

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

Department of the Treasury

Number: **201749021**
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Employer Identification Number:

Contact person - ID number:

Contact telephone number:

Date: September 13, 2017

LEGEND

X= Scholarship Program

Y= State

Z= Name

b= Number

c dollars= 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 X.

Your goal includes improving the health and well-being of the residents of Y.

The purpose of X is to provide scholarships to students who pursue a nursing career by attending a post high school education program at a Y based university or college

described in Section 170(b)(1)(A)(ii). Recipients may only use the scholarships for tuition and fees required for the enrollment or attendance at a qualifying educational institution and may not use any part of it as payment for teaching, research, or other services. You will advertise X by contacting Y college or university administrators as well as managers of other relevant community institutions. For the current year, you plan to award b scholarships for c dollars but you will determine the number and amount for each of the scholarships annually.

To be eligible to apply for a scholarship, individuals must be:

- Residents of Y entering their sophomore, junior or senior year who are attending a Y university or college,
- Pursing a degree in the nursing field as a full-time student,
- Maintaining a cumulative GPA of 3.0 or higher and in good academic standing,
- Able to demonstrate financial need.

To apply for the scholarship, students can obtain your application from either their school's external scholarships webpage or Z's web page. Applicants are required to submit completed applications and required supporting documents such as financial information and transcripts by a specified due date. Incomplete applications will not be considered.

You, or your designated staff will appoint the selection committee who will evaluate and select recipients on an objective and nondiscriminatory basis. Selection committee members are required to adhere to your conflict of interest and confidentiality policies. No board member, scholarship committee member, employee or donor board member of Z, or their relatives are eligible for the award. Members on the selection committee are required to disclose any personal knowledge of and relationship with any potential scholarship recipient under consideration and to refrain from participation in the award process in a circumstance where he or she would derive, directly or indirectly, a private benefit if any potential recipient or recipients are selected over others.

The selection committee will select recipients based on academic achievements, financial need and service to the community. The selection criteria may include but not be limited to the following:

- Prior academic performance,
- Performance on tests designed to measure the ability and aptitude for educational work,
- Recommendations from instructors or any others who have knowledge of the applicants' capabilities,
- Biographical information such as career, academic and other relevant experiences,
- Financial need,
- Motivation, character, ability or potential,
- Place of residence,

- Past or future attendance at a school,
- Past or proposed course of study,
- Evidence of artistic, scientific or other special talent.

Scholarships will be paid directly to the educational institutions after the educational institutions agree in writing to use the awards to defray the recipients' expenses or to pay the funds to the recipients. The educational institution must also verify that the recipient is enrolled at such educational institution and his or her standing at such educational institution is consistent with the purposes and conditions of the award.

You will obtain a copy of a transcript to verify the grade point average of each recipient. If you determine that any part of the award has been used for improper purposes, you will take all reasonable and appropriate steps to recover the scholarship funds and/or ensure restoration of the funds to the proper purposes of the award.

The scholarships are not renewable but recipients may reapply each year if they continue to meet the eligibility requirements. In addition, applicants who applied in a prior year for a scholarship but were not selected as recipients may reapply again the following year if they meet the eligibility requirements under which the award was established.

You represent that you will maintain the following: (1) all records relating to individual grants including information obtained to evaluate grantees, (2) identify whether a grantee is a disqualified person, (3) establish the amount and purpose of each grant, and (4) establish that you undertook the supervision and investigation of grants described above.

You represent that you will complete the following: (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversion of funds from their intended purposes, and (3) take all reasonable and appropriate steps to recover the diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and (4) 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 diversion from occurring.

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 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,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements