

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

M = Name of Grant Program/Grantees' Designation

x dollar = 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

Your letter indicates you will operate a grant program called M. Educators selected as grant recipients under the program are also called M.

The purpose of the M program is to promote the development of innovative approaches to education and to spread innovative approaches in education from a single classroom to classrooms across the country. Currently, you will select educators who have created innovative teaching approaches or programs in the fields of entrepreneurship and engineering in their classrooms or schools as grant recipients. Your program goal is to increase the visibility and the reach of the inspiring educational approaches that have been designed and are being led by educators selected as M.

While each potential grantee has his/her own unique approach, all grantees will have developed or launched new curriculum that is a jolt to the traditional education system. You state that you seek to support teachers in engineering and entrepreneurship as they provide significant transformational potential for young people and build out a specific, competitive skillset and mindset.

You will publicize the M program through the internet as well as by direct invitation to apply based on your internal experts' identification of potential grantees. Applicants must submit an application.

You represent that M are chosen through a competitive process where their approaches and programs are vetted through careful and rigorous evaluation. After receiving nominations of qualified teachers, you will invite potential recipients identified by your internal experts to apply. You will evaluate the potential finalists through a site visit to see their educational approach in action, as well as on-the-ground impact. Recipients are selected based on both current work and future potential to create life-changing experiences for students in entrepreneurship and engineering.

You represent the number of grants awarded will depend on the number of eligible candidates and the pool of allocated resources made each year. Each M will receive \$x in funding. Each M will participate in a year-long fellowship program to grow and share his/her work in entrepreneurship and engineering education. Recipients are expected to participate in at least one convening, visit other recipients to observe other programs as well as welcome others into their programs to observe, share curricula and ideas.

Your selection committee will be comprised of subject matter experts who are able to objectively evaluate the candidates based upon past performances and future potential. The final recommendation will be made to your board of directors who will make the final decisions on all your grant recipients.

You represent that you will investigate diversions of funds from their intended purposes, take all reasonable and appropriate steps to recover diverted funds, ensure other grant funds held by a recipient are used for their intended purposes, and withhold further payments to recipients until you obtain recipients' assurances that future diversions will not occur and that recipients will take extraordinary precautions to prevent future diversions from occurring.

You represent that you will maintain all records relating to individual grants, including information obtained to evaluate recipients, identify whether a recipient is a disqualified person, establish the amount and purpose of each grant, and establish that you undertook the supervision and investigation of grants.

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