

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

Department of the Treasury

Number: **201833030**
Release Date: 8/16/2018

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

Date: May 24, 2018

LEGEND:

B= scholarship

C= name

D= name

E= school

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 nonexempt charitable trust described in IRC 4947(a)(1) that is also a private foundation 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

You will operate a scholarship program called B. The purpose of B is to provide educational opportunities to those with C and D ancestry. The scholarship is to be used for tuition and fees, books, transportation costs and basic living expenses. B will be publicized through local media such as newspapers and community outreach.

To be eligible for B a candidate must be of C or D ancestry and accepted at a higher education institution that you have approved. You will also have a scholarship program

for candidates who show promise but are not yet attending college. This program will provide one year of tuition to attend E.

Your trustee in consultation with your selection committee, comprised of volunteers from local school staff, members of the C and D community and local religious leaders, will select the recipients from the applicants.

Criteria used for selection of recipients will include:

- financial need
- academic promise
- moral character
- community citizenship
- history of hard work
- dedication to study
- loyalty
- giving back to the community
- integrity,
- simple and frugal living.

Candidates will be selected irrespective of sex, gender or field of study. Scholarships may be renewed if the student maintains a full load of coursework, and satisfies your academic achievement and reporting requirements.

You represent that you will complete the following (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which B was awarded, (2) investigate diversions of funds from their intended purposes, and (3) take all reasonable and appropriate steps to recover diverted funds, ensure other funds held by a recipient are used for their intended purposes, and withhold further payments until you obtain assurances that future diversions will not occur and recipients will take extraordinary precautions to prevent future diversions from occurring.

You represent you will maintain all records relating to B, including information obtained to evaluate grantees, identify whether a recipient is a disqualified person, establish the amount and purpose of each award, and establish you undertook supervision and investigation of the awards 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