

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

Department of the Treasury

Number: **202126026**
Release Date: 7/2/2021

Employer Identification Number:

Date: April 5, 2021

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

B = Name
C = Name
D = Number
E = Name
w dollars = Amount
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 called the B. The purpose of B is to award annual scholarships to qualifying high school seniors enrolled in C or a comparable high school program for future architects, as well as to undergraduate students across the United States that are pursuing a bachelor's degree in the fields of architecture, historic preservation, or urban design at accredited colleges and universities that qualify under IRC Sections 509(a)(1) and 170(b)(1)(A)(ii).

Under B, you will award up to D scholarships annually for an average amount of w dollars each, with no one scholarship exceeding x dollars. Further, the scholarship amounts will be based on the tuition, fees, books, supplies, equipment, and/or room and board costs associated with attending an approved academic program at a qualifying college or university and may vary among the recipients.

You will promote B on the websites of high schools and accredited colleges, and via distribution of materials to counselors and administrators at high schools and colleges/universities. Further, you will advertise the availability of the scholarships through C.

To be eligible for a scholarship under B, an applicant:

- Must be a citizen or legal permanent resident of the United States;
- Must complete the FAFSA (Free Application for Federal Student Aid) application and submit a SAR (Student Aid Report);
- Must demonstrate a grade point average of at least 3.00;
- If a high school student, must show enrollment in C or an equivalent mentoring program;
- Must be accepted into a full-time, accredited college or university program in the aforementioned fields of study; and
- Must provide a completed scholarship application, two letters of recommendation, and attend an interview

All completed applications will be reviewed by your Scholarship Selection Committee, who is responsible for the initial selection of potential scholarship recipients, as well as be responsible for recommendations for the subsequent renewal of scholarships. The committee is composed of members of your board of directors, of whom are generally licensed architects and community planners from E. Any new, additional, or replacement members may be appointed by a unanimous vote of your board of directors and may include architects, urban designers, preservationists, and/or educators in these fields.

The selection criteria used by the Scholarship Selection Committee will include, but not be limited to, the applicant's prior academic performance, their character, good citizenship, and demonstrated economic necessity. Your board of directors will make final decisions regarding all scholarship awards based on the recommendations from your Scholarship Selection Committee. Relatives of members of the selection committee or officers or directors or any disqualified person(s) in relation to you will not be eligible to apply for a scholarship.

To renew a scholarship, the recipient must maintain a minimum grade point average of 3.50 and show financial need as well as fulfill your internship and community service requirements.

Relatives of the members of the selection committees, as well as your officers, directors, and substantial contributors, are not eligible for your scholarships.

You represent that you will complete the following: (1) arrange to receive and review grantee reports at least annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversion of funds from their intended purposes, (3) take all reasonable and appropriate steps to recover the diverted funds and 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 grantees will take extraordinary precautions to prevent future diversions from occurring.

You represent that you will maintain the following: (1) all records relating to individual grants including information 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 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