

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury**Release Number: 201830025****Release Date: 7/27/2018****Date: April 30, 2018****Employer Identification Number:****Contact person - ID number:****Contact telephone number:****LEGEND****X = number****y dollars = amount****z dollars = 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

You will operate a scholarship program providing funds to assist underprivileged individuals in completing an undergraduate or graduate degree. Your board will determine the number of awards grants and the amount of each based on the budget, need and number of applicants. You anticipate the number of awards will be up to X and the amount of each will range from y to z dollars per semester.

Your program will be publicized through foreign aid societies, places of worship, high schools and colleges, and social networks. You will also consider nominations from clergy, personal contacts and local institutions.

Both high school students entering college and enrolled college students may apply.

High school students entering college must apply by submitting official transcripts and records, bearing grade point average (GPA), rank in class, SAT or ACT scores, a copy of a college acceptance letter, and a written essay on a topic of your choosing.

Students attending an accredited two- or four-year college must apply by submitting official transcripts and records, bearing most recent GPA and cumulative GPA, to demonstrate enrollment, and a written essay on a topic of your choosing.

Your selection committee considers academic performance, test performance, instructor recommendations, financial need, and each applicant's motivation, character, ability, and potential. Recipients are selected on an objective and nondiscriminatory basis. Relatives of members of the selection committee, relatives of your officers, directors, nor substantial contributors are eligible for awards made under your program. Your selection committee will be appointed by and may consist of your Board of Directors.

Awards may be used for tuition and fees required for enrollment, books and supplies, and room and board, and will typically be paid directly to the educational institution. If payment is made directly to the recipient, you will request reports showing how funds were used.

Awards are given on a semester by semester basis, but may be for a longer period. You may consider renewal on a case-by-case basis, according to the recipient's status. To qualify for continued participation in the program, each recipient must maintain a minimum grade average of "B," submit official transcripts and records, bearing most recent GPA and cumulative GPA, to demonstrate current enrollment.

You will maintain case histories showing the recipients of scholarships, fellowships, educational loans, or other educational grants, including names, addresses, purposes of awards, amount of each, manner of selection, and relationship (if any) to officers, trustees, or donors of funds to you.

You will maintain all records relating to awards, including information obtained to evaluate applicants, identify whether a recipient is a disqualified person, establish the amount and purpose of each award, and establish you undertook the supervision and investigation of awards.

You will arrange to receive and review reports annually and upon completion of the purpose for which awards were made; investigate diversions of funds from their intended purposes; and take all reasonable and appropriate steps to recover diverted funds, ensure other funds held by a recipient are used for their intended purposes, and withhold further payments until you obtain assurances that future diversions will not occur and recipients will take extraordinary precautions to prevent future diversions from occurring.

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:

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Exempt Organizations Determinations
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- 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