

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

**Department of the Treasury**

Release Number: **201936011**  
Release Date: 9/6/2019  
Date: June 10, 2019

**Employer Identification Number:**

**Contact person - ID number:**

**Contact telephone number:**

**LEGEND:**  
B= scholarships  
C= college  
D= scholarship fund  
E= school  
G= administrator

**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 program called B to provide annual scholarships to students attending the C, or its successor.

The awarding of B, or the renewal thereof, shall be based on considerations of scholastic merit and the financial needs of the student. E is responsible for selecting students, within a framework established by the administrators for E.

The number of scholarships that will be awarded each year and the amount of each scholarship will vary depending on the amount of funds available to be distributed. You

are required to annually distribute the greater of the net income of your trust or the amount necessary to satisfy Section 4942 of the Code. The number of qualified applicants and the scholastic achievement of each student will also be considered when determining the amount of each scholarship.

Solicitation and announcement for B is provided through C. Students will access information about the scholarship through E's portal. Your trustees will utilize C's existing central scholarship application and administration system to identify eligible candidates for consideration for a scholarship. E utilizes an application that is specific to B and its eligibility requirements.

Criteria for student eligibility includes demonstration of financial need, high scholastic achievement and enrollment in nursing programs at C.

Eligible candidates for this scholarship must:

- Be enrolled full-time in the C.
- Be admitted to the RN to B.S.N Completion Program/ the B.S.N. program or a Graduate Nursing Program (MSN or DNP)
- Have a minimum GPA of 3.5
- Demonstrate financial need for scholarship assistance. Student financial need will be identified through the Free Application for Federal Student Aid (FAFSA) and take into account any other scholarships or financial assistance the student may receive.

Prior year recipients must apply on an annual basis in order to be considered for an additional award. Renewal applicants must meet the same eligibility criteria as that of new applicants.

You will pay funds directly to E for the benefit of the recipient. You will provide a letter to E specifying that E's acceptance of the funds constitutes the college's agreement to: (i) refund any unused portion of the scholarship if a scholarship recipient fails to meet any term or condition of the scholarship; and (ii) notify you if the scholarship recipient fails to meet any term or condition of the scholarship.

You have sole discretion to select student recipients and determine amounts of awards. E will evaluate the applicants and recommend scholarship recipients and scholarship amounts to you. E designates the position of G to send recommendations to you, however, you are responsible for approval of students to receive scholarship funds, as well as the amount of those scholarship awards.

### **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.

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