

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Number: **202009032**
Release Date: 2/28/2020

Date: December 5, 2019

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

b dollars= Award 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 provide in Code Section 117(b)).

Description of your request

Your letter indicates you will operate a scholarship program to award undergraduate and graduate students. Their projects include non-profit and for-profit companies in a variety of domains including digital technology, education, life sciences, and engineering.

The purpose of your program is to offer concentrated support and mentorship to a limited number of outstanding undergraduate and graduate students pursuing potentially world-changing entrepreneurial projects.

To be eligible for a scholarship, the student must:

- be enrolled in a university

- be pursuing an entrepreneurial project

Applicants must be full-time students in college or graduate school. The student must be pursuing or planning to pursue (with tangible steps taken), an independent entrepreneurial project. The quality of this project is a major factor in the selection process since furthering this project will be the primary focus. We expect that the strongest candidates also will have an academic and extracurricular track record sufficient to gauge their abilities.

You will publicize the program by reaching out to professors at numerous universities, who may nominate candidates for the Fellowship. Accordingly, a wide solicitation is not an essential part of your plan; rather, extensive discussions and communications with professors, and inclusion of the Fellowship in listings of university scholarships and fellowships, is your primary method of spreading the word.

Your Scholarship Committee is comprised of _____ members.

_____ members of the scholarship committee also serve on your advisory board. Other advisory board members may also be involved in the selection of Fellows in addition to participating in the Fellowship program as resources to the Fellows.

New committee members will be selected by the board of directors based on recommendations provided by the remaining members of the selection committee, in consultation with the advisory board (which may provide names of candidates).

Every member of any selection committee charged with the evaluation of candidates will be obligated to disclose any personal knowledge of and relationship with any potential grantee under consideration.

Your program lasts one year. You hope and expect that relationships built with your team and contacts during that time may last much longer but will seek to accomplish as much as possible with each Fellow during the first year and hope that your work together during the year will help set each Fellow up well for the years to come.

You pay scholarships each year in the amount of b dollars paid directly to the fellow for the student's academic related expenses. The amount may be increased in the future as the resources increase.

If terms of the award are violated, you may revoke the student's status as a Fellow, including removal from your listing of Fellows on your website and your Fellowship Summit invitation list. Information pertaining to unsuccessful applicants will be kept along with information on successful applicants.

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.

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