

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

Department of the Treasury

Number: **201825033**
Release Date: 6/22/2018

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

Date: March 21, 2018

LEGEND

UIL: 4945.04-04

T = Name
U = Country
V = School Name

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 and educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships and educational grants meet the requirements of Code Sections 4945(g)(1) and 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

Also, Section 4945(g)(1) 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 grantmaking program called T. The purpose of T is to provide financial support to allow disadvantaged women from U who have a history of academic excellence in high school and/or college, and a proven desire to do well. T will fund expenses related to attending an educational institution in the United States. Under T, you will make distributions which have components of both Sections 4945(g)(1) and 4945(g)(3). Examples of distributions under Section 4945(g)(1) are scholarships for recipients to attend a qualified educational institution to pursue a formal course of study. Examples of distributions under Section 4945(g)(3) are living expenses, medical expenses and other expenses not funded by scholarships.

As part of T, you will work with V, a school in U who has a history of preparing students from U to attend high school or college in the United States. You will provide promotional materials to V who will distribute them. Moreover, you will publicize T through the internet and in the future other institutions.

You will base the number of grants upon your available funds and the number of applicants. The amount of each grant depends on the educational costs, the tuition reduction or grant allowed by the educational institution where the recipient is attending, and any other available funding available to the recipient. Grants are not renewable but all recipients are encouraged to reapply.

To be eligible for T, applicants must be females from U who meet English proficiency standards to attend school in the United States and who do not have funds for such study from their own or their family's resources. Applicants will most likely already be in the United States attending school because of resources provided by V. Applicants must also have a host family to be eligible. In addition, eligible recipients will be required to attend a certified school, to be subject to the school's opinion that the eligible recipient will benefit from the educational opportunities that the school provides. Eligible candidates must complete an application and provide supporting documentation directly to you. You will generally then confirm the information provided by the applicant with the educational institution where they are attending or plan to attend. A selection committee made up of your board will select the recipients. The criteria for board membership is a genuine interest in furthering the education of women from U.

Your selection committee will choose recipients based upon their inability to pay, the strength of their academic history, their proficiency in English, the recommendations from a current or prior academic advisor, and other relevant criteria. No funds are paid directly to the recipients. Before payment is made, you will also confirm that the recipient is enrolled at the educational institution and is in good standing.

No funds will be paid directly to the recipients. Tuition, room and board and other funds necessary to attend the educational institution will be paid directly to the educational

institution. Furthermore, there are individuals/donors who will pay certain expenses on behalf of the recipients, for example medical bills, and upon providing invoices or receipts to you, you will reimburse such individuals. You also will not coordinate or provide students assistance in obtaining visas or travel to and from the United States. The schools the students will attend will provide visa assistance through their international program coordinators.

You will review recipients' grades and test scores as well as communicate with the academic office of the educational institution attended by the recipient to insure the recipient is meeting the terms of the grant. If the eligible recipient is performing poorly or contrary to the expectations of the educational institution, the grant will be terminated.

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.

You will check the OFAC List of Specially Designated Nationals and Blocked Persons for names of individuals and entities with whom you are dealing to determine if they are included on the list. You will comply with all statutes, executive orders, and regulations that restrict or prohibit 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. If necessary, you 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 Section 117(a) and is to be used for study at an educational organization described in Section 170(b)(1)(A)(ii); or

- A prize or award subject to the provisions of Section 74(b), if the recipient of the prize or award is selected from the general public; or
- To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

Under 4945(g)(3), to receive approval of its educational grant procedures, Treasury Regulations Section 53.4945-4(c)(1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

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