

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Number: **201638024**

Date Release: 9/16/2016

Date: June 20, 2016

Department of the Treasury

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

W= Ethnic
X= Location
Y= Ethic
Z= Location

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 that you will operate an educational grant program.

Your exempt purpose is to promote and advance W cross-cultural experiences, via sponsorship of educational travel opportunities, travelling art exhibits and exchanges and other related events each aimed at increasing the knowledge of the public as to the cultural affairs in X and vice versa.

The purpose of your grant program is to assist interested individuals to pursue their study of Y artistic, literary and cultural matters, as a supplement to formal academic education programs in the United States. The grants will provide students, faculty and other qualified interested individuals the opportunity to further their study of and interests in Y culture through travel to Z.

You will advertise the grant program to the undergraduate and graduate faculty within universities with strong departments in Y literature, and in Renaissance and medieval studies. You will seek the recommendations and nominations of appropriate candidates from the faculty at such institutions. The nominators will be selected on the basis of professional stature and geographic diversity. You will send the application to the nominated individuals.

Each applicant will be required to submit a resume describing his or her background and the scope of his or her continuing studies, a description of the purpose to which he or she would use the grant funds and an estimate of his or her budget. Applications would be required to be submitted by a stated date determined by you.

The applications will be reviewed by a panel of jurors, the Selection Panel who will select finalists and make recommendations to your board. The Panel will be composed of at least three individuals selected by you on the basis of their knowledge of Y culture and their familiarity with cultural exchanges. Panel members will change periodically. No individual will be permitted to serve as a nominator and panelist in the same year. The Panel will consider the following in making its recommendations:

1. The strength of the applicant's academic record and credentials;
2. If the applicant is a student, the scope of his or her continuing studies;
3. The educational significance and rigor of the applicant's proposed purpose for seeking the grant, and the use to which the applicant would put the grant funds to use to achieve that purpose;
4. The applicant's prior history as a grant-recipient, both as to frequency and recentness;
5. The likelihood that the applicant's proposed course of travel will add appreciably and meaningfully to the applicant's knowledge and understanding of Y culture.
6. The demographics of the year's applicant pool; and
7. Any other aspect of an applicant's background or proposal which the Panel finds to be compelling justification for their serious consideration of his or her application.

Once your Board determines the amount of available funds by annually reviewing your available financial resources to determine the amount of funds available for grants to individuals, it will review the resumes of the finalists and the recommendations made by the Selection Panel. The same criteria used by the Selection Panel will be considered by your Board. Your Board will also weigh 1) the amount requested by the applicant; 2) the relation of the grant request to your purposes in providing the grants to individuals and 3) any other factors that your Board shall deem relevant to select deserving recipients from that year's finalist group. Your Board will make decisions as to the number of grantees, if any, and the selection of those grantees. An effort will be made to divide the grants among undergraduate students, graduate students and other academics.

You reserve the right to accept any, all or none of the proposed grantees and to determine the amounts to be awarded to each grantee. Grants will be awarded on an objective and nondiscriminatory basis.

Neither the nominators nor jurors of the Panel will be eligible to receive any grant from the program for a period of two years after their service in either capacity as a nominator or juror, nor will they otherwise be in a position to derive a private benefit, directly or indirectly. No grant recipient may be nominated or receive a grant in a subsequent year but may serve as a nominator or juror in subsequent years. No member of your Board of Directors, or any officer or employee of yours is eligible to receive any grants from the program

As a condition of receiving a grant, each recipient will be required to agree in writing to use the grant funds for the stated purpose of the grant. You will require each grant recipient to provide at the conclusion of the one-year grant period, upon completion of the undertaking for which the grant was made, a report describing the grantee's accomplishments with respect to the grant and accounting for the funds received. If the grantee fails to submit the final report within a reasonable time after its due date, or if you receive any information for the submitted report or otherwise that indicates that all or any part of the grant was not used for the stated purpose of the grant, you will initiate an investigation.

If you determine that any part of the grant has been used for improper purposes, you will:

- 1) Secure the grantee's assurance that all granted funds will be rebated by the application of those funds to the purposes of the grant and that future diversions will not occur;
- 2) Require that funds which cannot be applied to the purposes of the grant be returned to you; and
- 3) Require the grantee to take extraordinary precautions to prevent future diversions from occurring.

You will maintain records pertaining to all grants awarded. The records will include: 1) information secured to evaluate the qualifications of potential grantees; 2) identification of grantees including any relationship of any grantee to you sufficient to make such grantee a disqualified person of your foundation within the meaning of section 4946(a)(1) of the Internal Revenue Code; 3) specification of the amount and purpose of each grant; and 4) the follow-up information required.

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,

Jeffrey I. Cooper
Director, Exempt Organizations
Rulings and Agreements