

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Release Date: 5/29/2015

Employer Identification Number:

Contact person - ID number:

Date: 3/3/2015

Contact telephone number:

LEGEND

UIL: 4945.04-04

\$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

You will operate an educational grant program.

Your grants will promote economic development in troubled neighborhoods to lessen neighborhood tensions, eliminate prejudice and discrimination, provide educational opportunities, decrease juvenile delinquency, and combat community deterioration.

You will provide grants to worthy individuals whose intent is similar to your purpose and whose project will achieve a specific objective, produce a report or other similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the individual.

You do not anticipate granting scholarships or making loans.

Your grants will be publicized through direct and indirect contacts with the community, including your website and contact with various charitable and educational organizations. In the future, you may expand your publicity efforts when appropriate.

The number and amount of grants will be contingent upon your resources. It is anticipated that less than 25 grants will be awarded each year, and the amount of each individual grant will not exceed \$x. The size of each grant will depend on its purpose.

You intend to make grants for 501(c)(3) purposes including (but not limited to) the following:

- To cultivate specific skills and/or talents of the individuals;
- To provide fellowships to fund research and implement projects;
- To encourage the revitalization of and economic growth in troubled areas, including, but not limited to, defraying some of the costs of opening a business in distressed communities;
- To pay costs of equipment, space rental or other expenses related to approved special projects; and
- To fund "residency" opportunities whereby recipients will research, develop and implement charitable and educational programs.

Each project must be:

- Feasible,
- Distinctive and innovative,
- Able to solve a problem or seize an opportunity,
- Able to have a lasting impact on your city,
- Inspirational to others to join, respond or act,
- Simple enough to be replicable, and
- Able to advance an applicant's talent or career.

Your application is designed to provide you with enough information to determine that the project will serve Section 501(c)(3) purposes. You will require applicants to provide personal information and a narrative about the proposed project. The applicants may be required to provide supporting documents to show he or she can be successful at the proposed project.

Grant recipients will be selected on an objective and non-discriminatory basis. Factors unrelated to the purposes of the individual grant, such as race, gender or employment status will not be considered by or influence the selection of recipients by the selection committee.

Individuals involved in selecting the grant recipients, relatives of members of the selection committee, relatives of your officers or directors, relatives of substantial contributors, and all other disqualified persons are ineligible to receive your grants. In addition, your donors will not be permitted to designate individual grantees.

It is anticipated that the selection committee will consist of creative professionals, civic leaders and members of your Board of Directors. Selection committee members will represent a broad range of experience in art, technology, design, the built environment, urban issues and human services. All selection committee members will be actively engaged in local, regional and national creative or civic culture. New members will be

nominated by the current committee and will be appointed by the Foundation's Board of Trustees. The members of the selection committee have not yet been selected.

To increase community participation and engagement, the selection committee may present finalists from the larger pool of applicants to the public for a community vote. In such circumstances, the community would be offered a summary of the objectives and/or proposed projects set forth in the finalists' grant application materials and would base the selection of the recipients on this summary.

The grant will support costs for the stated purpose of the grant (i.e. to achieve the specified objective, produce the proposed report or product or to improve or enhance the designated skill or talent).

Typically grants will not exceed one year. To obtain, maintain or qualify for renewal of a grant, grantees may be required to reapply. All grant recipients must provide any reports and/or additional documentation to ensure compliance with your procedures.

Each recipient will be required to submit an annual report describing the use of the grant funds and document progress towards completion of the project. When the project is completed, a final report outlining the recipient's accomplishments and an accounting of the grant funds received must be provided.

If the grantee fails to file a report, files a questionable report, or other information indicates that all or a portion of the grant funds are not being used for the purposes of the grant, you will initiate an immediate investigation.

If you determine that grant funds have been used for improper purposes, you will take all reasonable and appropriate steps to either (i) recover the diverted grant funds or (ii) ensure that the diverted grant funds are restored and appropriately expended towards the proper purposes of the grant. Legal action may be taken, where appropriate, unless it is improbable that such action would result in the successful recovery or restoration of the 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 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.

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,

Tamera L. Ripperda
Director, Exempt Organizations