

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

Department of the Treasury

Release Number: **201619011**
Release Date; 5/6/2016
Date: February 8, 2016

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

B= Program Name

C= University Name

w = Number

x dollars= Dollar Amount

y dollars= Dollar 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 provided in Code section 117(b)).

Description of your request

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

Your purpose is to spread the gospel by encouraging, supporting, and promoting education, evangelism, and charity through Christian influence. You have received numerous donor restricted gifts which require you to hold the original gifts as a permanent fund and use the income from such gifts to award scholarships to students

attending C. The purpose of B is to promote Christian higher education for students at C which furthers your charitable purpose of promoting a Christian education.

Scholarships will be available to traditional full time students at C taking at least twelve credit hours and in some cases to graduate students. There are approximately w such scholarships at this time. The scholarships vary in amount depending on how many different scholarships an individual may receive, the amounts of each scholarship, recipient eligibility, etc. The majority of the awards will be less than x dollars per school year and students may receive more than one award per school year. Total scholarships to a single student in a given school year are generally less than y dollars.

C will make students aware of the applications during his or her application and financial counseling process. In the future, the applications may be added to either your or C's website. Furthermore, there is a single application form for all scholarships for undergraduate students and a single application form for all students pursuing his or her Masters of Business Administration degree. All applicants are required to provide a one page narrative which must contain the following:

- A personal statement which includes a brief summary of the applicant's personal history.
- A description of university activities the applicant has participated in, is currently involved in or plans to engage in.
- A description of activities outside of university life that interest the applicant and in which the applicant is involved (i.e. church, volunteer activities, hobbies, etc.).
- Why the applicant chose to attend C.

An independent selection committee will choose the recipients using objective criteria including such factors as the course of study, grade point average, career objectives, and financial need. Any student who is a full time traditional student enrolled in at least twelve credit hours and in good standing will be considered. Recipients will be selected on a non-discriminatory and objective basis.

The members of your independent selection committee will annually be chosen by your Scholarship Committee which consists of your trustees. The selection committee may include members of your Scholarship Committee, other trustees, or members of the community that your Scholarship Committee considers qualified.

Your trustees and members of the selection committee will not be in a position to receive private benefit, directly or indirectly, if certain potential grantees are selected over others. Your Scholarship Committee will annually audit the selections of the selection committee to ensure compliance with the selection criteria and avoidance of conflicts of interest. The scholarships will be awarded annually with approximately one half of the award applied to the fall semester and one half to the spring semester. These funds will be paid to C with directions to apply the appropriate sums to the students' accounts. C will agree

to use the funds to defray the recipient's expenses or to pay the funds to the recipient only if the recipient is enrolled and the recipient is in good standing that is consistent with the purposes and conditions of the grant. If after receiving a scholarship, a recipient ceases to meet the eligibility criteria, C will notify you and either a substitute recipient will be selected or any remaining funds will be returned back to you.

Students must re-apply each academic year to establish that they continue to meet the requirements of the scholarships. At the conclusion of the academic year, C shall provide confirmation that all grant funds have been appropriately applied to the students' accounts.

You will maintain full discretion and control over how these funds will be used by retaining all records that are submitted by the grantees and C. You will also obtain and maintain in your records evidence that no recipient is related to you or to any members of the selection committee or scholarship committee.

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