

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: June 6, 2014

LEGEND

X= program name
y= number

UIL

4945.04-04

Dear _____ :

You asked for advance approval of your educational grant procedures under Internal Revenue Code section 4945(g) (3). This approval is required because you are a private foundation that is exempt from federal income tax.

Our determination

We approved your procedures for awarding educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grants meet the requirements of Code section 4945(g)(3). As a result, expenditures you make under these procedures will not be taxable.

Description of your request

You will operate an educational grant program called X to support the development of leaders and facilitate social change for the purpose of addressing the needs of vulnerable children. X will focus on developing individuals who can transform their communities so that vulnerable children can achieve optimal health and well-being and academic achievement and security. Accordingly, while X will focus on strengthening the skills and competencies of the individuals selected, there will also be a strong emphasis on applying the knowledge and skills to community-based projects.

The individuals participating in X are expected to serve as agents of change in their communities. In particular, the leadership skills and capacities that X aims to develop in participants, and that will later be applied by participants in community projects, include: (i) building interpersonal skill mastery; (ii) fostering the ability to engage in collective learning; and (iii) developing competencies and commitment to racial equity.

X will consist of three years of learning, networking, planning and action. Structurally, X is designed for the second and third years to incrementally build upon the previous year, starting with a year focused on the participant's growth and development through a combination of skill building, self-reflection and exploration of ideas. The second year builds upon the individually-focused learning from the first year to apply the lessons for group formation cohort building towards designing projects to achieve tangible change for vulnerable children. The final year is dedicated to the execution of those plans in the participants' respective communities.

You will launch X in United States, but may replicate it in other countries where you make grants. More specifically, X is structured as follows:

- The first-year focus will be on individual mastery and development to prepare the participants for leadership and action. This will be accomplished through a detailed curriculum focusing on the specific needs of the participants. The sessions will support individual leadership development through group and individual learning. The curriculum will cover skills building (e.g., developing technology skills and negotiating and networking techniques), and helping participants to understand and analyze different issues, such as viewing challenges facing vulnerable children and approaches to addressing them, achieving racial equity as a cornerstone of change, developing public policy and systems reform, and fostering community transformation. The sessions will be led by experts in the field.
- Building on the first year, the second year will turn to development and strengthening of individual skills through team/trust building as well as group learning. This segment will also entail several sessions during the year. Sessions will involve the exploration and application of techniques for creating cohesion within groups of individual participants called "cohorts." In addition, the cohorts will begin to plan their action projects, which will be implemented in the third year, as well as to strengthen networking skills. The participants will submit the cohort action projects/proposals and budgets to you for funding, subject to your review and approval.
- The third year of X is devoted to networking and the implementation of the action projects and programs in the participants' respective communities. Participants will be expected to interface with different organizations in their communities to develop and implement their action plan to achieve tangible change for vulnerable children.

X is expected to include about y participants for each "class." A class is a new group of individuals who start the three-year program in a particular country. With respect to the United States, most of the participants will be selected from specific regions where you already focus your current grant activities.

In regard to participation in X, you wish to be as inclusive as possible and not create an economic hardship for those who participate. As such, financial support for work release

time, as well as for other expenses such as childcare to attend required meetings, may be available. Furthermore, you will cover the travel costs of participants to attend program sessions described above and to fund the third year action projects. You will have staff dedicated to X. It is anticipated that you will also engage third party consultants/vendors to assist in the planning, organizing and implementation of X, as well as serve as advisors and mentors to the participants.

There will be a multi-step process for selecting participants including the submission of an application, a presentation, and an interview. Candidates will be evaluated on the following criteria:

- Commitment to and passion for addressing the needs of vulnerable children and community engagement as integral to social change;
- Strong community ties and history of local service;
- Understanding of and appreciation for diversity of all kinds;
- Appreciation of the role of race inequities in contributing to the vulnerability of children, and willingness to address racial inequities as part of lasting solutions;
- Willingness to mentor and be mentored, to engage in reflection and dialogue, to explore the role of spirituality in personal and social transformation, and to explore creative opportunities for action;
- Appreciation for the value of collective impact;
- Interest in developing or strengthening the following: racial equity and healing; mediation negotiation listening; use of technology; creating and working networks across geographic boundaries; and
- Commitment to remaining engaged in social change beyond your support.

The selection process will involve the submission of an application containing a limited number of threshold questions related to the eligibility qualifications listed above, and questions that focus on prior experience and commitment to key components of X. Your selection committee will review the applications and decide which candidates move onto the next phase. You anticipate that the selection committee will include members of your staff, representatives from your previous leadership programs, consultants/vendors, and/or leadership development experts. Applicants selected will move on to the presentation and interview phases where each candidate will have an opportunity to describe or illustrate how he/she exemplifies the qualities listed above. Your selection committee will preside over the presentations and conduct interviews, then select candidates for your final review. You reserve the right to make minor adjustments to the final list of candidates to provide for appropriate diversity in the class of participants.

X aims to attract and identify candidates by marketing broadly across public and private sectors (including, for example, non-profit organizations, academic institutions, companies, and government units). The call for applicants will be distributed widely among your network of grantees and associated organizations. X will also be publicized on your web-site and throughout local philanthropic sector networks, and also in local press within the specific geographic areas in which you work.

As noted, it is anticipated X will involve about y participants per class for each country involved. The number of participants may vary year to year and will increase if countries in addition to the United States are involved. Family members of individuals serving on the selection committee or of persons otherwise involved in the selection process will not be eligible to participate. X will be open to individuals of all races, ethnic origins, colors, genders and religions.

You will track the participation and progress of each participant of X as follows:

- You will monitor attendance of each participant at program sessions;
- Each participant will be expected to submit an annual report for each of the three years summarizing their activities for the year and objectives satisfied. As noted, participants may form groups or "cohorts" to implement an action project, in which case the cohort may submit an annual report on behalf of its individual participants that summarizes the project's goals, activities and programmatic impact;
- Your staff, mentors and/or coaches will oversee the participation and progress of participants. Mentors/coaches will be identified from among experts in the field or community, so mentors/coaches should be well equipped through their own experiences to assist participants in X.

Participants are expected to approach X with openness, passion, integrity and energy. Each participant is also expected to commit to attend all required gatherings as well as to complete work that will take place outside of group meetings. For a showing of justifiable cause (e.g., a personal or family emergency, or a community emergency), a participant will be allowed to miss a maximum of 20% of the total sessions. If a participant exceeds these limits without justifiable cause, the participant will be dismissed from X.

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 section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii); or
- A prize or award subject to the provisions of section 74(b), if the recipient of the prize or award is selected from the general public; or
- To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

To receive approval of its educational grant procedures, Treasury Regulations section 53.4945-4(c) (1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

Other conditions that apply to this determination

- This determination covers only 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 precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes in 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 make 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 must 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 any questions, please contact the person listed at the top of this letter.

Sincerely,

Director, Exempt Organizations