

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

**Department of the Treasury**

Number: **201514018**  
Release Date: 4/3/2015

**Employer Identification Number:**

**Contact person - ID number:**

**Contact telephone number:**

**Date:** January 6, 2015

**LEGEND:**

S = program  
T = region  
v = number  
y = dollar amount

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 won't be taxable.

**Description of your request**

You will operate an educational grant program called S to provide intensive training for v scientists working on conservation projects in T. The purpose of the one-year fellowship is to build a community of scientists who perform research, communicate effectively with the media, policymakers and the public, and engage in policy and management issues to contribute to solutions regarding conservation.

You will provide a grant to an organization described in Section 501(c)(3), which is not a private foundation within the meaning of Section 509(a), to assist in providing training under the fellowship program.

The training program will begin with an intensive workshop intended to provide fellows with a foundation of skills to communicate with target audiences, as well as to enable and encourage individual and collective leadership. During the training workshop, each fellow is expected to set a goal for engagement in a management or policy issue, and to define an initial action plan to achieve it. Additional training, travel support, and other resources

over the remainder of the fellowship term will help each fellow refine and implement his or her action plan.

You currently plan to select v fellows annually, although the number may change in the future. The amount of each award will depend upon the expenses the fellow expects to incur, but initially will be no more than y dollars.

A significant portion of funds for most fellows is likely to be awarded in the form of access to training programs operated by Section 501(c)(3) public charities with which you are working in support of its charitable purposes, and such amounts will be paid to the charities providing the training. Amounts awarded in cash to support each fellow's expenses will be paid directly to that fellow, subject to requirements accompanying the grant, as described below.

You will publicize the fellowship through the internet. Any scientist currently working in the area of conservation science, in certain defined regions located through your website, may apply for a fellowship. Applicants can be scientist with a PhD or equivalent experience, who seek personal coaching and skills development and wish to be part of a supportive network.

Applicants who are disqualified persons within the meaning of Internal Revenue Code section 4946(a) are not eligible.

An eligible application will be submitted electronically and must include:

- a. The applicant's curriculum vitae
- b. A description of the goals he or she expects the fellowship to help achieve
- c. Any other information that allows you to ensure that the potential fellow meets the eligibility requirements and is not a disqualified person

In furtherance of charitable purposes, based on the evaluation of each applicant's application and his or her prior work, your Board of Directors will make the final decision in an objective and nondiscriminatory manner.

You will provide each fellow with an award letter notifying him or her of the grant, which will incorporate your requirements for use of grant funds. The fellow shall be required to sign and return the grant agreement, indicating his or her acceptance of the grant, and acknowledging your requirements before you will disburse any funds.

Each fellow will provide a final report describing progress toward his or her goal and how the fellowship funds were used.

If any grant recipient fails to provide the documentation required under the grant procedures within a reasonable amount of time, you will investigate and withhold further grant funds until such documentation has been submitted.

If grant funds have been used for improper purposes, all reasonable and appropriate steps will be taken to recover improperly expended funds and to ensure that any funds held by the recipient will be used exclusively for the purposes of the grant award. Such steps may include legal action unless such action in all probability would not result in satisfaction of execution of a judgment.

To show that their distributions are made on a true charitable basis in furtherance of the purposes for which they are organized, you agree to maintain adequate records and case histories to show:

- a. The name and address of each recipient
- b. The amount distributed
- c. The purpose of the distribution
- d. The manner in which the recipient was selected
- e. The relationship, if any, between the recipient and (1) your members, officers, or trustees (2) a grantor or substantial contributor to you or a member of the family of either, and (3) a corporation controlled by a grantor or substantial contributor
- f. Any follow-up information obtained as described above
- g. Any measures taken to investigate the misuse of grant funds or to enforce grant terms

In addition, you have agreed to maintain adequate records and case histories to show:

- h. A copy of the award letter notifying each recipient of the grant
- i. A copy of each recipient's signed acknowledgment of your requirements for grant funds.

#### **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/loan 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 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

Enclosure  
Notice 437  
Redacted letter