

**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:**

**Date:** June 4, 2018

**Contact telephone number:**

**LEGEND**

UIL: 4945.04-04

B = Program  
C = Program  
L = Program  
M = Program  
N = Program  
O = Program  
t 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 that you will operate an educational grant program called the B.

Your purpose is to create a network of global citizens who will represent a new kind of change agent, able to traverse industries and cultures and approach global challenges from a myriad of perspectives.

The purpose of the B is to allow participation in your C program, provide financial support, structured guidance, and mentoring to B Fellows as they participate in hands-on educational training and events to learn about today's global challenges and opportunities, and carry out projects and initiatives that translate your global citizenship

mission into action. In this way, the C program serves to give B Fellows a window into the world and a worldwide platform to make a difference.

Individuals are newly chosen to participate in the B fellowship as first or second year university students. Currently, B Fellows are selected from your six partner universities located around the world. B Fellows consist of Junior and Senior Fellows. Junior Fellows are recently selected B Fellows in the process of participating in your two-and-a-half-year structured online and on-campus training program. Senior Fellows, ranging from recent college graduates to seasoned professionals, are individuals who have successfully graduated from the Junior Fellows by fulfilling the online training program and associated requirements. Once they become B Fellows, students are able to apply for a portfolio of grant programs that comprise the C program.

At the present time, you conduct four varieties of grant programs for B Fellows: the L, M, N, and O grants. At their core, these programs aim to provide B Fellows with opportunities to (i) experience new cultures and improve their ability to work across barriers of country, nationality, and society, (ii) expand their global knowledge on a diverse range of topics, (iii) gain new skills through hands-on educational activities, including workshops and conferences, (iv) put these skills to use in the real world in their careers, communities, and around the world, and (v) actively engage with other B Fellows on campus, in other countries, and online to make a positive impact locally and globally.

L grants cover accommodation, travel, meals, visa, medical, and any other transportation expenses associated with their attendance at L, a multi-day educational workshop you host that brings together newly selected B Fellows for their first in-person meeting. The purpose of the L grants is to inspire them to embark on their change-maker journey, build a shared understanding of global issues, learn how to cooperate in virtual teams, form bonds, exchange knowledge across cultures, and embrace the values of global citizenship.

M grants provided to Junior B Fellows cover accommodation, meals, visa, medical, and any other transportation expenses associated with their attendance at a conference, which is hosted by you and one of your partner universities. This is a 7 to 10 day series of educational activities focused on global citizenship. The purpose of the conference is to provide a forum for advocates, practitioners, and experts from across the globe to exchange tools and resources that enable solving global challenges. You also award grants to cover the travel expenses of Senior Fellows who wish to participate in the conference as mentors and/or presenters.

N grants support Junior and Senior B Fellows as they (1) develop projects, or organize workshops or campaigns that link greater global challenges to local circumstances, and (2) foster global awareness about similarities and differences in culture, economics, and societies by learning new languages, attending relevant events, interning at international organizations around the world, or traveling to meet and experience the realities of a place. The projects and activities supported by N grants typically range from 3 to 18

months and cover expenses related to the project, including without limitation, travel, accommodation, relevant project materials, resources, and necessary technology.

O grants support the participation of B Fellows in high-profile international summits as well as local conferences and workshops which cover subjects of global relevance that they are passionate about, so long as they are in line with your mission, vision, and purpose. Subjects may include, but are not limited to, community leadership, social media literacy, education, and social business. These recipients receive guidance, support, and mentoring as they prepare to undertake their respective opportunities, in the form of pre-event briefings and the like. O grants support undertakings of less than one year in duration, and typically cover transportation, lodging, registration fees, and other travel expenses associated with attendance at the event.

To be eligible for your four grant programs, an individual must first become a B Fellow, who are selected among first or second year university students enrolled in one of your partner universities. Once selected, a B Fellow can apply for your grant programs, which are open to a broad pool of scholars who demonstrate the potential to be promoters of global citizenship and are understood to be exceptionally qualified to carry out your charitable purposes. All current and new B Fellows are eligible to apply for your grant programs.

B's are intended to support students and professionals who are, or show clear evidence of potential to become, global citizens, and who can and will promote global citizenship through global citizenship work and engagement with like-minded partner organizations. Accordingly, the primary criteria for the selection of B Fellows, includes but is not limited to:

- Demonstrated knowledge about foreign cultures, international issues, global challenges and solutions
- Intercultural experience
- A track record of active involvement in their societies, including engagement in local initiatives with a connection to global topics
- Personal initiative
- Teamwork experience
- Strong oral and written communication skills, and
- An excellent academic record.

Grant awardees will be chosen from the pool of current B Fellows on the basis of the following selection criteria:

- New B Fellows receive L grants if they demonstrate that they have successfully completed the required seven month on-campus and online training and activities prior to attendance, including taking introductory sessions on relevant topics, and making progress toward designing a tangible and meaningful project to address a global challenge with other B Fellows. The primary criteria for selecting Senior B Fellows for L grants includes, but is not limited to, exhibition of exemplary global citizenship competencies, proposal of and clear commitment to implement a presentation or workshop for the L grants that is highly relevant to the themes and

foci of the L grants, and possession of a high level of expertise in the subject of the presentation or workshop.

- Junior B Fellows will receive M grants if they successfully establish that they have fulfilled the requirements indicative of being an active B Fellow, including but not limited to participating in campus and online activities and implementing an individual act of C. The primary criteria for selecting Senior B Fellow for M grants includes, but is not limited to, exhibition of exemplary global citizenship competencies, proposal of and clear commitment to implement a presentation or workshop for the M that is highly relevant to the themes and foci of the M, and possession of a high level of expertise in the subject of the presentation or workshop.
- To be awarded N grants, all B Fellows will be required to meet rigorous selection criteria, including but not limited to establishing that their proposed project or activity (i) would further your mission, vision, and core values, (ii) is feasible to implement, (iii) would have a sustained impact on a global challenge, (iv) would enable the grantee to grow as a global citizen, (v) would help the grantee broaden existing skills and gain new competencies, and (vi) would build awareness for global citizenship.
- B Fellows are selected for an O grant on the basis of demonstrated personal commitment, interest, and expertise in the field or topic that forms the focus of the summit, conference, workshop, or other event that a Fellow proposes to attend. The event-related field must be consistent with your mission, vision, and purpose.

Information about your grant programs may be available through a number of outlets, such as calls for applications on your website, online portal available to B Fellows, newsletter and blog, social media, and direct solicitation of current B Fellows by your staff. Information regarding how to apply to become a member of B Fellows may be available through your website, correspondence with administrators and counselors at your partner universities, websites of the partnering universities, and other websites and online education databases.

As part of the selection process for the B fellowship, you enlist a selection committee composed of your staff and B Fellows from diverse backgrounds. Likewise, recipients of the L, M, N, and O grants are chosen by this committee, comprised of your staff and B Fellows from different cultures, traditions, and parts of the world.

B Fellows who serve as selection committee members are excluded from evaluating grant proposals in which they have an interest. For example, B Fellows cannot participate in the scoring of their own grant proposals, proposals on which they have collaborated or offered guidance, or those of their immediate family members.

You do not discriminate on the basis of race, religion, creed, color, sex, age, physical or mental disabilities, sexual orientation, or national origin. All B fellowships and grants are required to be awarded on an objective and nondiscriminatory basis.

The exact quantity and amount of the grants awarded in a given year will depend on a number of factors, including the quantity, qualifications, and particular needs of the applicants and will be determined at your discretion. You anticipate in the coming year to award approximately 81-90 total grants for an estimated total amount of t dollars.

No grants will be awarded to your founder, creator, officers, board members, or staff, or their families, or any disqualified person with respect to you, or for a purpose that is inconsistent with the purposes set forth in Section 170(c)(2)(B) of the Code.

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: (1) maintain 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