



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

Date:
11/20/2023
Taxpayer ID number:

Person to contact:

Release Number: 202407006
Release Date: 2/16/2024

LEGEND

UIL: 4945.04.04

B= Name
C= Name
D= Name
E= School
F= School
G = School Department
H = Name
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

Your letter indicates you will operate the B. You were formed exclusively for charitable purposes including the making of distributions to qualifying organizations and any other charitable purposes contemplated and permitted for the purpose of supporting the recognized needs of the communities and individuals in which the H

does business.

The B is intended to help diversify the pipeline of future litigators in the legal profession. Under the B, you award C for entering law school students, and D for college bound high school students. C and D intend to provide financial incentives in one lump sum payment for entering college and law school students from historically underrepresented groups to consider litigation as a future career in law. Only one scholarship is awarded each year to one college bound high school student and one scholarship to one law school bound college student . Each scholarship is for y dollars and is not renewable.

All grants made by you will be on the basis of criteria reasonably related to the purposes of the grant and any grants will be awarded on an objective and nondiscriminatory basis. Relatives of members of the selection committee, or of your officers, directors, or substantial contributors are not eligible for the scholarship awards under the B.

Details of C:

C is for entering law students and is promoted through E with whom you have partnered with to identify and screen candidates for C.

To be eligible for C, a student must:

- Be from an historically underrepresented group
- Demonstrate good academic credentials
- Submit a short essay (less than a page) describing their interest in becoming a litigator
- Be accepted by E

E will have a selection committee who will approach those entering first year law students they believe satisfy the eligibility criteria to receive the scholarship. The E selection committee will then screen and select two qualified candidates from their pool of screened candidates. E will then submit two qualified candidates from their pool of screened candidates to a selection committee consisting of H employees not affiliated with you and are appointed by you. The selection committee will select and recommend a final candidate from the two candidates presented. All final decisions are made by you. All funds for C will be paid directly to E.

Details of D:

D is for entering law school students and is promoted by F with whom you have partnered to identify eligible college bound minority student candidates for D. F will publicize D through their email system to reach students that have been accepted into G . F will also produce a flyer for students that come for tours and for enrollment required visits/meetings.

To be eligible for D, a student must:

- Be from an historically underrepresented group
- Demonstrate good academic credentials
- Submit a short essay (less than a page) describing their interest in becoming a litigator
- Be accepted by F

To apply, candidates will provide an application to F with their GPA, intended major and a short essay on why they wish to be a litigator. A selection committee whose members will be chosen based on their roles at F to represent different perspectives including financial aid, stewardship, and diversity and inclusion will screen and select two qualified candidates from their pool of screened candidates. F will then submit two qualified candidates from their pool of screened candidates to a selection committee consisting of H employees not affiliated with you and are appointed by you. The selection committee will select and recommend a final

candidate from the two candidates presented. All final decisions are made by you. All funds for D will be paid directly to F.

Oversight for the B

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/GE Stop 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: