

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

Department of the Treasury

Number: **201925021**
Release Date: 6/21/2019

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

Date: March 25, 2019

LEGEND

B = Program
C = City, Country
D = Number
e dollars = Amount

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 B. The purpose of B is to award scholarships for post-secondary education in agriculture related degree programs at colleges, universities, or technical schools. The program will be limited to those in the United States and C.

The scholarship is to be used for tuition and fees. B will be publicized on a website and social media channels. You will also send a press release to agricultural and traditional news media contacts.

You will give up to D scholarships, provided there are a sufficient number of eligible recipients, in amounts of e dollars each, subject to possible future increases to reflect inflation for educational costs. The scholarships are not renewable and scholarship recipients are not eligible for future scholarships.

To be eligible for the scholarship the candidate must:

1. Be a high school senior, graduate, or a student enrolled at a college, university, or technical school,
2. Plan to enroll in full-time undergraduate study for the applicable academic year at an accredited or bona-fide college, university or vocational-technical school, and
3. Not be related to any member of the selection committee.

The selection committee will consist of an independent group of agribusiness professionals. No members of the committee will, at the time, be employees or directors of the organization or your related for-profit entity. This committee will choose the recipients based on academic achievement, school/community involvement, and a written essay.

Scholarship checks will be made payable to the respective educational institution, for deposit to the student's bursar account, to be used only for tuition and fees required for the enrollment or attendance of the student at the educational institution. The transmittal letter to the educational institution will (i) require such institution to apply the funds to the student's tuition and fees only if the student is enrolled at, and remains in good standing at, such educational institution, and (ii) require the educational institution to return unused funds if the student does not continue to be enrolled and in good standing.

You will retain records relating to the evaluation and selection of scholarship recipients, the amount and purpose of each grant, and any correspondence received from educational institutions relating to scholarship recipients. In the event that a grantee violates the terms of a grant, you will make a reasonable attempt to ensure the proper use of grant funds, or to recover such funds, and shall not make any further disbursements of grant funds for the benefit of a grantee until the violation of the grant terms is remedied.

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 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.

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