

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

Department of the Treasury

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Release Date: 10/12/2018

Employer Identification Number:

Contact person - ID number:

Date: July 18, 2018

Contact telephone number:

LEGEND

B= Name
C= Name
D= Name
E= Name
F= Number

UIL: 4945.04-04

x dollars= Amount
y dollars= Amount

Dear :

You asked for advance approval of your educational scholarship 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 scholarships. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational scholarships 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 scholarship program called B. Your purpose is to support, encourage, and enable the understanding, appreciation, and perpetuation of the C culture and history throughout the world. The purpose of B is to support your goals of promotion and understanding of the C culture and history through making grants through D awards and E awards. Moreover, grants under B are not renewable.

You will promote B through a variety of methods. You will have detailed information on your website, emails and other relevant web sites as well as through postings on social media websites. You will also promote B through direct mailings and by working with

specialists, organizations, and institutions where they share your interest in the C culture. In addition, your officers participate in a monthly telephone conference call with other leaders of professional and charitable organizations affiliated with the C community, during which they will share information and provide updates about B.

Recipients of B will be made by a selection committee on an objective and nondiscriminatory basis. The selection committee for B will initially consist of two members of your board. Furthermore, your board in its sole discretion, may add or remove members of the selection committee and will replace members upon their resignation, removal, or inability to serve.

In the future, you may also invite former grant recipients of B to serve on the selection committee on a rotating basis but the total number of committee members will not exceed five at any given time. When considering members for the selection committee, you will take into account each potential member's knowledge of the C culture and history, the individual's relevant background and experiences, and the person's ability to carry out his or her responsibilities on the selection committee. In addition, each member of the selection committee is obligated to disclose the existence of a relationship that he or she has with any potential grantee under consideration. Furthermore, members of the selection committee must refrain from participation in the evaluation of a potential grantee if such member could derive, directly or indirectly, a tangible private benefit from a potential grantee's selection over that of other potential grantees, or if such potential grantee is a relative of the member of the selection committee. Your officers, directors, substantial contributors, selection committee members, and the children or close relatives of such persons are not eligible for grants made under B.

Grants made under D

The purpose of D is to award grants that will support a broad range of proposals concerning various aspects of the C culture and history to encourage a deeper understanding and awareness. You will provide grants for projects including research and scholarship, public artwork displays, musical performances, documentary films, photography, or other relevant language training and educational programs. Each applicant will be required to submit a budget, estimated timeline and well identified goals along with other information. There are no restrictions as to the number of times an individual, including past applicants, may apply for funding under the D. However, such individuals must continue to meet all applicable requirements and complete the full application process each time. Furthermore, receiving a grant under D does not prevent the recipient from applying for a future grant under E.

Under D, you will consider a broad range of individuals from different backgrounds, disciplines, and skill sets but your primary emphasis in selecting recipients of D will be on how effectively they propose and plan to carry out projects related to your goals and the objectives of B. Examples of successful applicants include but are not limited to scholars, artists, documentary filmmakers, writers, musicians, or photographers. You expect applicants to have some connection to, and a working knowledge of the C culture but a C background is not necessary to receive a grant. Your board will determine the number

of grants awarded annually and initially, you will award F grants under D on a rolling basis throughout the year in the range of approximately x dollars. However, the amount and number of grants may vary from year to year depending on the volume and quality of the application packages received, the potential impact of your support, and the availability of your assets. The exact amount awarded to any grant recipient will depend on the scope of the proposed project submitted by the applicant, and the related anticipated budget submitted as part of the application.

To select recipients for D, your selection committee will use criteria such as:

- The relevance or alignment of the applicants' proposed projects with D's goals and your overall mission;
- The quality of the proposed projects (including a well-developed plan for execution and dissemination);
- The individual skills and professional backgrounds of the applicants; and
- The recommendations and references of the applicants.

As a condition of receipt of a grant under D, each recipient will be required to adhere to the budget, estimated timeline and the goals described in their application, which you will monitor. Additionally, each recipient must acknowledge your financial assistance with the project and allow you to retain reasonable access to the project.

You will require recipients of D to submit a narrative report, and a final budget and accounting of how the grant was used within three months following the completion of the project you funded. You will review all reports, final budgets, and accountings to ensure appropriate use of the grant funds. You will also reserve the right to request additional reports, depending on the duration of the project in question.

Grants Under E

The purpose of E is to fund travel to culturally significant communities so that the recipients gain a deeper understanding of the C culture in order to serve as cultural ambassadors in their own community. By having the recipients serve as cultural ambassadors you hope this will increase the number of people who are exposed to the C culture.

Your board will determine the number of grants awarded annually under E. This may vary from year to year depending on the volume and quality of the application packages received, the potential impact of your support, and the availability of your assets.

Initially, under E, you expect to fund one trip each summer as well as award F grants annually. Furthermore, you estimate that on average each grant under E will be approximately y dollars, but could be in the range of x dollars, depending upon the length of the trip and the specific destination. The grant will cover the costs associated with the trip, normally lasting from seven to ten days including airfare, meals, lodging, museum and/or event admissions, and other related expenses associated with cultural and educational activities. You also plan to provide each recipient with a modest stipend for

incidental daily expenses incurred during the trip. Furthermore, under E, you will use best business practices to achieve savings in all areas of by making efforts to select vendors who can cost effectively provide safe and efficient travel arrangements and accommodations.

As part of the application process, applicants must provide you a description on how they plan to serve as a cultural ambassador. This may be accomplished in different ways. You will provide suggestions to applicants on what such ambassadorships should consist of which may include a written report, a speaking engagement at an educational institution, or a networking event. Further, you, to the best of your ability, will attempt to provide opportunities for grant recipients to share their experiences with a wide audience by including such individuals as part of your future events.

To receive a grant under E, the selection committee will consider a broad range of individuals from different backgrounds, disciplines, and skill sets but individuals must be at least eighteen years old and have graduated high school. Preference will be given to individuals who have never travelled to the C region before.

To select recipients for E, your selection committee will use objective criteria such as:

- The applicants' demonstrated interest in the C culture;
- The strength of the applicants' communication skills;
- How well the applicants' skill sets and personal and professional background can enhance the ability of the applicant to serve as an effective cultural ambassador;
- The quality of the reference letters of the applicants.

Besides serving as your cultural ambassadors in their own communities, you will require recipients of E to submit a narrative report within three months following the completion of the trip funded under E. The report must provide you with information about their travel experience and its impact on their understanding of the C culture. In addition, you may require each grant recipient to complete a brief "exit interview" upon the conclusion of the travel experience. The exit interview will likely take the form of a telephone interview or in-person meeting and will be used to provide a verbal report about the use of the funds and to gather information that will help you continue to improve E.

An applicant who is not selected to receive a grant under E may continue to apply indefinitely, provided he or she continues to meet all of the requirements of E. However, once an applicant is selected to receive a grant under E, he or she may not apply for any further grants under E. Selection to receive a grant under E does not preclude the recipient from applying for future grants under D.

Procedures and Controls for both D and E.

Upon failure to submit the required reports described above, or where such reports, or other information, indicates that all or any part of a grant is not being used in furtherance of the grant's intended purposes, you will withhold further payments, to the extent possible, during the course of the investigation of the potentially jeopardized grant. In the

event of a misuse of funds, you will determine if the situation is a mistake and whether it can be corrected. If you discover that grant funds have been misappropriated, all reasonable steps will be taken to recover any diverted funds or to ensure that any unused portion is either returned or used for the intended purpose of the grant. Further, in any case where you have determined that grant funds have been misused, you will refrain from making additional disbursements and take further appropriate action as necessary.

You represent that you will review grantee reports annually, investigate diversions of funds from their intended purposes, and take all reasonable and appropriate steps to recover diverted funds to ensure funds are used for their intended purposes. You will 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 also represent that you will maintain all records relating to individual grants, including information obtained to evaluate grantees, identify whether a grantee is a disqualified person, establish the amount and purpose of each grant, and establish that you undertook the supervision and investigation of all grants.

Finally, prior to awarding a grant under B, you will compare the name of each potential grant recipient to the names of known terrorists in accordance with the Patriot Act of 2001. In addition, you will not make a grant to an individual if doing so would violate the Patriot Act of 2001 or Executive Order 13224. Furthermore, to accomplish this, you will check the name of each individual against a consolidated terror watch list using the "Bridger Insight" software application which is updated daily. This software application aggregates seventeen terror and watch lists, including the Specially Designated Nationals and Blocked Persons database maintained by the Office of Foreign Assets Control (OFAC), as well as the United Nations Consolidated List, the Terrorist Exclusion List, and the Bank of England Consolidated List.

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 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 scholarship program described above. This approval will apply to succeeding scholarship 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 scholarships 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 scholarship 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