

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Number: **201947017**
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Employer Identification Number:

Contact person - ID number:

Date: August 26, 2019

Contact telephone number:

LEGEND

B= Names
C= State
D= School Names

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.

The purpose of the program is to provide scholarships for needy students who have graduated high school in the specific communities of B located in C in order to attend college at the undergraduate level.

To publicize the scholarship program, you will provide details and applications directly to the B representatives as necessary to ensure students are aware of the program, understand the program's eligibility requirements, and are aware of all pertinent deadlines. You will also post descriptions online or in school bulletins as well as inform students of the program during guidance counselor sessions. You may also publicize the scholarship program in other ways if you determine it is necessary to attract applications to the program.

To be eligible for the scholarship program, applicants must be a graduating senior from one of numerous high schools in B consisting of D. In addition, the applicants must demonstrate satisfactory academic performance and have shown satisfactory performance on college aptitude tests as well as show financial need.

To apply for the scholarship, students must submit a completed application to their high school with needed attachments including transcripts, a list of extracurricular activities, work experience, awards, honors, and descriptions of leadership positions. Applicants must also provide detailed financial information, recommendation letters, and details about other scholarships that the applicant has received.

After the specific high schools collect the applications, they will review and evaluate them. They will then select up to three applications to forward to your Scholarship Committee which consists of your trustees. The Scholarship Committee will evaluate the applications and select the recipients primarily based on financial need. To distinguish among applicants, the Scholarship Committee will also consider class performance, extracurricular activities, college aptitude test scores, and written recommendations as well as conclusions the Scholarship Committee is able to draw about applicants' motivation, potential, ability, and character from other information in the application materials.

The scholarship committee will also determine the number of scholarships awarded as well as the scholarship amounts. Furthermore, both the number of scholarships and the dollar amount of the scholarships will generally depend on the amount of available funding, the number of eligible applications received, and the financial needs of eligible applicants.

You will pay scholarships at the beginning of the academic year directly to the colleges at which recipients are enrolled, with the understanding that the colleges will apply the grants only if the students remain enrolled as full-time students at the colleges and in good standing.

Recipients must remain registered as full-time students at a college in order to be eligible to renew the scholarship for an additional three years. To renew for each additional year, recipients must submit a renewal application with needed attachments including financial information to show financial need, documentation showing both class performance and extracurricular experiences, and details about how previous funds were used. Additionally, you will not renew the scholarships of any student for whom you have

information indicating that the original grant provided was used for any purpose other than that for which it was made.

If you receive information indicating that a scholarship recipient has violated the terms of the scholarship program, the Scholarship Committee will investigate the potential violation and withhold any further payments to the recipient. If the Scholarship Committee ultimately determines that a scholarship recipient has violated the terms of the scholarship program, you will require that the recipient repay to you the amounts disbursed and will withhold any unpaid scholarship amounts.

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 the 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.

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