

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

Department of the Treasury

Number: **200843044**
Release Date: 10/24/2008

Date: June 27, 2008

Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Numbers:

Phone

Fax

EO

LEGEND

UIL 4945.04-04

X= Name of Foundation
Y= Name of Grant-Making Program
Z= Name of State
x= Dollar Amount Range

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 March 20, 2008.

Our records indicate that 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).

Your letter indicates that X will operate a grant-making program called Y. The purpose of the program is to provide high school classroom teachers early in their careers with opportunities for growth and development, with the goal of strengthening commitment to, interest in, and effectiveness of, public school classroom teaching.

Y was established to award up to 50 grant awards in amounts of x to school districts in Z to allow public high school classroom teachers to have learning experiences to enhance their effectiveness as teachers. The number of awards may be increased if the program proves effective.

Awards are given to public high schools or school districts to be used for the benefit of public high school teachers, in the first five years of their careers, nominated by their principals, who submit letters describing a proposed learning experience that the award would allow them to pursue to enhance their effectiveness as teachers.

No disqualified persons of X, including members of the Selection Committee, X's officers, directors, and substantial contributors, or members of their families, are eligible for awards under the program.

Invitations to participate in the program will be sent to the principal of each senior high school in Z. The principal will be asked to return a postcard indicating whether or not the school intends to nominate a qualified teacher.

Principals who elect to participate shall nominate a teacher candidate at his or her school in the first five years of his or her career who lays out a proposed learning experience, who the principal deems will most benefit and who is most worthy of the award.

The principal and the teacher candidate will then submit two letters, of up to two pages in length, to X: one from the principal that addresses who the candidate is and why he or she is recommended, and one from the candidate explaining the learning experience he or she wants to pursue and why, including a proposed budget.

X will appoint a Selection Committee, composed of an experienced public high school principal, an experienced public school teacher, and an experienced higher education educator. The Selection Committee is assigned the task of selecting up to 50 applicants that they believe best fit the purposes of the program. In making their selection, they take the following into consideration:

- The feasibility of the proposed project being carried out as described;
- The likelihood that the project will contribute to the teaching effectiveness of the candidate;
- The likelihood that the project will encourage the candidate to remain in a teaching career; and
- The reasonableness of the dollar cost to complete the proposed project.

After individual Selection Committee members have formed a preliminary judgment on each application, the entire committee will meet as a group to discuss their findings and make the final selection of applicants to receive awards. If the selection committee believes there should be an adjustment to a proposed project budget, they may make such changes within the limitation of the program's guidelines.

The list of awardees will be forwarded to X, and the Board of Directors will formally approve the recommended awards. X will send an award letter to each successful candidate and his or her principal. A formal grant agreement will be signed by the appropriate official in each school or school district, indicating that the funds will be used as described in the project proposal. The awardees will sign a letter indicating they agree to carry out the project as described in the proposal and submit a final report on their experience. Unsuccessful applicants will receive a letter informing them of their outcome and thanking them for participating.

X will send award checks to the schools or school districts of the chosen award recipients for the purpose of supporting that award recipient in completing his or her submitted teacher experience. X may also organize a celebration luncheon at which teachers and principals will be recognized.

Within one year after the grant of the award, each teacher selected and his or her principal will provide a letter reporting on the use of the awarded funds in accordance with the letters submitted and the benefits gained from the supported activities. The school or school district will make the funds available to the chosen teachers and ensure

that the funds are expended for the purposes described in the teachers' proposals. X may also conduct follow-up inquiries after two or more years regarding the effectiveness of the program.

X will maintain case histories showing recipients of each award, including the name of the recipient school district and the teacher to be supported, addresses, purpose and amount of award. X represents that it will maintain all records relating to individual grants, including information obtained to evaluate grantees and to identify whether a grantee is a disqualified person.

X represents that it will (i) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (ii) investigate diversions of funds from their intended purposes to ensure grant funds held by a grantee are used for their intended purposes, and (iii) take all reasonable and appropriate steps to recover diverted funds.

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