



Date:
 08/18/2022
Taxpayer ID number:

Person to contact:

LEGEND

B = program
 C = city
 D = company
 E = web site
 x = number
 y dollars = amount

UIL: 4945.04-04

Dear _____ :

You asked for advance approval of your scholarship procedures under Internal Revenue Code (IRC) Section 4945(g)(1) and advance approval of your educational grant procedures under IRC Section 4945(g)(3).

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.

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 IRC Section 117(b)).

We also approved your procedures for awarding educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grants meet the requirements of IRC Section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

Description of your request

Your letter indicates you will operate a program offering scholarships and other individual grants to students from undeserved and under-resourced communities in C and its surrounding areas to foster the educational success of high-achieving students. You may require a brief application or proposal for each grant.

Scholarships will be provided to students who are enrolled or plan to enroll at an educational institution that normally maintains a regular faculty and curriculum and normally has a regularly organized body of students in attendance at the place where the educational activities are carried on.

Other individual grants will be provided to eligible recipients for the purpose of achieving a specific objective, producing a report or similar product, or improving or enhancing a literary, artistic, musical, scientific, teaching, or similar capacity, skill, or talent.

Your grantees may also participate in B, created by D. You are affiliated with and funded by D, a large international media company based in C. Individual grants will not be limited to the individuals who are participating or who expected to participate in B, and not limited to the employees of D or their family members. Your grants will not be made contingent on any agreement to participate in B.

For grantees who participate in B, eligibility, selection and renewals will be unrelated to their performance in B or any other aspect of their position, services, or duties. Grants from you will be completely independent of any requirement, condition, or expectation, express or implied, of future employment or availability for future employment with D.

Students between th grade and the first year of a program will be eligible for grants. Your governing body members, or relatives, are not eligible for the awards. No grants will be awarded to any member of the Selection Committee or any of their family members.

Potential grantees will be evaluated and chosen based on the following criteria:

Socioeconomic Background

Applicants must be from low-income backgrounds or families with financial need. Eligibility is assessed individually based on the composition and income of an applicant's family. Applicants who will be first-generation college students are given particular consideration. Applicants must be U.S. citizens or permanent residents (parent status not required).

Personal Attributes

Applicants must have demonstrated leadership abilities and strong interest in science, technology, computer science, and /or math. Applicants must have intellectual curiosity and devotion to study. Applicants must have a hunger to learn and achieve academically. Applicants must demonstrate ethics, integrity, and strength of character.

Academic Qualifications

Applicants must be at the time of application at least a junior in a high school (th grade) and may be as advanced as first year students. Applicants must have a demonstrated record of academic success. In evaluating academic accomplishment, you will consider:

- Cumulative GPA
- Class ranking
- Enrollment and success in rigorous courses; honors, AP, IB, dual credit, or concurrent enrollment courses
- Evidence of analytical reading and writing skills, demonstrating preparedness for colleges/universities
- Scores on standardized tests, including the PSAT, SAT, PLAN, and/or ACT

Grantees will be evaluated and selected by a committee consisting of representatives of established and widely respected 501(c)(3) educational organizations and leaders of community-based organizations. Your current or

former employees or D's will not serve on the Selection Committee. Selection Committee members may not review or vote on applicants who they know personally or who are associated with their organization. Selection Committee members will not participate in any selection process if they would be in a position to derive a private benefit, directly or indirectly, if certain applicants are selected over others.

Your criteria for selecting grantees will be the same as the eligibility criteria. You will not discriminate on the basis of race, color, age, sex, gender, sexual preference or orientation, disability, religion, or national or social origin.

You have developed a form of scholarship application to require applicants to provide sufficient information to permit the selection committee to evaluate the criteria described above. You plan to publicize the scholarship on-line at E.

You anticipate the number of annual grants will grow over time as the individual grant program expands in C and other areas. Initially, you hope to provide x grants per year. The amount of each grant will initially be y dollars. The number and amount of grants may change over time depending on the availability of funding.

You will notify each award recipient through a scholarship award letter, which will attach a statement of intent documenting its terms and conditions.

Each recipient will be required to complete, sign, and return the statement of intent, together with a copy of his or her academic transcript, Pell Grant eligibility letter and a completed IRS Form W-9, to you before you will disburse the scholarship funds.

You do not anticipate imposing specific requirements or conditions on grantees other than requirements or conditions that are part of the terms of the funding, such as completing the particular project, or enrolling or continuing enrollment in the particular educational institution.

You will maintain case histories showing recipient names and addresses, the purpose of the grants (e.g., academic scholarship or special project grant), the amount of each grant, and the manner of selection. Records of the manner of selection will include identification of the committee members who participated in the selection and the qualifications of each grantee. It is not anticipated that there will be any relationship between grantees and either your officers, directors, or donors, or company's officers, directors, or key employees.

In general, each scholarship is for a term of one year. If there is sufficient funding, you expect to make grants renewable. Renewal will be conditioned upon the grantee maintaining satisfactory academic progress but will otherwise be automatic. Participation and/or performance in B will not have any effect on the renewal (or non-renewal) of a grant.

In administering the individual grant program, you will:

- Retain in electronic format records relating to all scholarships for the period (currently years) set forth in your document retention policies, including its Scholarship Data Retention Policy.
- Arrange to receive and review grantee reports as appropriate for the purpose of the grant.
- Investigate diversions of grant funds from their intended purposes; and
- Take all reasonable and appropriate steps to recover diverted grant funds and ensure that other grant funds held by a grantee are used for their intended purposes.

You will require grantees to sign an agreement that will set forth the purpose of the grant and any specific conditions, and will require the return of any funds used in violation of the purpose and conditions of the grant.

Where appropriate, such as to pay for a particular course, you will pay grant funds directly to a school or educational program. For grants for travel, study, special projects, and similar purposes, the grant agreement will require a narrative report or other evidence of the fulfillment of the grant purpose.

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.

IRC Section 4945(g)(1) Requirements:

- 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).

IRC Section 4945(g)(3) Requirements:

- 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 IRC Section 117(a) and is to be used for study at an educational organization described in IRC Section 170(b)(1)(A)(ii).
 - A prize or award subject to the provisions of IRC Section 74(b), if the recipient of the prize or award is selected from the general public.
 - To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

To receive approval of its educational grant procedures, Treasury Regulation Section 53.4945-4(c)(1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

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.
- The effective date of our approval is _____, which is the date your request was submitted.

- 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

- 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.

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, 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