



Department of the Treasury
 Internal Revenue Service
 Tax Exempt and Government Entities
 P.O. Box 2508
 Cincinnati, OH 45201

Date: 12/14/2021

Taxpayer ID number:

Number: 202210024
 Release Date: 3/11/2022

Person to contact:

Name:
 ID Number:
 Telephone:

UIL: 4945.04-04

LEGEND

x dollars = Amount
 y dollars = Amount

Dear _____ :

You asked for advance approval of your scholarship procedures under Internal Revenue Code (IRC) Section 4945(g)(1). You requested approval of your scholarship program to fund the education of certain qualifying students.

This approval is required because IRC Section 4945 provides for the imposition of taxes on each taxable expenditure of a private foundation. IRC Section 4945(d)(3) provides that the term 'taxable expenditure' includes any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or similar purposes by the individual unless the grant satisfies the advance approval requirement of IRC Section 4945(g).

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 IRC Section 4945(g)(1). As a result, expenditures you make under these procedures won't be taxable.

Additionally, 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 IRC Section 117(b)).

Description of your request

You will provide one or more scholarships to young men and women who have graduated from high school and are enrolled, admitted, or planning to enroll in universities described in IRC Section 170(b)(1)(A)(ii) in the field of _____ and/or _____. The purpose of the scholarship is to defray the cost of college for the recipients and to encourage and assist students who have an interest in _____ and/or _____ and bring bright

young individuals into the field of _____ and/or _____. Initially, there will be one annual scholarship in the amount between x dollars and y dollars. The scholarship program will be publicized by providing information about the program to high school guidance counselors.

You will maintain case histories showing recipients of your scholarships including names, addresses, purposes of awards and the amount of each grant.

In order to apply, individuals must meet the following requirements:

- (i) applicants must already have graduated high school or be senior graduating from high school,
- (ii) applicants must be enrolled, admitted, or planning to enroll in an educational institution which is designated as a historically black college or university, as defined in 20 United States Code ("U.S.C.") 1061 or a post-graduate program at an educational institution that offers a doctorate in _____,
- (iii) applicants must have achieved a grade point average of at least _____ during their course of study in highschool,
- (iv) applicants must have achieved an ACT score of at least _____,
- (v) applicants must exhibit high character and integrity, and
- (vi) applicants must have declared _____ or a dual major in _____ with the intent to pursue a doctorate in _____ as their major

No scholarship may be awarded to any person who is a "disqualified person" within the meaning of IRC Section 4946(a) or such person's parents, grandparents, great grandparents, spouse, siblings, children, grandchildren, and great grandchildren, and the spouse of each of the foregoing.

Your board of directors will annually appoint all members of the independent scholarship selection committee. The scholarship selection committee will be charged with the evaluation of candidates for scholarships. Your officers, directors, and employees, as well as any "disqualified person" (or relative of such person) within the meaning of IRC Section 4946(a), may not serve on the selection committee.

The scholarship selection committee will consider the following criteria when making selection:

- first-generation college students
- financial ability of applicants to attend a college or university with the scholarship assistance
- academic performance and standing of the applicants
- performance of each applicant on tests designed to measure ability and aptitude for educational work
- recommendations from instructors and others who have knowledge of the applicants capabilities, achievements, personal character, and circumstances
- the conclusions from the personal interview on applicant's motivation, character, ability, and potential
- additional biographical information regarding an applicant's academic, and other relevant experiences

In order to qualify for renewal of a scholarship, the recipient must:

- (i) remain in good standing at the historically black college or university as defined in 20 U.S.C. 1061 or a post-graduate program at an educational institution that offers a doctorate in _____,
- (ii) have made tangible progress towards completing the requirements to obtain a degree in pre-medical _____ or similar major in preparation for post-graduate studies in _____, and
- (iii) have a grade point average of at least 3.7 with respect to the previous academic period at recipient's undergraduate institution or _____ with respect to the previous academic period at the recipient's postgraduate institution

Scholarship grants will be paid directly to the recipient's educational institution. You will make arrangements to receive a report at least once a year of the recipients courses taken and grades received during the scholarship is

outstanding and to receive a final report from the educational institution upon the completion of the recipient's course of study. You may also request the educational institution to use the scholarship money only to defray the recipient's expenses for certain "qualified expenses" (such as tuition, enrollment fees, and course-related expenses, such as fees, books, supplies, and equipment required of all students enrolled at the educational institution). If a recipient of a scholarship withdraws from an educational institution during an academic term, you will attempt to have the institution return any unused funds. Recipients who transfer from one educational institution to another with funds remaining must notify you and the financial aid office and any unused portion of the funds should be refunded.

You represent that you will complete the following:

- Arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded,
- Investigate diversion of funds from their intended purposes,
- Take all reasonable and appropriate steps to recover the diverted funds and 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 diversion from occurring.

You also represent that you will:

- Maintain all records relating to individual grants including information obtained to evaluate grantees.
- Identify a grantee is a disqualified person,
- Establish the amount and purpose of each grant, and
- Establish that you undertook the supervision and investigation of grants described above.

Basis for our determination

IRC Section 4945 imposes excise taxes on the taxable expenditures of private foundations. 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 the following requirements of IRC 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 IRC Section 117(a).
- The grant is to be used for study at an educational organization described in IRC 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 IRS at:

Internal Revenue Service
Exempt Organizations Determinations
TE/GESTop 31A Team 105
P.O. Box 12192
Covington, KY 41012-0192

- You can't 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 IRC 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'll make this determination letter available for public inspection after deleting personally identifiable information, as required by IRC Section 6110. We've enclosed Letter 437, Notice of Intention to Disclose - Rulings, and a copy of the letter that shows our proposed deletions.

- If you disagree with our proposed deletions, follow the instructions in the Letter 437 on how to notify us.
- If you agree with our deletions, you don't need to take any further action.

Please keep a copy of this letter in your records.

If you have questions, you can contact the person shown at the top of this letter.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:
Letter 437