

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

Department of the Treasury

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Employer Identification Number:

Contact person - ID number:

Contact telephone number:

Date: December 20, 2018

LEGEND
X= Ethnicity

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

Your letter indicates you will operate a scholarship program to assist qualified students primarily of X descent in need of financial assistance to further their education who have demonstrated strong academic accomplishments. Scholarships are publicized through your website and through providing written materials and other information to various universities. To apply, the following documents must be electronically submitted to you by a predetermined date:

- A completed application;
- An essay describing their goals, the challenges they have overcome and why they should be a recipient of your scholarship;

- Letters of recommendation from a current or former teacher or instructor;
- A sealed academic transcript sent directly to you;
- Their recent tax return and/or that of their parent or guardian;
- A breakdown of their financial aid showing other sources and amounts of aid;
- Estimated academic expenses;
- A list of courses needed to graduate.

The application packets will be reviewed, evaluated and scored by a minimum of three judges using an objective scoring system which you developed. The scoring criteria include whether the applicants:

- Have completed the process to enter a postsecondary educational institute which involves testing, placement, college orientation, and counseling;
- Have a high school diploma;
- Are enrolled in a degree program;
- Have a 3.50 GPA;
- Have shown financial need as demonstrated through their application.

You will award the scholarships to the top scoring applicants. In addition, the number and the amount of the scholarship awards will be based on your financial resources and vary at your discretion. The amount will also be based on the recipient's out of pocket costs as well as the recipient's demonstrated financial need, the cost of tuition, and the relative merit of the individual recipient's application.

Recipients selected must demonstrate an understanding of the value of work, taking responsibility, giving back and helping others. The recipient must also agree to your terms as follows:

- Perform faithfully and industriously, using their necessary abilities to make satisfactory academic progress;
- Report academic scores and credentials to you at the end of each quarter;
- Promptly inform you of any changes in their school, studies, address and contact number;
- Attend your gatherings and programs;
- Develop a long-term relationship with you after graduation;
- Consent to using their personal information including photos to promote/advertise and make public this information for purposes of showing the success stories.

To remain eligible, recipients must submit a transcript showing a 3.25 cumulative grade point average and remain a full-time student for each grading period. Failure to maintain these requirements will forfeit any unallocated portion of the scholarship. The recipient may also be required to deliver a semiannual status report in which semiannual distribution of the award will be made. Scholarships that do not meet the terms of the agreement will be terminated for cause.

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 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, 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 that grantees will take extraordinary precautions to prevent future diversion from occurring.

You represent that you will maintain the following: (1) all records relating to individual grants including information obtained 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 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.
- The effective date of this approval is April 1, 2017.

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