

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

Department of the Treasury

Release Number: 201517024
Release Date: 4/24/2015
Date: 1/28/2015

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL 4945.04-04

B= Name
C= Name

f dollars = Amount
g= Number
h dollars= Amount

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 have previously received approval under section 4945(g)(3) for your Individual Grant Program which awarded grants to individuals for the payment/reimbursement of reasonable travel expenses for individuals attending third party educational conferences. Your letter indicates that you will operate other individual grant programs consisting of B and C. Under B and C, you will make grants/stipends available to individuals (and pay reasonable travel expenses) to enable them to improve a literary, artistic, musical, scientific or other similar capacity, skill or talent within the meaning of Code section 4945(g)(3). B and C further your charitable purposes by helping provide educational opportunities to improve the grantees' skills, talents, etc. to better understand how free societies advance the wellbeing of mankind. You will publicly announce B and C through broad email announcements, individual communications by email, telephone, or in-person or other appropriate means that may include internet-based and other media

announcements. Candidates for both B and C may also be drawn from the multitude of educational public charities to which you provide grants; candidates may also be drawn from your broader network of scholars, community leaders and other individuals who have expressed an interest in B and C.

Grants made under B

The purpose of B is to enable individuals to engage in unpaid internships and fellowships at 501(c)(3) educational public charities. Under B, you will provide grants/stipends (and possibly pay for reasonable travel expenses). B will allow college students (or graduates) who have shown an interest in the non-profit sector to intern with a 501(c)(3) public educational charity. You plan to provide each recipient in the range of f dollars to help subsidize costs incurred and to award in the range of g grants each year.

B is expected to run approximately nine weeks in length. During the program, recipients will travel to and engage in study through internships at a variety of 501(c)(3) public charities throughout the United States. In the first and last week of the program, recipients will attend classes with each other which are designed to improve their skills and talents. During the remaining weeks, recipients will obtain unpaid internships at 501(c)(3) public charities and be exposed to many of the facets of and opportunities in the non-profit sector, including public policy research and publication, news media and communications, donor development, business and management, and other skills and talents. During this same time period, recipients will also participate in a weekly two to four hours classroom sessions with each other which will be carried out by an educational public charity classified as a school under Code section 170(b)(1)(A)(ii). The recipients will learn about free societies and in particular how they advance the well-being of mankind. Throughout the term of the internship, recipients will receive coaching and guidance from and work alongside experienced professionals working at the 501(c)(3) public charities to improve and enhance their skills and talents.

Grants made under C

The purpose of C is to enable individuals to engage in internships and fellowships at news organizations and/or media organizations. C will allow college students or graduates who have shown an interest in a career in the media to intern with an organization working in news and/or media organizations (referred to as "media organizations"). You are in the process of identifying one or more media organizations and you expect that they will be taxable organizations but they may also be nonprofit organizations. None of the media organizations considered for participation will be considered a disqualified person with respect to you within the meaning of Code section 4946.

The internships will be between six and twelve months in order for recipients to develop skills that will be valuable and useful. Through this internship program, recipients will be exposed to many facets of contemporary newsgathering and communications, be exposed to traditional and new media techniques, learn how to build accuracy and fairness into their work using advanced research techniques, and work closely with journalists and other media experts. Recipients will have frequent opportunities to

conduct interviews, co-report stories, and prepare documentaries, videos, and other media. The recipients will receive coaching, training, and guidance from experienced professional journalists, news media experts, and other leaders in the field. The recipients may be treated as employees of the media organization. In this situation, you will require the media organization to submit a proposal and budget covering the internship-related costs for which you will reimburse the media organization if the budget is reasonable. You will then make payments directly to the media organization and the funding will be used to pay the salaries and benefits of the recipients. Significant deviations from the grant budget will require your prior approval.

If the interns are not treated as employees, you will make a stipend available to the interns directly. The stipend amount will be set on a case-by-case basis, considering the normal earnings of the intern, the part of the country that the intern may be required to reside during his or her internship, and other relevant factors. The stipend is expected to be in the range of h dollars per month. Presently, you anticipate awarding two or three internships each year.

During the term of the internship, the intern shall be subject to the media organization's policies and procedures. Violation of these policies may result in early termination of the internship. The media organization shall maintain complete editorial control over the intern's work and shall be solely responsible for the content of any work produced by the intern.

Application and Selection Process for B and C

You will select proposed individual candidates using a nomination and selection process that is objective, nondiscriminatory, and aimed at achieving your charitable and educational purposes. Individual candidates will apply directly to you (or possibly an organization offering an internship through you such as one of the educational public charities). The selection process will take a number of factors into consideration, which may include grade point average, current course of study or degree awarded, a biographical record and supporting material including a report on their academic and professional experience, a detailed statement of their career plans, letters of reference, lists of publications or examples of their writings, curriculum vitae, recommendations from professors, scholars, and others, the ability to contribute to scholarly debate and the body of knowledge, research publications, personal interviews, financial need, a short essay, interest in and overall potential for advancing and promoting the particular subject of the grant program, and other information that reflects the qualifications of the candidate (e.g., honors, awards and extracurricular activities).

Each individual candidate's name and other supporting information will be provided to a selection committee comprised of your representatives and possibly other individuals from the nonprofit and/or educational community. The selection committee will review the materials provided by the candidates and select individuals they feel will be in the best position to advance your charitable and educational purpose as well as the skills and talents of the candidate. Recipients cannot be related to a member of the selection committee or to any disqualified person as defined under Code section 4946. In addition,

a candidate selected for C cannot be related to any officer or director of the media company.

Reports and Follow-up for B and C:

You will require reports from the individual grantee stating the use of the funds and the progress made by the individual grantee towards achieving the purpose for which the grant was made. If the grant expands more than a year, you will require annual reports describing the grantee's accomplishments with respect to the grant and the accounting for the funds received under the grant. You will also obtain reports from the third party public charity and/or the media organization, as applicable, for the funds received under the grant. You will also investigate the use of grant funds if the reports indicate that the funds are being used for a purpose not in furtherance of the grant. You will take actions described in Code section 53.4945-4(c)(4) for all jeopardized grants including withholding future grant funds not already paid and will take reasonable steps to recover funds used for an improper purpose. None of the grants are automatically renewable.

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 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
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.

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