

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Release Date: 4/17/2020

Date: **January 23, 2020**

Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

LEGEND

UIL: 4945.04-04

B= Name

C= Name

D= Name

E= Names

F= Date

w= Number

x 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 B.

The purpose of the B is to further your goals by awarding grants to enable selected individuals from D to attend courses in order to develop a deep knowledge and understanding of the philosophies and practices of E, and of the unique world of

academia. This knowledge and experience gained from the course work will enable recipients to more effectively engage in dialogue with scholars.

To be eligible for B, one must:

- Be affiliated with D;
- Demonstrate significant engagement with academics and scholars;
- Be able to show a high level of motivation and commitment to the courses.

You will promote B as well as make the application for B available through C and on your website.

To apply for B, applicants must provide:

- A description and specific examples of past and current involvement with scholars and academics;
- A description of a situation in which they did not feel that they had the necessary experience or vocabulary to communicate or engage effectively with academics;
- A description of how they envision their coursework would improve their communication with scholars and academics;
- An explanation why they want to participate in the courses.

All applications will be reviewed and screened by your Executive Director for completeness and to ensure the applicants meet the eligibility criteria. Your Executive Director will then forward recommendations and the applications to the Selection Committee who is appointed by your Board of Directors. The Selection Committee will make the final selection based on the quality of the candidate. In no event may any person participate in the selection of recipients if such person (or a member of the family of such person) could derive a private benefit, directly or indirectly, from the selection of a potential recipient over another potential recipient.

At this time, you anticipate that w individuals will periodically be selected for grants under B. Further, you will usually pay x dollars per course for the recipients to take up the three courses per year. Before any funds are paid to the recipient, the recipient must show proof they have been accepted in the particular course.

After completion of an individual course, each recipient will be expected within 30 days of the end of the course to: (1) provide documentation that they satisfactorily completed the course to your Executive Director; (2) submit a Personal Evaluation to your Executive director.

Where the submitted reports or other information (including the failure to submit such reports) indicates that all or any part of the grant is not being used in sincere pursuit of the required coursework, you will investigate, and pending such investigation will withhold any further payments for courses for such recipient. If you determine that the grant has

not been used for the sincere pursuit of the necessary coursework, any further payments to that recipient will be withheld until it is satisfied by the recipient that future payments will be used in sincere pursuit of the needed coursework.

In addition, in your discretion and depending on the specific circumstances, you will take reasonable and appropriate steps to require a partial or full reimbursement from a recipient if their performance for the course is unacceptable.

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.

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.

This letter supersedes our letter dated F.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements