover diverted funds, ensure other grants funds held by the grantee are used for their intended purposes, and withhold further payments to grantee until you obtain grantees assurances that future diversions will not occur and the grantees will take extraordinary precautions to prevent future diversions from occurring.

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