

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

Department of the Treasury

Release Number: **201641029**
Release Date: 10/7/2016
Date: **July 13, 2016**

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

C = Scholarship Program
D = Scholarship Program
E = Scholarship Program
F = Scholarship Program
G = Scholarship Program
H = Scholarship Program
J = Scholarship Program
X = A Student Center
Y = A University
x = Amount
y = 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 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 provide in Code section 117(b)).

Description of your request

Your letter indicates you will operate scholarship programs called C, D, E, F, G, H, and J.

You indicate that the purposes of C, D, E, F, G, H, and J are to provide an annual scholarship to current students who are also active at X. All scholarship funds are to be used for study at an educational institution, Y. Scholarship amounts range from x to y depending on the applicant's established need and your available resources. At least z scholarship awards will be granted annually.

The applicant must meet the following criteria:

For C, D, E, F, and G; (a) must be a full-time Y student in good standing and (b) be active at X.

For H, (a) must be a Junior or Senior full-time Y student, (b) be active at X, (c) receive at least 30 credits from Y, (d) have a GPA of at least a 3.0, and (e) major in one of the Natural Science.

For J, (a) must be a Junior or Senior full-time Y student, (b) be active at X, (c) receive at least 30 credits from Y, (d) have a GPA of at least a 2.0, and (e) major in either Business or one of the Sciences.

The application must be completed and emailed to you by April 1.

The application should include (a) personal information, (b) an involvement with X, (c) college income and expenses, (d) how scholarship money will assist in his/her education. In addition, the applicants are asked to attend a meeting with the scholarship committee prior to being awarded a scholarship grant.

Only active voting members are eligible to serve on the selection committee. The selection committee members are appointed by your president. Any student who is active at X is eligible to apply. The announcement of the scholarships is published in the Sunday X's Bulletin for several weeks prior to the application deadline. The application will be available through your email address. If an applicant is a relative of a Board Member or substantial donor, the affected committed member would be expected to recuse himself or herself from that application.

The scholarships are non-renewable. However, the previous recipients are eligible to reapply, but must complete a new application and go through the same process again.

If the terms of the scholarship are violated, you will notify Y's Financial Aid Office to have any previously issued funds rescinded and to assist with any collection if any funds have already been spent. The selection committee will use its discretion and may take one of three actions as to the returned funds: (1) hold the funds until the next round of scholarships and add to those funds, (2) distribute the fund proportionally to the remaining awardees, or (3) select an alternate awardee from the applications already submitted.

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. The effective date of our approval is December 23, 2015, which is the date your request was submitted.
- 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