

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Release Number: **201750022**
Release Date: 12/15/2017
Date: **SEPTEMBER 19, 2017**

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

B = Scholarship Program
C = Company
D = Company
w = Number
x dollars = Dollar Amount
y = Number
z = Number

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 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(b)).

Description of your request

You will award scholarships under your B program. You will award scholarships for advanced degree (post-secondary) religious studies program at an accredited theological seminary, college or university. You have contracted with C to be involved in the administration, recipient selections, and pay out of funds for your program. Scholarships are one-time non-renewable awards. Assistance is to include, but is not limited to, amounts paid for qualified tuition and related expenses.

Your program will be publicized through a news release, flyers, and letters to academic institutions and industry professionals. Additionally, D's website will publicize your program, along with making the application available.

To be eligible applicants must complete an on-line application and possess the following criteria:

- a. Be enrolled full-time in an advanced degree (post-secondary) religious studies program at an accredited theological seminary, college or university
- b. Demonstrate personal impact throughout education, work experiences, and volunteerism
- c. Have a minimum grade point average of w on a 4.0 scale or its equivalent
- d. Be committed to entering the practice of full-time ministry in the United States following completion of studies, including leading a denominational congregation, or worship group, or serving in religious leadership at a house of worship

Scholarship recipients will be selected using a two-phase approach to ultimately select y recipients annually each receiving x dollars. Children of D employees will not be eligible to receive scholarships. Additionally, relatives of members of the selection committee, or of your officers, directors, or substantial contributors are not eligible for your awards.

Phase I will be performed by C who will select a total of z applicants; an even amount selected from each of five geographic regions that you determine. Applicants will be selected based on the following:

- (1) Past scholastic performance in undergraduate/graduate programs as represented by their GPA
- (2) Personal impact through work experiences and volunteerism

Phase 2 will be performed by your selection committee who will identify y finalists, even divided between each of the five regions based on the following:

- (1) Letter of recommendation submitted from a teacher, counselor or advisor which validates student's academic and extracurricular achievement
- (2) Essay on how the students will you use advanced study, including meaningful experiences, personal vision for ministry/leadership, and serving the greater good and improving the human condition

The selection committee for Phase 1 will consist of C employees. The selection committee for Phase 2 will consist of D employees, including representatives from Marketing, Human Resources, Division Management, and the Chief Sales Officer. The selection committee will be responsible for keeping records pertaining to its decisions regarding the provision of assistance. If assistance is denied, the selection committee is to document the reasons for such denial, and will provide such denial in writing to the applicant eligible recipient. If assistance is provided to eligible recipients, the selection

committee is to maintain adequate records and case histories to justify such grants as being in furtherance of charitable purposes.

Upon selection, C will process scholarship payments on behalf of B. Payments shall be made directly to the institution the qualified applicant attends. Recipients' obligations include:

- (1) Notifying C of any changes in address, school enrollment or other relevant information and send a complete official transcript when requested
- (2) Provide D with a picture as well as a copy of the written essay for publication in their company newsletter

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.

Specifically, if you receive any information indicating that the terms of the scholarship have been violated or if the scholarship recipient fails to maintain satisfactory progress towards the degree, the scholarship will be terminated immediately. You shall take all reasonable and appropriate steps either to recover the scholarship funds or to ensure the restoration of the diverted scholarship funds. At the completion of a scholarship, you will require that the scholarship recipient provide a transcript of academic performance.

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,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements