

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Number: **202038011**
Release Date: 9/18/2020

Date: June 26, 2020

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

B= City
C= State

x dollars = Amount
y dollars = Amount
z = Number

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 mission is to improve lives of underserved individuals through education, entrepreneurship, and wellness

The purpose of your program is to provide educational scholarships for post-secondary education at a qualified educational institution under IRC 170(b)(1)(a)(ii) to high-achieving young women in B. Under your program, you plan to annually award up to C college

scholarship grants to qualified students for x dollars. Contingent upon continued eligibility, a scholarship may be renewable for three additional years, for a total award of y dollars..

The amounts may also be increased to reflect tuition increases and other increases in the cost of attendance. Furthermore, the scholarship will fund such expenses as tuition, fees, course-required books, supplies and equipment, and room and board.

Examples of how you plan to promote the program, include sending materials concerning deadlines and other application requirements for the following academic year to B high schools guidance offices as well as posting information on your website and social media.

In order to be eligible for a scholarship under your program, an applicant must identify as a female as well as:

1. Be a resident of B during all high school years;
2. Have attended grades nine through twelve in B;
3. Be a graduating senior from a B high school (including public, charter, private, parochial, home school, or any combination of the list);
4. Have specific minimum test scores on the ACT and/or SAT;
5. Have an average unweighted high school grade point average of 3.5;
6. Plan to be enrolled in, and attend, an accredited 4-year college or university in the State of C;
7. Plan to pursue a four- year curriculum leading to a bachelor's degree and
8. Be eligible for a Federal Pell Grant in order to verify financial need.

To apply for your program, all applicants must complete and submit an application, with all required attachments including official transcripts, letters of recommendation and a personal statement directly to you in order for you to review them for completeness. The completed application packages are then given to the selection committee which is appointed by you. Further, the selection committee will consist of women, will have at least one member who is knowledgeable in the education field and one member who previously went to high school in B.

To select the recipients, the selection committee will evaluate and score the written materials. They will then conduct a personal interview with the most promising applicants. The selection committee will select the recipients based on how the applicants demonstrate their potential for college completion as well as the applicants' academic achievement, financial need, and involvement and leadership in their community.

The selection committee will notify you of their recommendations. You will then award the scholarships solely in the order recommended by the selection committee. Additionally, you will make all public announcements of the awards and will be clearly identified as the grantor of the scholarships. Upon the initial award, you will require recipients to sign an agreement concerning the terms of the grant and the continued eligibility requirements. The grants will be paid directly to the recipients, in E monthly installments over the school

year. You will require that recipients provide you a certified transcript of their courses and grades at least once a year as well as other required reports.

In addition to financial support, as part of the program the recipients will have access to regular group and individual coaching that is offered both face to face and virtually to help them with personal finance basics, career planning and general entrepreneurship. Each recipient is required to attend several sessions unless you provide written permission for them to miss.

To qualify for a renewed scholarship, the recipient must maintain full time status at their school, submit a school transcript to you, attend required coaching opportunities provided by you , except as otherwise permitted by you, and submit an annual written report.

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 maintain case histories and document recipients of grants, including names, addresses, amount of grants, purpose of grants, manner of selection and proof that they were not related to officers, trustees or donors.

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