

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

Department of the Treasury

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Employer Identification Number:

Contact person - ID number:

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Contact telephone number:

LEGEND

UIL: 4945.04-04

B= Country
C= Name
D= Name
E= Name
F= Name
G= 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. You are dedicated to supporting religious, humanitarian, and educational initiatives benefiting C and D communities worldwide.

achievements; it is designed to pay for subsequent study by the recipient. The awards will fund the cost of attendance (limited to tuition and fees required for enrollment or attendance at the educational institution, or for fees, books, supplies, and equipment required for courses at the educational institution) for a period not to exceed three years of study at an institution described in IRC § 170(b)(1)(A)(ii).

The requirements and recommendation procedures including solicitation materials for the fellowship awards will be posted on your website. The program will also be promoted through word of mouth by your directors.

Eligible students must be seeking to study at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on in either the United States or B. In addition, eligible students must be of C decent (At least one parent must be of C heritage.) and/or be of a faith within one of the D jurisdictions consisting of E, F, or G. Furthermore, your officers, directors, substantial contributors, key employees and their immediate family members are not eligible for awards.

Each year, between January and June, community members and other stakeholders will nominate eligible students for the award by submitting letters of recommendation to you, which details their past academic achievements and eligibility. No student prepares or produces any material specifically for submission.

The recipients are chosen by a majority vote of a selection committee comprised of three board members and will be selected based on their past academic achievement. In addition, the selection committee will perform due diligence to confirm the information submitted in the recommendation letters, including but not limited to, contacting academic institutions, the recommended student, and/or the individual who recommended the student. Awards will be made on an objective nondiscriminatory basis. Your staff will prepare the approval correspondence and ask the selected student to provide the cost of attendance (limited to tuition and fees required for enrollment or attendance at the educational institution, or for fees, books, supplies, and equipment required for courses at the educational institution) for the upcoming academic year.

The number of fellowship awards made annually will be determined by assessing the status of your assets and the maximum amount of funds necessary to adequately provide financial support for students. The determination of the amount of each fellowship will be made by the majority vote of the selection committee.

Once approved and for each year students receive fellowship funds, the recipients must provide proof of enrollment showing that they are a candidate for a degree at an eligible educational institution described in IRC § 170(b)(1)(A)(ii). Written documents confirming this evidence will be recorded and included in your records. If the recipient fails to provide such proof of enrollment, you will revoke any remaining approved fellowship funds and enact a permanent bar from participation in any of your future scholarship or fellowship programs. Your procedures and remedies will be fully disclosed to the recipient and will

be contained in an agreement which the recipient will be required to sign prior to receiving the grant funds.

You will generally pay the proceeds directly to the universities /other educational organizations for the benefit of the recipient. You may also pay the individual grants directly to the recipient when a recipient is attending an educational institution outside of the United States or has housing, book, fees, travel or other educational expenses within the United States which cannot be processed through the educational institution. In these situations, the individual grant recipient will be required to provide evidence that payments received were in fact made to the educational institution and for tuition, housing, book, fees, travel or other educational expenses.

If you determine that a student who receives an individual grant award misuses the award for purposes other than the purposes provided for in the individual grant program, you will prepare and serve a written demand seeking a return of the funds from the grant recipient. If the grant recipient fails to return the grant funds, you will initiate legal action to recover the 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,

Jeffrey I. Cooper
Director, Exempt Organizations
Rulings and Agreements