

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

Department of the Treasury

Release Number: **201748012**
Release Date: 12/1/2017
Date: September 5, 2017

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

B= Name
C= Country

x dollars= Amount
y= 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 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 provided in Code section 117(b)).

Description of your request

Your letter indicates you will operate a scholarship program called B. Your mission is to promote Christian missionary work with a special emphasis on missionary work in C.

The purpose of B is to provide financial support to students planning to study at Christian seminaries who have a strong desire to pursue Christian missionary work. Your goal is to help recipients become better equipped both academically and spiritually for future services. Scholarships will be awarded for study at colleges, universities, theological

seminaries, or other qualified educational institutions and will be made available on a nondiscriminatory basis without regard to race, color, sex, sexual orientation, religion, or ethnic or national origin. The scholarship can only be used for: (1) tuition and fees required for the enrollment or attendance of the student at a qualifying institution; (2) fees, books, supplies and equipment required for courses of instruction at such educational institution; and (3) room and board. An additional condition is that no part of the scholarship can be used as payment for teaching, research or other services by the recipient as a condition for receiving the scholarship.

You anticipate you will typically award in the range of y scholarships per year, depending on the funding available and the amounts requested by the students. The amount of the scholarships will be in the range of x dollars depending on the tuition requirements and the recipient's demonstrated need, fees, and necessary living expenses, as approved by the educational institution. You will publicize B through your programs, informational materials, and through appropriate educational institutions.

To be eligible, potential recipients must be born again Christians with a desire to pursue seminary studies and training at a seminary in the United States, with the goal of serving in Christian ministries. The potential recipients should be recommended by their church or the seminary in which they plan to study. They must also demonstrate sufficient academic ability, character, motivation, and financial need, and attend qualified educational institutions.

You will require each applicant to complete your scholarship application form, as well as submit a resume, transcripts from previous college studies, a recommendation letter from their home church or recommendation from the seminary they will be attending and a personal statement which includes the applicant's personal testimony, volunteer work/ministry experience, goals in pursuing this education, reasons for selecting this institution, intended coursework, and objectives for future ministry. Applicants must also include the total amount of their scholarship request, detailing the amount of tuition and fees per quarter or semester for the academic year, plus any necessary living expenses, as approved by the seminary.

After receiving applications, your trustees (or a selection committee appointed by them) will review the applications. They will select individual recipients and determine the amount of the individual awards on an objective and nondiscriminatory basis without regard to race, color, religion, sex, or sexual orientation.

Your trustees, members of the selection committee, and family members of the foregoing will not be eligible to receive scholarships. Furthermore, your trustees are obligated to disclose any personal knowledge of and relationships with any potential recipient under consideration and to refrain from participation in the award process in a circumstance where he or she would derive, directly or indirectly, a private benefit if any potential recipients are selected over others.

Upon the acceptance of the scholarship, the recipient will agree to provide you on a regular basis a progress report, including but not limited to their prayer newsletter,

delineating course work status (as the primary focus), current ministry involvement, and intentional prayer needs, annual progress report including course work completed, with grades, along with comments as how these courses could be applied in future ministry work. You require a progress report of each student grantee at least each academic year. This report must include a summary of the use of the funds awarded, the recipient's courses taken (if any), and grades received (if any) in each academic period. This report must be verified by the educational institution.

Once the scholarship is granted and the recipient has accepted the terms, the entire amount for the academic year will be paid directly to the college, university, theological seminary, or other qualified educational institute the recipient has enrolled in or will be attending. Each educational institution must agree in writing to use the grant funds to defray the recipient's expenses applicable for attending such educational institution or to pay the funds (or a portion thereof) to the recipient only if the recipient is enrolled at such educational institution and his or her standing at such educational institution is consistent with the purposes and conditions of the scholarship. The educational institute will administer the actual disbursement of the scholarship in installments at appropriate times for the necessary expenditure.

At or close to the end of each academic year, if the recipient needs continued scholarship support to complete the degree program as planned, a new application will be required. The application will include an affirmation of the original study plan and/or any changes, if applicable, to the original study plan, including reasons for the change, total funding needs for continued study for the next academic year, and a recommendation letter from the recipient's academic advisor delineating his/her assessment of the recipient's study status if continuing support is recommended for the next academic year.

If you learn that all or any part of a scholarship is not being used to further the purposes of the scholarship, you will take all reasonable and appropriate steps to recover the scholarship funds and/or ensure restoration of the diverted funds to the purposes of the scholarship. If such a diversion occurs and the recipient has not previously diverted scholarship funds to any use that does not further the purposes of the scholarship, you will withhold any further payments to the recipient until it has received acceptable assurances that future diversions will not occur and will require the recipient to take extraordinary precautions to prevent future diversions from occurring.

You will retain complete records about all scholarships awarded. These records shall include all information obtained by you to evaluate the qualifications of potential recipients, the identification of recipients, the purpose and amount of each scholarship, the terms of payment of each scholarship and any additional information you secured as part of the scholarship administration process.

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 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,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements