

Internal Revenue Service

P.O. Box 2508

Cincinnati, OH 45201

Department of the Treasury

Release Number: **201742029**

Release Date: 10/20/2017

Date: July 25, 2017

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

X= Name of scholarship

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 provide in Code section 117(b)).

Description of your request

Your letter indicates that you will operate an educational scholarship program called the X.

Your scholarship recognizes a high school junior or senior for participation in a program, project, or activity that benefits conservation, preservation, restoration or environmental education. One scholarship is awarded each year to a student who demonstrates leadership and initiative and will be presented at the recipient's school awards ceremony.

The scholarship is not renewable. It is a one-time \$ award to be made to a different student each year. You will not provide educational loans.

You will publicize the scholarship on your website, distribute a notice to area high school guidance offices, publish an announcement in local newspapers, and spread word of the scholarship opportunity through science and environmental educators, conservationists, and naturalists.

Members of the selection committee include your Directors, Environmental Professionals, Civic Planners, and Education Professionals from your service area. Upon a member's retirement from the committee, your Governance Committee recruits and selects candidates for membership based on experience with the mission, vision, and values of your organization, academic experience, and knowledge of the your service area.

Selection of scholarship recipients will be made on the basis of the credentials of the applicant, including:

- Demonstrated leadership and initiative in promoting conservation, preservation, restoration, or environmental education
- Successful participation in a program, project, or activity to benefit conservation, preservation, restoration, or environmental education
- The written recommendation of a teacher or someone familiar with the candidate's program, project, or activity
- A personal interview to determine applicant's knowledge of the program, project or activity, motivation, character, and potential.

Scholarship funds are to be used to support study at an educational institution described in section 170(b)(1)(A)(ii) of the Code, and may be used for tuition, books, room and board, or supplies.

Your employees, trustees, and committee members and their family members are not eligible to apply.

You will pay funds directly to the student. You will receive a report of the recipient's courses and grades at the completion of the first academic period. You will verify the information provided in the report with the educational institution. You will send each recipient a letter clearly stating the total amount of the scholarship, requirements and due dates for the report, and requiring the recipient to accept the terms and conditions of the grant.

If it is determined that a student has violated the terms of the scholarship or that any part of the Scholarship has been used for improper purposes, you will take all reasonable and appropriate steps to recover diverted funds or insure the restoration of diverted funds.

You will maintain all records relating to individual scholarships, including information obtained to evaluate all scholarship grantees, identify whether a scholarship grantee is a disqualified person, establish the amount and purposes of each scholarship grant, and establish that you undertook the supervision and investigation of scholarship grants previously described.

You will retain all records relating to individual scholarships, including information obtained to evaluate scholarship applicants who did not receive a scholarship. It is your policy to retain all documentation regarding any application for a grant or scholarship.

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 scholarship grant to an individual for travel, study, or other similar purposes. However, a scholarship grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the scholarship grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the scholarship grant.
- The grant is a scholarship or fellowship subject to the provisions of Code section 117(a).
- The scholarship 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 scholarship program described above. This approval will apply to succeeding scholarship 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
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- You cannot award scholarship 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 scholarship 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 scholarship 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