

Internal Revenue Service

P.O. Box 2508

Cincinnati, OH 45201

Department of the Treasury

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Release Date: 12/14/2018

Date: **September 18, 2018**

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

B = State

C = Name

D = Name

E = Name

F = Name

G = Name

H = Name

J = Name

X = Award Name

Y = Award Name

u dollars = Amount

v 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 you will operate a scholarship program.

Your purpose is to improve health and healthcare and to help communities in northeastern B to help them identify, address and resolve chronic health issues.

Under your program, you will award scholarships consisting of X as well as Y. Under X, you will help finance the cost of higher education or continuing education for studies in health care related fields while under Y you will help individuals finance the cost of medical training. You will publicize both X and Y on your web site, and through direct mail and emails to participating/eligible schools and school districts.

Grants under both X and Y are career goal based awards that consider scholastic achievement, extra-curricular activities, character, personality and leadership of the applicant, if all else is relatively equal, then financial need will be considered. The amount of each scholarship or grant awarded is expected to be u dollars awarded to each recipient, to be paid out in v dollar installments for each of two years. Under X, a recipient may re-apply for an additional two years of awards at the end of the first scholarship award.

To be eligible for an award under X, applicants must:

- Be a graduate of C school district and/or a resident of D.
- Be enrolled at an accredited school of higher education which offers an Associate of Science or of Arts degree in a health care field.
- Have plans to pursue a career in a health care related field including but not limited to pharmacology, health care administration, physical therapy, respiratory therapy, medical social work and/or psychology.
- Have maintained a certain grade point average in their field of study and a certain grade point average in other required areas of study.

To be eligible for an award under Y, applicants must:

- Have been accepted to schools consisting of E, F, or G.
- Have the career goal of becoming a family practice physician, nurse practitioner or registered nurse in a rural health care setting.
- Be a D, H, or J graduate and/or a D resident at the time of the application and the award.
- Have maintained a certain grade point average in their field of study and a certain grade point average in other required areas of study.

Applicants for both X and Y must complete and submit an application package in early spring to you including descriptions of community and employment history, volunteer activities as well as an essay.

Recipients for awards under both X and Y will be selected by a selection committee whose members must be affiliated with a C District School, be a practicing or retired medical professional in D or J or serve as a member of your Board of Directors. Selection committee members are recruited and nominated by current committee members. Nominees are approved by your full selection committee.

Moreover, in spring you will send a packet to each committee member including all applications and a scoring form to rank them. The selection committee will later meet and will together review the applications, rank the applications and determine the recipients based on their career goals, scholastic achievements, extra-curricular activities, and if all else is relatively equal, then they will consider financial need. The selection committee will also determine the number of grants and the grant amounts awarded each year. This will be approved by your Board of Directors and will not generally change from year to year. In the case of a tie, the committee is authorized to award an additional scholarship.

You will send letters to all applicants, indicating the outcome of their application. Awards will generally be paid to the recipient. Furthermore, transcripts are required prior to the awards being paid and if the recipient's grade point average is not achieved or maintained, or if the field of study changes to a field outside of your program requirements, an award will not be made.

You represent that you will (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversions of funds from their intended purposes, and (3) take all reasonable and appropriate steps to recover diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and 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 represent that you will maintain all records related to the following: (1) individual grants including information to evaluate grantees, (2) grantees which are identified as a disqualified person, (3) how the amount and purpose of each grant was established, and (4) how you established supervision and investigation of grants described above.

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.
- The effective date of this ruling is February 12, 2018.

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