

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: December 18, 2019

Contact telephone number:

LEGEND:

B = geographic region 1
C = geographic region 2
z dollars = amount

UIL:

4945.04-04

Dear :

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code Section 4945(g). This approval is required because you are a private foundation that is exempt from federal income tax. You requested approval of your scholarship program to fund the education of certain qualifying students.

Our determination

We approved your procedures for awarding scholarships and educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships and educational grants meet the requirements of Code Sections 4945(g)(1) and 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

Also, awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provide in Code Section 117(b)).

Description of your request

You will make scholarships and grants to individuals to study (i) current political, cultural, and economic issue in the B, (ii) the challenges facing the B and possible strategies to alleviate such challenges, (iii) the C, its cultural identity, and its future, or (iv) the interrelations of the in the B. While the criteria and selection will be very similar funds will be distributed to applicants based on whether they are applying for a scholarship or grant dependent on the relevant section under IRC 4945(g).

The purpose of your programs are to (1) improve greater understanding of the B and the C; (2) to develop coordination, and hopefully improve dialogue among the religions of the

B; and (3) to identify and develop possible strategies to resolve the challenges of the B. The funds awarded will be for educational expenses and/or the specific product or objective the recipient is trying to achieve. The amount of each award will depend on available funds and the strength of potential grant recipients' applications. These awards can be renewed up to two years.

You will publicize your awards on your website, at high schools that offer courses on any of the languages spoken in the C, at colleges, and universities that offer degrees in international affairs or relations, and at government and nonprofit institutions that promote a better understanding of the B or C. Applicants must submit an application and include documentation of their scholastic and academic achievements, reasons for pursuing a degree in international affairs or similar program, participation in past programs or courses relating to the B or C and a detailed essay discussing their reasons for studying about the B or C. Additionally, for the financially needy recipients, they must demonstrate that their total family income is below z dollars, by providing tax-returns, monthly income statements and/or other documents to indicate their income status.

Your selection committee will be your board of directors. You will make awards based on an objective and nondiscriminatory basis. Relatives of members of the selection committee or of your officers, directors or substantial contributors will not be eligible to receive scholarships. The selection committee will award each scholarship using objective criteria including prior academic performance; performance on tests designed to measure fitness ability and aptitude for various levels of scholastic study; recommendations from teachers and/or community leaders; financial need; and conclusions which your selection committee might draw from a personal interview with the student, his or her parents, teachers and/or mentors.

The criteria for the grant program includes a written proposal that (1) details how the recipient would use the grant, (2) provides a budget for the project, product, paper, artwork, etc. that will be produced by the grantee, and (3) describes how the project, product, etc. furthers your charitable purpose and is related to the B or C. The selection committee may examine other facts and circumstances such as personal characteristics like motivation, character, and potential that may be evidenced by a personal interview. The terms and conditions that apply to all grant recipients require that grant recipients: (i) execute a commitment letter; (ii) provide progress reports, including report cards or transcripts for scholarship recipients; and (iii) submit an annual report describing how the grant was used, attaching any papers, publications, or presentations that the recipient produced which is associated with the grant's subject matter, or including grade transcripts, if applicable, and providing receipts for expenses paid for by the grant.

You will maintain case histories of all grant receipts. These case histories will include names, addresses, study category, financial need, amount of each award, scholastic history, and manner of selection. Further, the case histories will include a copy of the commitment letter that each grant recipient must sign. You will also design forms to track the scholastic progress of recipients. You will require any participating university to

maintain progress reports and track the recipient's academic record, and will require report cards and/or grade transcripts from all its participants in the scholarship program.

In most cases, you will distribute funds directly to the student's respective college or university for use towards tuition or similar educational costs. In rare cases, you will make a payment directly to the student but will do so in accordance with the rules of Internal Revenue Code Section 4945.

You will monitor closely the performance of participants by requiring that each scholarship recipient and his or her respective participating college or university submit a progress report at the end of each semester. Students who fail to submit such documents may become ineligible to receive additional monies or renewal scholarships.

In situations where you learn that any or the entire grant is not being used in furtherance of its purposes, you will investigate and will withhold further payments while investigating. You will take all reasonable and appropriate steps to recover any awards that it determines have been used for improper purposes.

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.
- The grant is to be used for study at an educational organization described in Code Section 170(b)(1)(A)(ii).

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 only covers 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 a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to 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 award 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 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 questions, please contact the person listed at the top of this letter.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements