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

Department of the Treasury

Release Number: **201521018**
Release Date: 5/22/2015
Date: February 26, 2015

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND:
M= state
W = program name 1
X= program name 2
y= dollar amount
z= dollar amount

UIL:
4945.04-04

Dear :

You asked for advance approval of your educational grant procedures under Internal Revenue Code section 4945(g)(3). This approval is required because you are a private foundation that is exempt from federal income tax.

Our determination
We 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 Code section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

Description of your request
In conjunction with your scholarship program, W, you will also operate a program called X. X will offer internships for those who have received scholarships through W. Internships will be offered through local nonprofits, government agencies and occasionally appropriate businesses commencing after the completion of the recipient's high school education through their college graduation.

The purpose of X is improving and enhancing the capacities, skills and talents of the recipients by providing opportunities to:

i) gain practical experience and mentorships through the "real-world" of community participation and involvement in the work place and areas of civic endeavors;
ii) balance the pursuit of academic learning with the opportunity to be immersed in

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the utilization of their education to a realization how they can be useful citizens and members of their community through leadership and vision;

iii) be aware of the worth and opportunities of working in the nonprofit and government sectors in order to consider this as a viable and vital work/career option post-college.

Students who do not qualify under your scholarship program because they do not demonstrate financial need, but will benefit in their growth and development of skills from participation in X. In addition, there are circumstances students might benefit from X but not qualify under your scholarship program for reasons other than not demonstrating financial need.

The amount of an annual grant is contemplated to be in the range of y dollar to z dollars. You will make the existence of X known by communicating it to school officials, students, school counselors/teachers/administrators and local nonprofits. You may also publicize through the internet and social media.

To be eligible to apply, an applicant:

(a) Must have attended (and graduated from) a high school or other secondary school in the State of M;
(b) Must have been admitted to an accredited and qualifying institution;
(c) Must not be related to any director or manager of or substantial contributor to you, be employed by any business of which any such person is a significant owner, or be a descendant of such an employee or to any other person who could be designated as a disqualified person; and
(d) Must have submitted to you a completed application

Recipients are selected based on the following criteria:

(a) Must be at least a high school senior, on track to graduate, with a minimum cumulative and current Grade Point Average anticipated to be at least 3.5 or a student in good standing at an accredited and qualified, degree-granting post-secondary institution with a minimum cumulative and current Grade Point Average anticipated to be at least 3.5;
(b) A record of community involvement;
(c) Involved in meaningful participation in extracurricular activities;
(d) Must submitted a completed application along with academic transcripts, letters of recommendations and student essays;
(e) Provide a detailed description of the planned fellowship project and the results sought and how the opportunity or experience will benefit the applicant's educational experience and/or future career plans; and
(f) Personal interview on recipients motivation, character, ability and potential.

X may be renewed for a subsequent year on evidence of satisfactory performance by the recipient in his or her educational program as well as reviewing past participation in the

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internship activities, having maintained required commination with your staff and have submitted all required narrative, financial reports and evaluations.

Each recipient should submit a narrative report at the conclusion of their internship, which includes an assessment of the experience and accomplishments with discussion regarding how that end result compares with the initial project description. You will also obtain the comments and critique from the supervising person of the recipient.

Grants will be paid either to the organizations where the recipients perform the internships or to the recipients. Any grants made directly to the recipients will require a report with receipts.

You will take all reasonable steps to recover any funds that the grant recipient has used for improper purpose.

The Selection Committee will be appointed by you and should consist of two or more qualified persons. The Selection Committee have the sole authority to award X. The Selection Committee will vary from year to year and will consist of individuals whose families are ineligible to receive grants under X. Relatives of members of the Selection Committee, or your officers, directors or substantial contributors are not eligible for the grants.

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 section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii); or
  - A prize or award subject to the provisions of section 74(b), if the recipient of the prize or award is selected from the general public; or
  - 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 Regulations section 53.4945-4(c)(1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.

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- 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 covers only 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 precedent.

- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes in your program to the Cincinnati Office of Exempt Organizations at:

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

- You cannot make 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 must 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 any questions, please contact the person listed at the top of this letter.

Sincerely,

Director, Exempt Organizations

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