

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

V= Grant Program
x dollars = Amount
y dollars = Amount

Dear _____ :

You asked for advance approval of your scholarship grant procedures and educational grant procedures under Internal Revenue Code section 4945(g). This approval is required because you are a private foundation that is exempt from federal income tax. You requested approval of your scholarship program to fund the education of certain qualifying students.

Our determination

We approved your procedures for awarding scholarships and educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships meet the requirements of Code section 4945(g)(1) and 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.

Also, awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provide in Code section 117(b)).

Description of your request

Your mission is "to promote entrepreneurship, self-reliance, global understanding, free enterprise, and to enhance the quality of life by supporting the arts, education, health advancements, and preservation of the environment." You also support the promotion of national security as an integral part of the values of duty and freedom. You will award grants under the V for the following types of fellowships and/or other activities and products in support of your mission:

- Study, writing, teaching, lecturing, and/or research at an educational institution, governmental agency, or public charity;
- Development of curriculum, initiatives, or programs within an educational institution, governmental agency, or public charity;
- Development of and/or presentations at a symposium;
- Writing and publication of articles, books, treatises, policies, procedures, white papers, or other publications in print or electronic media;
- Transcription, recording, and/or filming of interviews and other content regarding activities in support of your mission;
- Travel to national and international locations to visit institutions, programs, and/or persons involved in activities in support of your mission; and/or
- Other activities serving to broaden the understanding of the grantee regarding your mission, and which would make a contribution to the body of knowledge regarding your mission.

You will post an announcement of the availability of the grant program on your website and will include application procedures. To apply, applicants must be currently enrolled in or have completed a graduate degree program or PhD program at an accredited university and possess at least two years of significant professional or research experience in the applicant's chosen subject area. Applicants must be exceptionally qualified and possess a deep comprehension of their chosen subject area related to your mission. Each applicant must have an established record of individual and/or professional achievements. Relatives of the selection committee and relatives of your trustees, officers, employees, or substantial contributors are not eligible for the grant award. You will select your grantees from a diverse pool of applicants you have identified including graduate students, academicians, journalists, policy makers, practitioners, researchers, scientists, and other professionals in various fields. Your staff will invite qualified candidates to submit a brief letter of inquiry, accompanied by curriculum vitae, before proceeding with a full proposal. Applicants who are selected to submit a full proposal will submit the complete application to the selection committee.

Applicants who are selected to submit a full proposal should submit the following information along with the application form.

- Two-page executive summary of the project consisting of project description, goals and objectives, application to your mission, evaluation process, amount requested, and timeline;
- Complete project description, including purpose, goals and objectives, application to your mission, and process for measuring success of project;

- Implementation process and timeline, including beginning and ending dates;
- Description and role of educational institution, governmental entity, or public charity;
- Evaluation process, including expected outcomes, manner in which results will be calculated, and description of funding of project in future years (if applicable);
- Geographic scope of project;
- Itemized budget, including sources of additional funding (if applicable);
- Curriculum vitae;
- Two letters of recommendation from academic and/or professional references; and,
- Appendices.

Your selection committee consists of your President and Trustee, your Vice President and Trustee, and an additional Trustee. As defined in your Bylaws, members of the selection committee must be currently serving as your Family Trustees. Any vacancy on the selection committee will be filled by the unanimous vote of the remaining committee members. No member of the selection committee shall be in a position to derive a private benefit, directly or indirectly, in the event that a certain grant applicant is selected over any other applicant.

Grants will be awarded on an annual basis in an amount commensurate with the expenses of a fellowship as well as funding, research, travel, administration, and related expenses. Grant awards may range from x dollars to y dollars per year. Subject to funding availability, grantees will be eligible to receive a set term of renewals appropriate to the scope of the project. You will award the grant directly to an educational institution, governmental agency, or public charity. The educational institution, governmental agency, or public charity will house the applicant and supervise the progress of the fellowship. For grants to support the enrollment of a grantee at an educational institution, the grant shall be used only for qualified tuition and related expenses within the meaning of section 117(b)(2) of the Code and for room and board.

Applicants requesting funds from you must provide a notarized statement that funds received will be used for the intended purposes of the V. You will also require this of the host institution. In addition, the grantee and host institution will enter into a grant agreement with you that sets forth their individual responsibilities under the grant. You will monitor and evaluate grants to ensure that funds are properly utilized in accordance with the following:

- Written progress report provided by each grantee on an annual basis;
- Summary of use of funds awarded;
- The manner in which such use fulfilled grant purposes;
- Verification of the report by an appropriate official at the educational institution, governmental agency, or public charity; and,
- Final report at the conclusion of the grant period.

If there is an instance where the reports submitted or other information (including the failure to submit reports) indicate that all or any part of a grant is not being used for its intended purposes, you will contact the grantee and conduct an investigation. The investigation will include verbal and written responses from the grantee to inquiries from you as well as corroboration of information by the educational institution, governmental agency, or public charity involved in the project, as applicable. You will withhold further payments of grant funds until the investigation is complete and the grantee has complied with required reporting. If you determine that all or any part of a grant is being diverted from its intended purposes, you will take reasonable and appropriate steps to recover the grant funds and/or to ensure restoration of diverted funds to the purposes of the grant. This would include the pursuit of legal remedies as appropriate under the circumstances.

You will retain complete records with respect to all individual grants awarded, including the following:

- All information obtained by you to evaluate the qualifications of potential grantees;
- Identification of grantees (including confirmation that no grantee bears any relationship to a director, officer, or other disqualified person of you within the meaning of Section 4946(a)(1) of the Code);
- Completed application of each grantee;
- Amount and purpose of each grant;
- Date of each grant payment;
- Information provided by the grantee and educational institution, governmental agency or public charity, as applicable, as part of monitoring and evaluation procedures to ensure that grant funds are properly utilized and progress has been made to achieve the purpose of the grant;
- Information regarding investigation of jeopardized grants; and,

- Any additional information secured in the course of the grant administration process.

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 only covers 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 a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to 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 award 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 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 questions, please contact the person listed at the top of this letter.

Sincerely,

Jeffrey I. Cooper
Director, Exempt Organizations
Rulings and Agreements