

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Release Number: **201615020**

Release Date: 4/8/2016

Date: January 13, 2016

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

B = scholarship program

D = name of state

G = organization name

x = dollar amount

z = number

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 will not 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

Your letter indicates you will operate a scholarship program called B.

Your purpose is to raise funds for this scholarship.

The purpose of B is to assist with educational costs of persons whose professions will enhance the provisions of long-term care in the state of D. All scholarships would be made for education in the field of nursing, including any area or study directly applicable

to the provision of long-term care, such as nursing, physical and/or occupational therapy, dietetics, etc.

You anticipate the amount of the scholarship will be \$x per person. The amount would depend on the amount raised by your volunteers and the scholarship will not be renewable.

Advertising of the scholarships would be done by mailings to all members of the G which will include assisted living, basic care, and nursing facilities in D. Information would also be distributed to other nursing organizations, long-term care facilities in D, parents, high school guidance counselors, and on your website.

Applicants must meet the following qualifications:

- a. Applicant is employed by one of G's facilities at the date of application and is recommended by the facility;
- b. Applicant demonstrates proof of acceptance into a nursing education program approved by the Board;
- c. Two letters of recommendation are required. One must be completed by the Director of Nursing or Administrator of the referring facility; and
- d. All forms must be typed and postmarked by September 1 of the year in which scholarship is requested.

While the scholarship recipients must be employees of the member organizations of G at the date of the application, there is no future service requirement for scholarship recipients.

You will select scholarship recipients based on the applicant's desire and commitment to work in the long-term care nursing field. You anticipate only selecting recipients who verbalize the desire and commitment to work in a long-term care facility.

The Selection Committee will be a z-member committee consisting of individuals employed by z different nursing schools. If an applicant is related to a member of the Selection Committee, that committee member will be prevented from participating in that year's selection. Your substantial contributors, officers, directors, trustees, or any other individuals who have similar powers or responsibilities, and any of their ancestors, spouses, children, grandchildren, great-grandchildren, and the spouses of children, grandchildren, and great grand-children are not eligible to receive this scholarship.

The scholarship funds will be paid directly to the individuals.

You will verify acceptance and enrollment at an educational institution for the succeeding school term. You will make an inquiry with the applicant should you receive a report that a recipient has not completed his or her education. If the recipient does not intend to complete the education you will request that the funds be returned.

You will maintain case histories showing recipients of your scholarships, including names, addresses, purposes of awards, amount of each grant, and manner of selection.

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 purposes. You will take all reasonable and appropriate steps to recover diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversions from occurring.

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 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.

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