

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

**Department of the Treasury**

Release Number: **201920013**  
Release Date: 5/17/2019  
Date: February 22, 2019

**Employer Identification Number:**

**Contact person - ID number:**

**Contact telephone number:**

**LEGEND:**

B = Name  
C = Age Range  
D = Number

UIL: 4945.04-04

x 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 provided in Code Section 117(b)).

**Description of your request**

Your letter indicates you will operate a scholarship program.

The purpose of your program is to award scholarships to current or former B refugee or immigrant clients or members of their family to attend an accredited educational institution including private high schools, colleges, universities, and vocational training schools. B is a charitable organization whose mission is to contribute to the well-being of

the local community by creating and implementing programs that help those born outside the United States.

To be eligible, an applicant must:

- Be a current or former B refugee or immigrant client or a member of such family;
- Be in the range of C years old as of the date of their application;
- Be enrolled at an eligible school.

You will publicize the availability of your scholarships on B's website as well as throughout prominent places in B's facility. Pertinent information including the availability of the awards, the application procedures and applicable deadlines will also be provided to B's employees, volunteers, interns and board members. Applicants must submit an application with required attachments including financial information, transcripts, and an essay discussing their goals and future aspirations.

Currently, no more than D grants per year for an amount not to exceed x dollars will be awarded, but this may increase as your funding increases. The scholarships are nonrenewable and will not be extended.

Members of B's staff and officers will evaluate and select the recipients based on financial need, academic merit and a written essay. Relatives of members of the selection committee are not eligible for scholarships.

Once the recipient is notified, they must provide you proof of enrollment to an eligible school. Upon receipt of such proof of enrollment, the scholarship check will be made payable to the school for the benefit of the recipient. Schools are to apply the funds for the credit of the individual provided the individual is in good standing with the school. No other follow-up reporting is required either by the school or the individual.

You represent that you will maintain the following: (1) all records relating to individual grants including information obtained to evaluate grantees, (2) identify whether 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 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.

The effective date of this ruling is March 26, 2018.

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