

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Date: 2/26/2016

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

b = Dollar Amount
W=University Name
X= University Name
Y= University Name
Z= University Name

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

You will operate a scholarship program to assist young people with financial need and demonstrated academic ability to obtain a college education. The scholarships will be annual grants, renewable a maximum of four times or until the recipients attain their college degree, whichever occurs first. The scholarships may only be used for defraying the cost of an education at W, X, Y, or Z, which are educational institutions, described in Section 170(b)(1)(A)(ii). (If any of the four educational institutions has more than one campus, a scholarship recipient may attend any of the campuses of that institution.)

The scholarships may be used for such expenses that apply to the purposes of the scholarships such as tuition, registration fees, books, supplies, fees, equipment, room and board, health insurance and travel. You will publicize the scholarship program by including a notice on your website and also by notifying the four educational institutions of the availability of the scholarships.

The number and amount of scholarships awarded each year will depend on the qualifications and financial need of the applicants. You anticipate that you will initially award one to two scholarships in the range of b dollars per recipient per annum and that the amount of the maximum scholarship award will increase over time. You will assess the ability of the scholarship recipient's parents' ability to assist in paying for college, as well as other financial resources the student may have, including other scholarships.

All candidates must meet the following criteria:

- Each applicant must either be: (1) enrolled in their senior year of high school and have been accepted at and planning to attend W, X, Y, or Z or (ii) be a full time student at W, X, Y or Z with at least one year remaining in their course of study,
- All applicants must complete a detailed application and disclose detailed financial information in the entirety by a specific post mark date. (Applications received with a postmark date past the deadline will not be considered.)
- Each applicant must submit two letters of recommendation, addressing their academic goals, service to the community and/or any other relevant factors.
- Each applicant should attach a typed essay describing why they are deserving of the scholarship with an emphasis on financial need, extracurricular activities, community involvement, summer and other jobs, and/or other information the applicant wishes the scholarship committee to consider.

A selection committee which will initially include three of your staff members, none of whom is a member of your board will evaluate eligible applicants on the basis of their statement of academic goals and plans, previous academic performance and financial need.

Your board may appoint additional (or other) qualified individuals to serve as members of the selection committee, none of whom will be a member of your board. No relative of any person who is a member of the selection committee or who is directly or indirectly associated with you will be eligible to receive a scholarship. The selection committee will also not accord any special consideration to an applicant for a scholarship who is employed, or whose relative is employed, by a member of the selection committee or by any business entity with which a member of the selection committee is associated in any capacity but will not disqualify any such applicant for consideration as a potential recipient of a scholarship on the basis of such applicant's employment relationship or the employment relationship of a relative of such applicant.

In order to be eligible to be considered for renewal of a scholarship from year to year, the recipient will have to meet the following requirements: (i) attendance at W, X, Y or Z and (ii) maintenance of a 2.5 grade point average.

You will pay scholarships directly to the applicable educational institution. You will require each scholarship recipient to sign an agreement to abide by the terms of the scholarship. The agreement will require the recipient to provide to you every year with (i) an official transcript or progress report from the recipient's educational institution, including a final transcript or progress report upon completion of the recipient's degree, and (ii) a substantiated accounting of all expenditures defrayed by the scholarship grant. The agreement will also provide that, if a recipient ceases to meet any of the requirements of his or her scholarship, he or she must promptly return any funds remaining in his or her scholarship account to you.

You will maintain a file on each scholarship awarded, including the original application, recommendations, a record of the action taken on the scholarship application (including the amount of any scholarship) and the periodic reports submitted by or on behalf of each scholarship recipient.

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 may report any significant changes to your program by completing Form 8940 and sending it 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.

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, please contact the person listed at the top of this letter.

Sincerely,

Director, Exempt Organizations