

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Release Number: **201934009**

Release Date: 8/24/2019

Date: May 30, 2019

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND:

C= county/state

D= state

x dollars = amount

y dollars = 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 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

You will operate a scholarship program for high school students in C, in order to provide for tuition, books, equipment, and other necessary expenses related to attendance to a college or university in D. You aim to encourage students graduating from C to pursue an undergraduate degree in mathematics, education, or the sciences.

To be eligible for a scholarship, the student must:

- Be a resident of C currently or planning to attend a university of college in D and pursuing a degree in math, science or education

- Have maintained a 3.0 Grade Point Average in high school
- Be ranked in the top 25% of their graduating class
- If currently enrolled in a college or university, maintain a 2.75 Grade Point Average
- Be of good character and have financial need

Applicants will need to submit a written request setting forth their achievements and activities. This will include academic records, transcripts, letter(s) of recommendation, amount of financial aid requested, and any other information the applicant chooses to submit.

Awards will be made on an objective and non-discriminatory basis. Your selection committee will review all applications, and one of your Trustees will interview the applicant.

You intend to allocate x dollars per year towards scholarships for qualified applicants. No less than y dollars will be awarded. The scholarship is eligible for renewal.

The recipient will submit progress reports to you after each quarter. If no report is received, or if the report does not show how the award furthers the student's education, no additional funds will be issued. You will take any needed and reasonable steps to recover funds from the recipient and will retain all records of any awards made.

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