

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 19, 2018

LEGEND

M = Scholarship
N = School district
O = School
P = Team

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 called M.

Your purpose is to support students within N who are engaged in the pursuits of science, technology, engineering, and mathematics through competitive robotics activities.

The purpose of M is to provide scholarships to graduating high school seniors who attend O and have been accepted and will pursue undergraduate studies at a four-year accredited college or university. Candidates will be selected from applicants who have

been members and are active participants in good standing of the P Robotics Team at N for three of their four years.

You plan to award up to ten scholarships annually, for varying amounts, depending on your net income after the robotics competition season. The number and amounts of scholarships may change from year to year, depending on the availability of funds.

Scholarship recipients must:

- Show positive character
- Demonstrate leadership
- Participate in community service relating to robotics and STEM
- Possess academic achievement
- Have active participation in robotics competitions and team building events, and
- Have contributed to team fund raising activities.

All applications will be reviewed by your selection committee, which shall include at least one team mentor, one school advisor, and one additional team parent of past or present student participants, provided that no one is related in any way to any student applicant.

Awards will be paid directly to the students. The recipients will be required to demonstrate they have met the conditions of the grant, including attendance and maintaining a minimum GPA of 2.5 or greater.

You pay the scholarship during the second term of the school year. The recipient is required to provide the scholarship committee with their first term grades and second term schedule as confirmation they have and will continue to be enrolled in the college or university noted on their application prior to the payment of the award.

You will maintain both paper and digital copies of information for all scholarship applicants and recipients. Award letters for recipients will be kept on file and will include the amount and the terms of the award.

You represent that you will (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant 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 grant funds held by a grantee are used for their intended purposes, and 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 diversions from occurring.

You represent that you will maintain all records related to the following: (1) individual grants including information to evaluate grantees, (2) grantees which are identified as a disqualified person, (3) how the amount and purpose of each grant was established, and (4) how you established supervision and investigation of the 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.

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