

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:

LEGEND

UIL: 4945.04-04

T= Program
U= Geographical Area
V= City
W= Name

b dollars = Amount
c = Number
d = Number
e= Number
f= Number

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

Your letter indicates that you will operate a program called T. The purpose of T is to provide grants for fellowships for scholarly research and promote the history and culture of U. Each grant will result in a tangible report you can use in furthering your exempt function.

You own and preserve W consisting of materials and historical buildings concerning the history and culture of U and make this material available for research. W will play a central role in the fellow's research agenda. Fellows will also be encouraged to explore other research and educational facilities in the greater V area.

T is open to doctoral candidates, academic and museum professionals, and independent scholars. You expect to receive in the range of d applications annually and plan to award f grants. The fellowships will be about b dollars per month, for a maximum of c months, per project, provided that the fellow is making satisfactory progress toward completion of the project.

T will be publicized on your website and in your quarterly magazine. Additionally, T will be advertised to relevant academic and professional audiences through professional networks via the media through which they communicate with their memberships. The broadest geographic area that these publicity efforts are directed towards is the English-speaking world. The majority of the target audience is located within the United States, but the media utilized is mostly accessible worldwide and the audience is not defined by geography.

The selection committee is comprised of e members, none of whom are members of your board of directors. Your selection committee will draw from a wide cross-section of your staff and many different areas of expertise will be solicited. The committee will benefit from members' deep expertise in the diverse areas of your holdings and the subject areas to which they relate. Members of the selection committee will not be in a position to receive private benefit, directly or indirectly, if certain potential grantees are selected over others.

Candidates are required to submit a detailed application including detailed biographical information, a detailed description of the proposed research project and how the candidate will use W in the proposed project. Soon after the application deadline, complete copies of all received applications will be distributed to committee members, who will carefully read and evaluate them based on criteria that include, but are not limited to:

1. Extent to which your holdings can be utilized in support of the project;
2. Ability of the applicant to interpret and present the research material, as discerned from his/her past research and writing experience, and from the narrative provided in the application itself;
3. Project's potential for raising awareness of you and your holdings;
4. Project's potential for future utilization in your events or programs;
5. Project's perceived importance or originality in the applicant's field of study (i.e., will it materially add to the literature on its subject?);
6. Overall quality of the application, including style, clarity and correctness of expression, strength of letters of recommendation and enthusiasm of applicant for his/her project.

Your committee will then convene to compare candidate rankings and select a group of finalists whose projects merit further consideration. Next, working independently, committee members will carefully review the finalists' applications, taking into account arguments presented at the first committee meeting. Each committee member will rank his or her top choices and will advocate for them in the second and final meeting. Upon reconvening, the committee will again debate and negotiate a consensus on its top choice(s) for the fellowship. A recipient cannot be related to a member of the committee or to any disqualified persons related to you. Each grant will be awarded on an objective and nondiscriminatory basis.

Progress reports will be obtained and verified by you on a monthly basis. Upon completion of the fellow's study, a final report will be collected from the fellow.

If no report is filed by the fellow, or if reports indicate that the funds are not being used in furtherance of the fellowship purpose, a member of the board of directors will investigate the

grant. While conducting this investigation, you will withhold further payments from the fellow and will take reasonable steps to recover grant funds until it has determined that the funds are being used for their intended exempt purpose.

You will retain all records submitted by the fellows. You will obtain and maintain in your files evidence that recipients are not related to you or to any members of the selection committee.

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/loan 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 may report any significant changes to your program by completing Form 8940 and sending it to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations

- 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/loan distributions with the IRS if necessary.

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