

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

Department of the Treasury

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Contact Person - ID Number:

Contact Telephone Number:

LEGEND

UIL 4945.04-04

X= Name of Organization

Y= Name of program previously approved under separate approval letter

Z= Name of extended program

B= Name of for-profit organization that originally created this organization

Dear _____ :

We have considered your request for advance approval of your grant-making program under section 4945(g)(3) of the Internal Revenue Code, dated August 8, 2008.

Our records indicate that the X was recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that it is classified as a private foundation as defined in section 509(a). In addition, our records indicate that the X received advance approval of grant-making procedures from the Internal Revenue Service dated, October 26, 2005 for the current scholarship program providing grants to students which complied with the requirements of section 4945(g)(1) according to procedures that would not be taxable expenditures within meaning of section 4945(d)(3).

Your letter indicates that the X will be expanding its current program, named the Y to provide for a program, named Z to help low-income students who may choose to pursue their studies at for-profit educational institutions and/or via online degree programs. These grants will provide for students who wish to enroll in two categories of two or four year degree programs at educational institutions that are not described in section 170(b)(1)(A)(ii) of the Code: (i) for-profit colleges and universities and (ii) online degree programs. In addition to the grants for tuition and tuition related expenses, students accepted into Z would also be able to take advantage of the other benefits including leadership development training, mentoring, and career counseling. These services will be provided to the student at no charge by the employees of the X.

The selection process will be identical to the selection process for awarding scholarships under section 4945(g)(1) for the Y. For this expansion of the program, the Foundation will require the same application used for selection of recipients for the scholarship program under section 4945(g)(1).

The following procedures have been approved for the initial program, named Y under section 4945(g)(1) and are to be followed for the expanded program, named Z:

Approved procedures for scholarship program under section 4945(g)(1), as approved on October 26, 2005.

The X or scholarship consultants (independent organizations hired on behalf of the X) will contact educational institutions (accredited two year colleges) with students eligible for X's grant program and will provide information on the grants available and distribute application materials. The Foundation may also invite educational institutions to nominate particular students as potential recipients for certain educational grants and in some cases may require such nominations as a condition of eligibility. Students are recruited from targeted geographic areas, as determined periodically by the Foundation. Initially, the program will target students with a financial need who are members of minority groups that have historically lacked access to or have been under-represented in higher education. In the future, the Foundation may expand the program to include other economically needy students. The primary selection criteria for educational grants may include, but will not be limited to, leadership ability, academic achievement, financial need, extra curricular activities, public service, and potential for a significant contribution to society.

As part of the selection process for the grant program, X may enlist either an independent selection committee composed of individuals with relevant educational expertise, or authorize the staff of the X to review and evaluate all eligible applications for recommendation by the the Board of Directors of award recipients. The Foundation does not discriminate on the basis of race, religion, creed, color, sex, age, physical or mental disabilities, sexual orientation, or national origin. All educational grants are to be awarded on an objective and nondiscriminatory basis.

When the Foundation awards an educational grant directly to a student recipient, the X will require the recipient to furnish an annual report of the courses taken and grades received during each academic period. Such reports must be verified by the educational institution at which the recipient is enrolled. Where a recipient's course of study involves the preparation of research and projects instead of coursework, X will require the recipient to furnish all progress reports that are approved by a supervising faculty member or other appropriate university official. Upon completion of a recipient's course of study, X will require the recipient to furnish a final report. Where the organization will remit payment of an educational grant directly to the education institution, X will require the education institution to agree that it will: (1) use grant funds to defray the recipient's expenses or (2) pay the funds (or a portion thereof) to the recipient, only if the recipient is enrolled at the education institution and is in good standing consistent with the purpose for which X awarded the grant. Educational grants may be renewable at the end of the grant term, through the completion of the recipients's current program. Recipients must meet certain criteria to be eligible for grant renewal, including compliance with all reporting requirements.

If the X learns that all or any part of the funds from a grant are being diverted from the intended purposes, it will take all reasonable and appropriate steps to recover the funds and/or to ensure restoration of the diverted funds to the purposes of the educational grant. This would include legal action if deemed appropriate under the circumstances. The

organization will retain complete records with respect to all grants awarded. These records shall include all information obtained by the X to evaluate applicants, the identity of recipients, the completed application of each applicant, the amount of each grant, progress reports from recipients or their teachers, and any additional information that the X or its consultants have obtained in the course of the grant administration process.

Additional provisions provided with request of approval of grants under the expanded program, named Z.

This program named, Z assists students who are already enrolled in two-year college programs. Participation is limited to individuals enrolled as degree candidates in educational institutions described in section 170(b)(1)(A)(ii) of the Code. Grants are awarded for expenses they incur in completing an Associate's degree and applying and transferring to for-profit or on line four-year college or university programs and completing their Bachelor's degree.

Where the Foundation selects a recipient who chooses to enroll at B or any other higher education program operated by an affiliate of B (a for-profit educational institution), the Foundation will not remit any funds to the recipient or to B to defray the cost of tuition, fees, or any books that are only available for purchase from B. Instead, B or the applicable affiliate of B will waive the recipient's tuition and fees and provide any such books at no charge.

No person who would be in a position to derive a private benefit directly or indirectly if certain grantees are selected over others is permitted to be a member of any selection committee or participate in any way in the selection process. Accordingly, no grants will be awarded to the Foundation's officers, board members, or staff, or their families, or to any disqualified person with respect to the Foundation, or for a purpose that is inconsistent with the purposes set forth in section 170(c)(2)(B) of the Code.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or

- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(3) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

We have not considered whether grants made under your procedures are excludable from the gross income of recipients under section 117(a) of the Code.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi
Director, Exempt Organizations
Rulings and Agreements