

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Employer Identification Number:

Contact person - ID number:

Contact telephone number:

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LEGEND

UIL: 4945.04-04

X= Program name
Y= Country A
Z= Country B
Q= Major city
U= University names
v = Number of fellowships

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. Your purpose is to support talented individuals with great potential and high aspirations in the arts, sciences and social entrepreneurship, with a special emphasis on furthering international cultural collaboration and ensuring social benefits.

The purpose of X is to encourage social, scientific and artistic innovation and to promote cultural and personal development. You will implement your program for undergraduate and graduate students from Z in a two-week study abroad program. You designed your program to empower the next generation of leaders with the skills and networks they will need to thrive in an increasingly globalized society. You will provide participants of your program with opportunities to gain new perspectives directly from leaders at prominent organizations through a series of lectures given by experts in their respective fields. Your mission is elaborated by your program by focusing on intercultural collaboration between Y and Z, encouraging development of an individual's personal vision, and acknowledging a basic

belief in the power of the individual to make positive societal changes through strong leadership.

You will award fellowships for the purpose of educating individuals and improving their entrepreneurial and leadership capabilities and skills. You will determine the number of fellowships to be provided each year. You expect to award no more than v fellowships per program, running two or three programs each year. Your fellowship grants will not be renewable. You will provide grants in the form of accommodation, payment of transportation expenses, and meals and subsistence during the students' stay in Q. You do not make any payment to individual students, other than *de minimis* out of pocket expense reimbursements.

You will publicize your program through your website, newsletters, social media, and emails through the network of partner Universities and organizations. You will require the following eligibility requirements to qualify for your program:

- Must be at least 18 years of age
- Undergraduate or Graduate Student at U Universities
- Proficient in English: Applicant must show the evidence of English proficiency level by providing one of the following test scores:
 - IELTS Score 6.0 or greater
 - TOEFL score 550 or greater
 - iBT score 80 or greater
 - TOEC score 750 or greater
- Expected to participate in all program activities
- Be aware of the demanding schedule.
- Be interested in International Affairs/Development.
- Be interested in the Y-Z Relationship.
- Be able to act responsibly throughout the duration of the program.
- Be inquisitive and proactively engaged.
- Being able to actively take part in Q&A sessions.
- Give a final presentation on experiences in front of invited guests and program staff.
- Be open to experiences outside of his or her academic field.
- Be open to the program that is inter-disciplinary by nature.
- Academic Excellence (an applicant must provide academic transcript).

You will select fellowship recipients based on the following criteria:

- Applicant must meet all eligibility requirements
- Academic Transcript
- Resume/CV
- Past living/study abroad experiences
- Work/Internship Experience
- Extra-Curricular Activities
- Other Skills/Certifications (Includes Awards)
- Long Essay (500-750 words):

- Describing the applicant's motivation for applying to your program and future career goals.
- Description of how your program will help the applicant's personal development.
- Response to Additional Short Questions (applicants to choose 3 questions from those that are provided in the application form).

You will choose a selection committee each year that includes experts and stakeholders from universities, non-profit and for-profit organizations with a strong experience, interest and involvement with intercultural collaboration, and development of leadership skills between Y and Z. You will require selection committee candidates to agree to your Conflict of Interest Policy prior to joining the selection committee.

You will keep permanent records of the application and supporting material, records of meetings and actions of the selection committee. You will account for all funds, and disburse the funds. You will investigate if any of the funds are diverted from their intended purposes. You will take all reasonable and appropriate actions to recover any funds if they are diverted.

You will check the OFAC list of Specially Designated Nationals and Blocked Persons. You will comply with all United States statutes, executive orders and regulations that restrict or prohibit US 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. You will acquire from OFAC appropriate license and registrations when necessary.

You represent 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, (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 diversions 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 purposes 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.

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