

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

**Department of the Treasury**

Number: **201510048**  
Release Date: 3/6/2015

**Employer Identification Number:**

**Contact person - ID number:**

**Contact telephone number:**

**Date: 12/11/2014**

**LEGEND**

**UIL: 4945.04-04**

X= State  
Y= Geographic area  
r dollars= Dollar Range  
v=Number

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 will operate a scholarship program and award grant scholarships to attend a domestic university, technical college or other qualified program. Your purpose is to support healthcare education that will improve the quality of lives in the communities of southern X in the Y communities in particular. You will further this purpose by providing scholarships to individuals attending schools, living or planning to work in the healthcare field in those communities. You will also assist students demonstrating academic merit and/or financial need to further their education. Your program will be restricted to

students in the healthcare field attending accredited schools or educational institutions that qualify under Sections 509(a)(1) and 170(b)(1)(A)(ii) of the Code. It is expected that the grant will be used by the recipient for tuition, books, and living expenses while attending school.

The number and amount of grants that will be made annually will be determined by you based on available funds and other appropriate factors. The amount of each scholarship will be determined by the cost of tuition at the specific educational institution and the student's demonstrated financial need, taking into account any other financial aid the student expects to receive. You expect scholarships to be in the range of r dollars. You will publicize your scholarship program through your website. Applications from all eligible recipients shall be directly submitted to you throughout the year either by mail, electronically or by personal delivery. There is no limit to the potential pool of individuals who may apply though you expect those from residents and its educational institutions from X will be heavily represented.

The recipients of your scholarships shall be selected by your board of directors with the assistance of your officers and/or employees assigned to assist your board with the operation of the program from time to time. The following individuals shall not be eligible to apply for or receive a scholarship from you: (a) any employee of yours, as well as any family member of such an individual; (b) any executive, officer, or director of yours, as well as any family member of such an individual; and (c) any otherwise "disqualified person" with respect to you as defined by Section 4946 of the Code, as well as any family member of such an individual.

Each application will be evaluated based upon an objective rubric to be designed by you, giving the greatest weight to an applicant's past academic performance and financial need, and lesser weight to recommendations from instructors and personal qualities, including a demonstrated dedication to the health care field. The financial need criterion shall be determined by you based upon a review of a financial needs assessment and consideration of any other financial aid the applicant expects to receive. Preference may be given to those attending schools, living, or planning to work in southern X and in its communities. You will not discriminate against any applicant on the basis of race, religion, creed, color, sex, age, physical or mental disabilities, sexual orientation or national origin. Your website will include an appropriate nondiscrimination statement.

All grants awarded by you are expected to be paid to the accredited educational institution in which the recipient is enrolled and only in the event that the institution agrees to supervise the use of the grant. The conditions placed upon the award shall be:

- The recipient must be enrolled in an educational institution.
- The recipient must maintain at least a v grade point average (or the equivalent), and the grant must be used to cover the cost of the student's tuition, fees, books, room and board, research, fees and other expenses associated with the completion of the recipient's degree.
- Any unused funds shall be transferred by the educational institution back to you.

- You will require an annual report from each educational institution for the purpose of confirming the recipient's enrollment and academic performance.

At your discretion, you may renew the scholarship so long as you are not in receipt of information indicating any misuse of the award by the recipient, all required reports concerning the recipient have been received, and the recipient continues to satisfy the conditions of the scholarship and remains eligible to receive the grant.

In the event you learn that a scholarship has not been used as intended, the matter shall be investigated by you and you may then take corrective action at the discretion of your board, which may consist of any action up to and including legal action. During the investigation, further payments of the scholarship will be withheld.

You will retain applicant information for a minimum of five years beyond the date of the application or completion of the degree, whichever is greater. The information shall include the identity of each grantee, information to verify that no recipient is related to a member of your selection committee or a disqualified person, copies of award letters, transcripts, annual reports and any other correspondence between you and an applicant.

#### **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