

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Release Number: **202010008**

Release Date: 3/6/2020

Date: December 11, 2019

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND:

- B= program
- C= grant
- d= number
- e = number
- f dollars = amount
- G = organization

UIL:

4945.04-04

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

You will operate a grant program, B, to allow students to earn up to _____ . B allows users to benefit from _____ through C. C exams have been offered by G and the exams cover d _____

Enrollment in courses are open to all people without age, location, family income, nationality, prior credits or other factors. You make college more accessible and affordable for high school students, college students and adult learners, including active duty military personnel, their families and veterans, by colleges and universities accepting credits through C.

All grants will be awarded on an objective and non-discriminatory basis. Learners are required to submit a C voucher request form, upon completion of all course content. For this reason you do not require reporting on each individual issued a grant.

Your operations team reviews requests and issues vouchers to individuals who answer e percent or more of quiz and test questions correctly. Vouchers are issued for a fixed amount of f dollars, the cost of the C exam. The operations team also reviews test center reimbursement requests. Reimbursements are issued if the learner provides a valid receipt from the testing center, as well as an official candidate score report from the G to verify their score for review.

B is publicized with the help of a public relations firm. Publicity includes speaking engagements at conferences, endorsement on the C website, social media, emails to high school principal and guidance counselors and television interviews.

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