

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

**Department of the Treasury**

Number: **201436053**  
Release Date: 9/5/2014

**Employer Identification Number:**

**Contact person - ID number:**

**Date:** June 12, 2014

**Contact telephone number:**

**LEGEND:**  
B= college  
C= individual  
x= number  
y= dollar 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 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 provide in Code section 117(b)).

**Description of your request**

You will operate a program to provide scholarships to students pursuing the fields of nursing and allied health sciences at B. Your scholarships are not part of the general college financial aid/scholarship pool; therefore students who receive a scholarship may also be eligible for other scholarships offered by B.

Per your agreement, you are required to annually award x scholarships in the amount of y dollars each. The amounts of this expenditure may be increased annually to adjust for inflation, at the discretion of your advisory committee. B posts flyers in common areas announcing the availability of your scholarship with instructions on how to obtain an application.

To be eligible, the applicant will:

1. Be eligible and complete admission requirements to B through the Admissions Office.
2. Be accepted into and enter nursing or an allied health sciences program at B in the year the scholarship is awarded.
3. Have a minimum 3.0 grade-point average (GPA) on a 4.0 scale, if enrolled in college courses.
4. Be a high school graduate or General Educational Development (GED) recipient in the top 20% of the class.
5. Complete an essay of at least 250 words typed related to the choice of a career in nursing or allied health sciences.
6. Demonstrate leadership qualities through community, school, or church involvement.
7. Have three letters of reference from teachers and/or community individuals on official letterhead sent directly to the college. (One letter of recommendation must come from a nursing or allied health sciences faculty if the student is reapplying for a second year.)
8. Meet the requirements of the professional agencies who determine licensure and certification.
9. Complete the scholarship application and attach the essay.
10. Turn in all of the required materials by the due date.

A four member advisory committee, having the powers and duties set forth herein, shall be appointed by the President of B per your trust agreement. The advisory committee shall be vested with complete discretion in the selection of recipients to receive scholarships. Your committee shall be composed of the following:

- (a) A member of the faculty of nursing and allied health sciences at B;
- (b) A representative of the instructional computing center at B;
- (c) A member of the community-at-large;
- (d) C, as long as she remains trustee of you, and thereafter, any person selected by you.

Any member of the advisory committee may voluntarily terminate his or her membership on the committee by giving at least thirty days written notice to you and to the President of B. Membership on the committee shall be involuntarily terminated for the following reasons:

- (a) The death or incapacity of the member;
- (b) Committee members ceasing to hold the office or position which he or she represented on the committee.

Vacancies in the Committee shall be filled as follows:

- (a) A member of the faculty of nursing and allied health sciences at B and a representative of the instructional computing center at B shall be selected the Assistant Dean of the Nursing and Allied Health Sciences School.

(b) Other members shall be selected by you.

Your advisory committee reviews the applications and ranks the applicants based on confirmed acceptance to the B Health Science or Nursing Program, applicants GPA, essay, reference letters, and completed application. The advisory committee then submits its selections to your trustee with a request for payment of funds.

All scholarships are awarded on an objective and non-discriminatory basis. No scholarships may be awarded to any disqualified person as defined in Code Section 4946. Recipients will be notified by mail and must respond, in writing, to the financial aid office within seven days of receipt of the award letter, or the scholarship will be offered to the next highest qualified applicant.

The scholarships are renewable for a maximum of two academic years if the student meets all requirements. In order to be renewed for the spring semester, recipients must maintain a GPA of 3.0 in the fall semester. Recipients may apply for renewal of the scholarship for a maximum of two academic years.

You will pay the scholarship proceeds directly to B for further payment to the chosen recipients. The advisory committee confirms that the applicants are in good standing and compliant with the scholarship requirements. The college agrees to notify your trustee and refund any unused portion of the scholarship if a recipient fails to meet any term or condition of the scholarship.

You represent that you will complete the following: (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversion of funds from their intended purposes, and (3) take all reasonable and appropriate steps to recover the diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and (4) withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversion from occurring.

You represent that you will maintain the following: (1) all records relating to individual grants including information obtained to evaluate grantees, (2) identify a grantee is a disqualified person, (3) establish the amount and purpose of each grant, and (4) establish that you undertook the supervision and investigation of grants described above.

#### **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.

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