

**Internal Revenue Service**

P.O. Box 2508  
Cincinnati, OH 45201

**Department of the Treasury**

Number: **201530023**  
Release Date: 7/24/2015

**Employer Identification Number:****Contact person - ID Number:****Contact telephone number:****Date: April 28, 2015****UIL: 4945.04-04****LEGEND**

y= Quantity  
z 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 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(c)).

**Description of your request**

Your letter indicates you will be providing scholarships and grants to students and professionals who exhibit the highest levels of skill, compassion, and leadership in ministry.

The scholarship program is for students intending on pursuing a career in theology and a grant program for those who have already graduated from a college or university and are pursuing a career in theology. The grant program would be a loan repayment program for those who have already graduated from a college or university and are pursuing a career in theology. The Foundation is concerned about the current state of religion in the U.S.; specifically that the overwhelming expense of education is prohibiting those that want to pursue theological ministry due to the predominantly low wages earned in the field. Therefore, it is the intent of the Foundation to further facilitate the education of religious teachers and ministers participating by providing an opportunity for loan repayment

Currently, you are annually awarding approximately y grants for z dollars. The award is made on a one-time basis and may be renewable. Your board will determine the number of grants and the grant amount. A scholarship recipient cannot be related to a member of your selection committee or to any disqualified person. All grants are made on objective and non-discriminatory basis.

To be considered for a scholarship or grant, a candidate must meet the following criteria:

- Plan to be enrolled, be enrolled, or have graduated from a theological seminary in the United States described in § 170(b)(1)(A)(ii) of the IRC.
- Student applicants must be full-time students. Professional applicants must have a degree from a theological seminary.
- Intend to work or currently work full-time in some ministry capacity. Applicants will be judged on commitment to ministry, leadership qualities, academic performance, interpersonal skills, communication skills, and involvement in serving others.
- Not be a dependent of any disqualified person with respect to the Foundation.

To qualify for a grant, recipients must submit an application to the Foundation and must exhibit the highest levels of skill, compassion, and leadership in ministry. The Board of Directors will review each application and determine if there are any qualified applicants.

Selection of recipients will be based on the follow criteria:

(A) For student applicants:

- An application.
- Transcripts of high school grades and reports of scores on the Scholastic Aptitude Test (SAT) or American College Test (ACT), or college grades, as applicable.
- A résumé of achievements, activities, and honors; and

- At least one reference letter from instructors or other individuals not related to the applicant, regarding the character and personality of applicant.

(B) For professional applicants:

- An application.
- Diploma evidencing graduation from theological seminary.
- A résumé of achievements, activities, and honors.
- A letter from the applicant's current employer.
- At least one reference letter from professional colleague not related to the applicant, regarding the character and personality of applicant.

(C) And will be selected according to the following factors:

- Activities. Applicants will be judged on commitment to ministry, leadership qualities, academic performance, interpersonal skills, communication skills, and involvement in serving others.
- Character. The application, résumé of activities, and reference letters will be evaluated to ascertain the good character of the applicants.

Your program will be publicized on your website. In addition, it will also be advertised at your events and to various churches in an effort to provide notice of the scholarship to those in need.

You represent that you intend to provide grants directed to the recipients' school or loan holder. However, should you provide funds to an individual, each grant recipient will be required to submit information to the Foundation, at the end of each year in which the grant recipient has received a grant. For students, they must provide a report consisting of a copy of the grant recipient's academic transcript verified by the applicable school, college or university and a statement that the scholarship grant funds have not been diverted for a purpose that is inconsistent with the purposes of the scholarship grant or the Foundation's charitable or educational purposes. For those that have graduated, they must provide a report consisting of a copy of the grant recipient's current outstanding loan amount verified by the loan holder and a statement that the grant funds have not been diverted for a purpose that is inconsistent with the purposes of the grant or the Foundation's charitable or educational purposes. In addition, each grant recipient must, upon request, account to the Foundation for the grant recipient's use of any grant funds provided directly in cash.

You represent that if you receive information which indicates that all or part of the scholarship grant funds are not being used for the purposes of the grant, including by reason of the recipient having left the applicable college or university, the Foundation will initiate an investigation. While conducting the investigation, the Foundation will withhold further grant funds to the extent possible, until it has been determined that no part of the grant has been used for improper purposes. If the Foundation determines that any part of the grant has been used for improper purposes, the Foundation will take all reasonable and appropriate steps to recover diverted grant funds or to insure the restoration of diverted funds and the dedication of other scholarship grant funds held by the recipient to the purposes being financed by the grant. These steps will include legal action unless such action would in all probability not result in the satisfaction of execution on a judgment.

### **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:

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