

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

Department of the Treasury

Date: September 30, 2016

Employer Identification Number:

Number: **201652026**
Release Date: 12/23/2016

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

X= Grant program
Y= Location
b= Number
c= Number
d= Amount
e= 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 that you will operate an educational grant program called X.

You intend to support promising next-generation leaders by making grants to these individuals in order to fund projects that you believe will advance social justice throughout Y. The program will involve awarding section 4945(g)(3) grants to qualified individuals to achieve a specific objective, produce a report or other similar product, or improve or enhance a scientific, teaching or similar capacity, skill or talent of the grantee that promotes your exempt purposes.

The grants will be publicized on your website, through op-ed articles placed in relevant publications, and through various social media sites. You will have a nominating committee of approximately 25 people who will identify and nominate potential grantees.

The nominating committee will select its nominees through a pre-grant inquiry, site visits and one-on-one interviews. Once the pool of nominees is selected, those individuals will be invited to apply for a grant. Your staff and members of your Board of Directors will select the final grant recipients on an objective and non-discriminatory basis based on the nominating committee's pre-grant inquiry and a review of the grant proposal, supplemented when appropriate by consultations with individuals with expertise relating to any issues that may be addressed in any grant proposal.

Anyone working towards positive social justice changes in Y will be eligible for a grant.

There will be no limitations or restrictions in the selection procedures based upon race, religion, national or ethnic origin, or other illegally discriminatory criteria. However, preference may be given to applicants from groups (such as racial and ethnic minorities) that have historically been denied opportunities and access. You may also impose other restrictions from time to time, such as subject-related limitations (e.g., limited to applicants pursuing a particular field). Individuals who are disqualified persons, including those who are employed by you, members of your Board, or related by blood or marriage to your employees or directors, will not be eligible for grants. The number of potentially eligible individuals is too large and uncertain to estimate at this time.

Grantees will be selected based on their demonstrated track record of and commitment to creating positive change in a range of social justice areas, such as criminal justice, immigrants' rights and racial justice in Y, and the innovativeness and potential impact of their grant proposal. Grantees will be visionary, strategic, and bold thinkers with demonstrated commitment to team-based approaches, effective collaboration, and values-driven leadership. When applicable, applicants may be asked to provide professional references, portfolios of prior work, or an essay on a topic assigned by you. One or more directors or members of the nominating committee may interview applicants.

You anticipate selecting between b and c grantees per year to receive three-year grants in amounts ranging from d dollars to e dollars per year. The number and amount of individual grants will depend on the quantity and quality of proposals received, the recommendations of the nominating committee, the philanthropic priorities of the Board, and the funds available.

Grants are awarded for a three-year period, provided the grantee continues to comply with the terms of the grant agreement.

Before any funds are disbursed, you will require each grantee to sign a grant agreement obligating himself/herself to submit full reports to you on a periodic basis. The reports will contain: (i) a description of the progress the grantee has made toward achieving the purposes for which the grant was made; (ii) copies of any publications resulting from the grant; and (iii) a statement that the grantee has complied with the terms of the grant agreement. A financial accounting of the grantee's expenditures of grant funds will also be due at the end of the grant period. Using the reports required by the agreement, you

will monitor and evaluate the expenditure of funds and the progress made by each grantee. Any apparent misuse of funds will be promptly investigated. If you discover that funds have, in fact, been misused, you will require the grantee to return the funds, and you will make no further distributions to that grantee. You will also maintain the records required by Revenue Ruling 56-304, regarding the distribution of charitable funds to individuals, and by Section 4945 and the Treasury Regulations thereunder, regarding grants to individuals by private foundations.

Your Board of Directors (or a person or persons to whom the Board has delegated selection authority) will select grant recipients. The Board will appoint a nominating committee to assist in nominating, evaluating, and selecting grant recipients.

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