

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

Department of the Treasury

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Release Date: 6/22/2018

Employer Identification Number:

Contact person - ID number:

Date: March 27, 2018

Contact telephone number:

LEGEND

UIL: 4945.04-04

B = Name
C = Names
D = Ethnicity
E = Name
F = Length
G = Organization

t dollars = Amount
u = Number
v 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/loans 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 B.

The purpose of B is to provide funds to enable children from the counties of C to attend overnight summer camp for promoting D religious identity and D culture among children. You intend for B to bring more of these children into an environment where they can achieve a better education and understanding of the D religion and the D traditions, history, and culture. You will pay the funds directly to the summer camps to offset the recipients' cost of attendance.

You will promote B in many ways such as through the distribution of post cards and brochures at various events as well as post information on social media sites. You will use materials from G a tax-exempt organization who has worked with numerous communities to fund children to attend D camps. In addition, the application to apply for B is available on G's website; your web site will provide a link to G's website.

You will budget in the range of t dollars to fund in the range u grants based on your projections. Individual grants will be in the range of v dollars depending on the duration of the particular camp.

To be eligible, individuals must be children under 18 years of age who self-identify of the D religion, and have not previously attended an overnight D summer camp (unless receiving a renewal grant). Recipients must select, from a list you provide, one of the tax-exempt summer camps or E summer camps administered by a non-profit, tax-exempt organization that you have preapproved.

Grants may also be awarded to fund a second year for children who previously received a grant to attend one of the approved camps and previously attended the applicable summer camp. These children must demonstrate financial need.

Your board of trustees intends to administer B with the assistance of an advisory committee consisting of individuals with a demonstrated commitment to the promotion of the D life and culture, which will serve as the selection committee. The advisory committee will report to your board of trustees who has final authority for all decisions.

You will monitor the grants by insuring the recipients have attended the duration of the camp. You will also take steps to monitor risk of any diversions by the recipient organization to insure compliance with your requirements to determine if grants used for these camps in future years are appropriate.

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.

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,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements