

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

**Department of the Treasury**

Number: **201823008**  
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**Employer Identification Number:**

**Contact person - ID number:**

**Contact telephone number:**

**Date: March 15, 2018**

LEGEND

UIL: 4945.04-04

X = Name

c dollars = Amount  
d dollars = Amount  
e dollars = Amount  
g = Number

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 grantmaking program called X.

The purpose of X is to provide an annual educational grant to graduate students in architecture, historic preservation and urban design to expand their knowledge of the public realm in existing cities through travel and research, and how it might be applied to contemporary urban needs and design challenges. The public realm involves the planning, design, restoration and adaptive reuse of public buildings and urban centers.

For the first year you intend to award one grant for c dollars. Future grants will be based upon availability of funds with the goal of maintaining the annual c dollars amount. This is a onetime award and is not renewable.

To be eligible to receive a grant under X, the applicants can be any nationality and must be in their next to last year of an accredited Masters or PhD Degree program in architecture, historic preservation and urban design at one of g specific schools.

You will advertise X to the potential candidates by providing relevant promotional materials to each of the g specific schools' offices of student affairs and financial aid, career services offices and networks. Each school will notify the relevant faculty directors and coordinators as well as post information about X on their websites. In addition, information about X will be posted on your website.

To apply, eligible applicants must submit an electronic copy of their application with the required supporting documents including the Registration Form, Copyright Release Form, and Endorsement Form. The Endorsement Form must be completed and signed by the chair or dean of the applicant's schools. All applicants must also submit a travel research proposal with a short narrative, outlining the topic, reasons and locations for the travel, an itinerary and a budget. Applicants must also provide a portfolio of their work which illustrates their understanding of the topic of the travel proposal.

All application packages will be reviewed by a selection committee consisting of a jury of your board, along with invited educators and professionals in relevant professions. They will evaluate application packages based on the quality of each applicant's portfolio, their proposed topic for research, their reasons for the proposed travel itinerary, their budget, and the faculty recommendations. Furthermore, to insure impartiality in the evaluation process, all applications are assigned a random identification number and will remain anonymous to the selection committee members throughout the selection process.

New, additional, or replacement committee members may be appointed by a unanimous vote of your board. Relatives of members of the selection committee, or of your officers, directors, or substantial contributors are not eligible for awards made under X.

The award of c dollars will generally be distributed to the recipient in two installments: You will provide d dollars to the recipient after the itinerary is submitted to you. The recipient will submit a final report of the travel and research in accordance with their approved itinerary before receiving their final payment of e dollars. The report must document the research, findings and conclusions of the travel before receiving the final payment. All recipients will also be required to present their report to you and, if possible, to their respective schools. You will provide additional travel funding for this.

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.

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 will check the OFAC List of Specially Designated Nationals and Blocked Persons for names of individuals and entities with whom you are dealing to determine if they are included on the list. You will comply with all statutes, executive orders, and regulations that restrict or prohibit persons from engaging in transactions and dealings with designated countries, entities, or individuals, or otherwise engaging in activities in violation of economic sanctions administered by OFAC. If necessary, you will acquire from OFAC the appropriate license and registration where necessary.

### **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,

Stephen A. Martin  
Director, Exempt Organizations  
Rulings and Agreements