

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

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Department of the Treasury

Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

UIL: 4945.04-04

Legend

x = Dollar amount

Dear :

We have considered your request for advance approval of your grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated September 8, 2011.

Our records indicate that you are recognized as exempt from federal income tax under section 501(c)(3) of the Code and that you are classified as a private foundation as defined in section 509(a).

Your letter indicates that you will operate a grant-making program to individuals.

You were formed to make grants for religious, charitable, scientific, literary, educational or other purposes described in section 501(c)(3) of the Code.

Your scholarship program is to be provided to deserving high school students to assist in funding their college educations. Each year you will award to one student in each participating secondary school a grant of \$x per year for a period of up to four years.

You will select several non sectarian secondary schools to participate in the program. The selected schools will be located in various areas of the country in low-income areas as measured by a high subsidized student lunch eligibility count.

The selected schools will be responsible for selecting the recipients for your grant. Faculty members or administrators of the selected school will nominate students as potential grant recipients in their early years of high school. All students at the selected schools will be eligible for the grant. Each award winner will be notified of selection during his or her junior year. The number of eligible recipients from each school will vary. For example, one of your program's initial 3 selected secondary schools has a junior class size of 70. There will be one recipient from each school each year. In a given year if no student meets the requirements for selection, there will be no award for that year in that school. Financial need will not be an implicit requirement, but most eligible students will come from low-income households because of the location of the selected secondary schools. The specific criteria applied in determining a selected secondary program's grantees will be developed primarily by the selection committee at each school. However, you require that each selection committee's criteria be based on the following factors; academic achievement, recommendations from instructors, strength of character, citizenship/leadership in the school community and the larger community, and the ability to succeed in a college environment.

You will not advertise the program. All high school juniors who attend a selected non sectarian secondary school and are United States citizens are potential grant recipients.

To be considered for grants from you, each nominated student must submit the following to the selection committee at his or her selected school: a statement of intent, which is a statement of willingness to complete a college program and furnish appropriate periodic reports containing information regarding academic performance to justify a continuing scholarship grant award; a copy of his or her high school transcript; and a written recommendation from the nominating faculty member or administrator. Qualified grantees will have a solid academic record, display good character and act as good citizens in their communities. Qualified grantees should have a sense of responsibility to and for their academic community, provide support to their classmates and mentor other students. The selection process will be completed on an objective and non-discriminatory basis and grant recipients will be chosen from qualified nominated students, regardless of their race, creed, color, age, religion, or sex.

Each award winner will be notified of the award during his or her junior year of school in order to incorporate the award into his or her college decision making process. The selection committee at each selected secondary school will notify the grantees and their parents of the award. Notice may be provided in whatever manner each selection committee sees fit and appropriate for their community such as letter, phone call, in-person meeting, email, etc. You will provide each grant recipient with a letter of intent, indicating your intention to make a scholarship grant on behalf of the recipient.

Each selected school will form its own selection committee comprised of both faculty members and administrators to evaluate applications of nominated students and select grant winners. Each selected school will establish its own criteria for membership on its selection committee. No individual who is on the selection committee at a selected school, nor any officer or trustee of yours, nor any relative of any of them, will be eligible for scholarship grants from you. No individual who could possibly benefit directly or indirectly, if certain potential grantees are selected over others, can participate in the selection process. The principal of each selected secondary school will determine who will be on the selection committee for his or her school. A selection committee member must be a member of the faculty of the selected secondary school. The committee will be comprised of teachers (primarily those teachers who teach junior and senior level classes), guidance counselors, coaches, and in some cases, middle school teachers who previously taught the potential recipients. The process for selecting grantees will be the responsibility of the selection committees at the selected secondary schools, based on your guidelines. You will not be involved in the actual selection of grantees, but will serve an ongoing role in certifying whether each grantee remains eligible for the four-year grant period. The principal of each selected secondary school controls the selection process because he or she chooses the members of the selection committee. Either the principal, or an individual or group of individuals selected by the principal will be running the day-to-day work of the selection committee. If you discover the selection committee of a particular selected secondary school was not following your guidelines or was not making its selections on an objective and non-discriminatory basis, you reserve the right to either rescind a grant offer or cease working with the selected secondary school.

Students at secondary schools who are selected to receive grants from you will receive \$x per year for a period of up to four years. Once a selected student has decided which college or university he or she will be attending, he or she will notify you. You will pay the \$x scholarship grant directly to the selected college or university on behalf of such selected student. The selected college or university first must sign an agreement pursuant to which it agrees to use the grant funds to defray the recipient's expenses only if the recipient is enrolled at such institution

and his or her standing at such institution is consistent with the purpose and conditions of the grant.

You will review each scholarship grant each year. At the end of each year in order to continue to receive the scholarship grant funds for the following year, each grant recipient must submit certain information to you, including a letter prepared by the student reporting on academic achievement and community participation during the year; the official report from the college or university confirming the student's enrollment at the institution; and the student's official academic transcript. You will review the submitted information to determine if the student's academic performance and community service involved during the prior academic year warrant continuing the \$x annual grant on behalf of such student. Upon completion of the grantee's study at a particular college or university, you will obtain a final report from the school and the student. You will maintain all reports for a minimum of five years.

If you determine that any part of the scholarship grant has been used inappropriately, you will take all reasonable and appropriate steps to recover the diverted funds and depending on the circumstances, withhold further payments. You will maintain records relating to all grants made as part of the proposed scholarship grant program including identifying information with respect to the grant recipient; the amount paid to the grantee's college; information on such institution attended; information provided by the grant recipient each term; and where applicable information regarding investigations and recovery or restoration of misused grants.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) (as in effect on the day before the date of the enactment of the Tax Reform Act of 1986) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;

- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed, with a view to providing objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are 'scholarship or fellowship' grants within the meaning of section 117 of the Code, and are excludable from the gross income of the recipients subject to the limitations provided in section 117(b) of the Code, including to the extent that such grants are used for qualified tuition and related expenses within the meaning of section 117(b)(2) of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Lois G. Lerner
Director, Exempt Organizations