

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

Department of the Treasury

Number: **201729024**
Release Date: 7/21/2017

Employer Identification Number:

Contact person - ID number:

Date: April 25, 2017

Contact telephone number:

LEGEND:
b dollars = dollar amount
C = geographic region

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

You will provide academic scholarships to enable recipients to complete an undergraduate education at a United States non-profit college of their choice. Funds will be awarded to cover school fees, books, supplies, etc. You expect to award up to five scholarships a year.

You will contact local guidance counselors and administrators, heads of other organizations that students frequent, local newspapers and online media to publicize the award. An application will also need to be completed by a potential recipient. Any high school senior, who is a United States citizen, within the program will be eligible and have an equal opportunity to submit an application for the scholarship program.

Awards will be directed toward students attending schools in the C area. Grantees will be selected on a merit basis in an objective and nondiscriminatory basis, but you may reserve the right to impose additional, minor reasonable restrictions and/or requirements as factors for consideration, such as:

- Academic performance
- Financial need
- Contribution to the local community
- Family and life obstacles overcome
- Social and educational environment
- First in the family to college
- Athletics

Your selection committee will be selected by your board and will include individuals of diverse educational, professional and cultural backgrounds.

You expect to provide awards in the amount of b dollars annually to student recipients. You will require proof of use of funds, including written statements from the recipient. Unless otherwise provided in the fund agreement establishing the grant, each award shall be paid by you directly to the educational institution for the use of the recipient.

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,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements