

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Date: **February 5, 2018**

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

B= School
C= Grade
D= Currencies
E= Number
y dollars= Amount

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 that you will operate an educational grant program.

The purpose of the program is to provide scholarships to underprivileged students majoring in computer science at B. To be eligible, candidates must be currently enrolled full-time in a computer science bachelor's degree program at B, have a minimum C grade point average from high school and demonstrate financial need. You will promote the scholarship through B who will post announcements on the school bulletin board and

website, explaining the availability of the scholarship program and the eligibility criteria. Your president will also interview B's staff on potential candidates.

The total number of scholarships granted will generally be determined by the currency exchange rate of D. You currently plan to select in the range of E students per year to receive the scholarship for an amount approximately valued at y dollars.

Applicants must submit a registration form with such documents as an official high school diploma and transcript, a copy of a certificate showing proficiency in English, recent photographs and an essay. The essay must describe their concerns with issues in the world today, why they deserve the scholarship, what motivates them, and if they are interested in working at a non-governmental organization. Application packets are sent to B and emailed to you.

A selection committee consisting of your Board of Directors will select the recipients from eligible applicants after B has provided you the applications of those who have been determined to be eligible. The selection committee will choose the recipients based on their determination to succeed, future goals and plans to achieve these goals, financial need and an interview.

If a member of the selection committee has a relationship with an applicant, then this member will abstain from voting on whether to recommend the student for a scholarship. Furthermore, you do not discriminate on the basis of race, religion, creed, color, sex, age, physical or mental disabilities, sexual orientation, or national origin. The scholarships are required to be awarded on an objective and nondiscriminatory basis.

Relatives of members of the selection committee, your officers, directors, or substantial contributors are not eligible for your program. Furthermore, your officers, directors and substantial contributors are not eligible for grants under your program.

You will pay the grants directly to B. In addition, you will meet with a school official and the recipients at least once per year to review that the scholarship funds are used per the agreement which recipients are required to sign. Any misuse of the scholarship funds will be judged by the law.

You will retain all documents for each scholarship recipient, including a signed Student Scholarship Agreement, and documentation verifying the Criteria for Application are met.

You represent that you will review grantee reports annually, investigate diversions of funds from their intended purposes, and take all reasonable and appropriate steps to recover diverted funds to ensure funds are used for their intended purposes. You will 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 the supervision and investigation of all grants.

You will check the U.S. Department of the Treasury's Office of Foreign Assets ("OFAC") list of SDN's for the names of individuals and entities with whom you are dealing with to determine if they are included on the list, will check all federal agencies and comply with all laws and regulations regarding foreign expenditures and to ensure grants are not diverted to support terrorism or other non-charitable causes.

You will comply with all U.S. statutes, executive orders, and regulations that restrict or prohibit U.S. persons from engaging in transactions and dealings with designated countries, entities, or individuals, or otherwise engaging in activities in violation of economic sanctions administered by OFAC and will acquire from OFAC the appropriate license and registration where necessary.

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