

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

Department of the Treasury

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Release Date: 2/20/2015

Employer Identification Number:

Contact person - ID number:

Date: 11/24/2014

Contact telephone number:

LEGEND

UIL: 4945.04-04

X= Name of High School
Y= Country
m= Number
n= Number
p dollars= Amount
r dollars= Amount

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 will not 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 seek to provide scholarships to qualified individuals enrolled in a program for an advanced degree in an accredited Y public or private university or college.

The criteria used by your scholarship committee in selecting recipients are:

- Must be a graduating senior at X who will attend a two or four year college or university
- Must have attended X for at least two years
- Required to submit an essay, and complete an application along with one letter of recommendation from a teacher, counselor, employer or community leader
- Have financial need

Past scholarship recipients are also eligible to reapply/renew the scholarship for attending a college or university. Priority will be given to those recipients who have satisfactorily progressed in their studies and have used their scholarship for its intended purpose. Specific requirements or conditions consist of attendance at a university or college, a current essay of their status and experience, and the updating of any new information in their ongoing correspondence.

The scholarship awards are available for a minimum of m to a maximum of n number of recipients annually. The number of scholarships will depend in part on your earnings being significant enough to warrant scholarship distributions.

The scholarship awards are available for a minimum of \$p to a maximum of \$r dollars for each scholarship. Scholarships will be provided on an annual basis. The scholarship will provide for an individual's partial tuition costs, books and living expenses.

Scholarship applications are distributed directly to X through the college center. Your web site also publicizes the scholarships.

All scholarships will be awarded without reference or regard to an individual's race, color, creed, sex, age, employment status, or national origin. Members of your scholarship committee, your officers, directors, or substantial contributors and their relatives are not eligible for awards made under your scholarship program.

You pay scholarships directly to a school under an arrangement whereby the school will apply the scholarship funds only for enrolled students who are in good standing. The recipient will be required to file an annual report with the scholarship committee detailing the recipient's personal perspective of his or her progress.

Your board of directors and committee members follow the progress of the individual scholarship and to review each report submitted by the recipient to make a determination whether the scholarship purposes are being or have been fulfilled, and to inquire into any questions requiring further investigation.

You initiate an investigation if no report is received within thirty days after the close of the scholarship year, if the report received significantly deviates from the recipient's stated intention, or if it appears from the report that that scholarship is being misused or that the funds are improperly diverted.

If you discover that the funds are being misused or diverted, or if a report is not received within the required time frame, you will withhold any further funds until your scholarship committee receives the required report or assurances that diversion of the funds will not continue. You will upon completion of your scholarship committee's investigation in such instances, recommend what action is to be taken to recover the misused or diverted funds.

You represent that you will maintain all records relating to individual grants, including information obtained to evaluate recipients, identify whether a recipient is a disqualified person, establish the amount and purpose of each grant, and establish that you undertook the supervision and investigation of 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 scholarship to an individual for travel, study, or other similar purposes. However, a scholarship that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the scholarship on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the scholarship.
- The scholarship is a scholarship or fellowship subject to the provisions of Code section 117(a).
- The scholarship 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 scholarship program described above. This approval will apply to succeeding scholarship 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:

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

- You cannot award scholarships 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 scholarships 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 scholarship 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,

Director, Exempt Organizations