

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Date: **January 12, 2017**

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

B= Name

v= Number

w dollars= Amount

x dollars= Amount

y dollars= 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 making program. Your purpose is to provide funding for activities at B that benefit gay and lesbian students, faculty, staff, and alumni. The purpose of your program is to provide funding for:

- Covering research and travel expenses for undergraduates, graduate students and faculty at B in support of research, classwork projects or thesis preparation.
- Summer fellowships to B undergraduates to support travel, research, and living expenses while working at public service organizations.
- Travel expenses for B affiliates to present their research at conferences.

You anticipate annually awarding approximately v grants to eligible recipients. Eligible recipients are limited to faculty, staff or students of B or persons speaking at B events organized by faculty, staff, or students. You may also award more or less depending on the number of applications received that meet your eligibility standards and the amount of funds available. The amounts of the grants will vary depending on the purpose of the grant. For example, grants for undergraduate research expenses and covering travel, other expenses, or small honoraria for speakers on scholarly, scientific, or cultural topics will be in the range of w dollars. Grants for graduate or faculty research expenses will be in the range of x dollars and grants for summer fellowships will be up to y dollars.

You will promote your grant program on your website. Applicants are encouraged to discuss their plans with you prior to submitting applications which are submitted by e-mail. The application should provide the following information:

- In the subject line, there should be a brief title for the funding request.
- Name, address, telephone and email address of group or individual applying and contact person.
- Detailed description of activities to be funded, a budget, the amount of funding requested and the amount of funding from other resources, and a statement of how the proposed activities advance your purposes.
- The names of qualified reviewers, such as thesis advisors, faculty sponsors, or other knowledgeable people.
- Dates funds are needed.
- To whom the check should be made out and the address to which it should be sent.

Applications are reviewed by your board of directors. The review process may include requests for more information or for supporting recommendations from independent sources. Consideration is given to conformance with the purposes of the grant making program, recommendations of advisors, and efficient uses of funds.

You do not discriminate in the disbursement of grants based on the applicant's race, creed, color, national or ethnic origin, gender, or sexual orientation, or any other characteristics unrelated to the fulfillment of the purpose of the grant.

Each grant recipient will be required to submit final narrative and financial reports shortly after a grant's conclusion that detail the recipient's accomplishments with respect to the grant and account for the funds received.

You represent that you will complete the following: (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversion of funds from their intended purposes, and (3) take all reasonable and appropriate steps to recover the diverted funds, ensure other grant funds

held by a grantee are used for their intended purposes, and (4) withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversion from occurring.

You represent that you will maintain the following: (1) all records relating to individual grants including information obtained to evaluate grantees, (2) identify whether a grantee is a disqualified person, (3) establish the amount and purpose of each grant, and (4) establish that you undertook the supervision and investigation of grants described above.

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,

Jeffrey I. Cooper
Director, Exempt Organizations
Rulings and Agreements