

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:

Contact telephone number:

LEGEND

UIL: 4945.04-04

B = Name
C = Type
D = Name
E = School
F = Name
G = Name
H = Organization

k = Number
m = Number
n dollars= Amount
p dollars= Amounts

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 B is to provide grants to educational administrators employed by C day schools in order to provide them the opportunity to enhance their own abilities, to improve

their schools' quality, and to advance their schools' educational and C missions. Specifically, you will fund the recipients (Fellows) of B to participate in a year-long program that will enable them to complete a significant project for their day school. The Fellow's project will typically deal with curriculum, formal and informal instruction, professional development, school culture, or a C practice, although any project that enhances the school's C mission will be considered.

Additionally, B will be structured around summer programs offered by D at E, and will be comprised of the following components:

- A pre-institute conference call to discuss questions about B and logistics of the summer programs;
- Participation in all sessions of one of the following summer programs:
 1. F is designed for those with significantly less than m years of leadership experience and focuses on tools for effective supervision and evaluation, and proven strategies that support teaching and learning.
 2. G is focused on those with more than m years of leadership experience and provides experienced school leaders with an opportunity to strengthen their leadership skills needed to address key challenges and raise student achievement.
- Additional evening sessions during the summer programs focused on applying the day's learning to the C day school context in general, and to the Fellow's particular day school, specifically; and
- Follow-up during the academic year following the summer programs, including coaching via e-mail and telephone and a site visit to select schools on an as-needed basis. The coaching will focus on the Fellow's implementation of their project.

Further, B will be administered by H, a limited liability company of which you are the sole member, and which is disregarded for federal income tax purposes. H anticipates funding all or a part of the costs related to B such as each Fellow's tuition to participate in the summer program, room and board, staffing costs, facility rental and materials. You anticipate that the cost per Fellow will be approximately n dollars depending on the number of Fellows and program budget for the specific cohort.

To be eligible for B, the applicant must be an administrator/leader in a C day school and meet the following criteria:

- Must have significant decision-making and supervisory responsibilities in their schools, particularly with respect to the schools' C mission;

- Must already be considering a specific improvement project for the coming school year which meet the following requirements:
 - (i) Must be within the C literacy, religious purposefulness and peoplehood area of the school and must advance the C mission of the school;
 - (ii) Must be manageable within a one-year timeframe;
 - (iii) Must be measurable, and have clear outcomes; and
 - (iv) Must be impacted by participating in the summer program.
- Must anticipate remaining in their anticipated position for the academic year following participation in the summer program.

Prior to the summer programs, B's director will begin the work of recruitment. H has created a list of day school administrators from C day schools across the United States who meet the eligibility requirements. H will send such potential candidates an e-mail that describes the details of B and includes a link to E's website.

All applicants must apply for the summer programs through E's online application system. Application questions for B will be added to the already-existing application that E uses. E will make its own decisions to accept school leaders into the summer programs, which they will communicate directly to applicants.

E will then provide a list of the accepted applicants to H, which will then begin its separate review of these applicants. H will use a Selection Committee to inform, shape and advise the selection process for B. To choose members for the Selection Committee, H will identify knowledgeable individuals with expertise and experience in C day school education and administration to manage and supervise B and serve as members of the Selection Committee. For the initial Selection Committee, H anticipates using a small group of its staff, one of which will serve as B's director, as well as outside consultants, to shape and advise the development and implementation of B, including the recruitment process for identifying and selecting Fellows.

To evaluate the applications, the Selection Committee will use a scoring grid to keep track of and report on their findings by using but not necessary limited to the following criteria:

- The quality of the application;
- The level of leadership/influence over the C program and mission;
- The tenure of the applicant and tenure of the head of school;
- The level of interest in school leadership;
- The track record for the school leadership and management;
- The gender (all attempts will be made to have an equal number of men and women);
- The school level (elementary, middle or high school);
- The size of the school and the size of the community where the school is located;

- The school's denomination/affiliation; and
- The geographic location of the school.

Moreover, the Selection Committee may decide to interview the applicant via telephone or video conference call if they need more information. Upon completion of the review and scoring of the applications and interviews (if applicable), the Selection Committee will narrow and rank the applications from highest to lowest scores. The Selection Committee will also identify issues that could undermine the capacity of the applicant to successfully participate in B. Such information will be sent to H leadership with the scoring grid, which H will use to make the final determination as to how many and which individuals will be invited to participate as Fellows in B. Based on the final scoring, H anticipates that the top k individuals based will be invited to participate in B.

You will enter into an agreement with each Fellow setting out the terms of B and the expectation that each Fellow participate in all elements of the summer programs and implement their project.

The program director and/or your staff will regularly communicate with the Fellows to receive feedback on B, including with respect to the status of each Fellow's project. Such communication will also include coaching on the implementation of the project at the School, via e-mail and telephone, and a site visit to select schools on an as-needed basis.

As part of B, you may decide to award grants directly to each C day school where the Fellow is employed, which must be recognized by the IRS as tax-exempt under IRC Section 501(c)(3), in order to support the development and implantation of the Fellow's project. If you decide to offer grants directly to schools, it is anticipated that such grants will be in the range of p dollars per school.

Moreover, B may consist of alumni programming for those Fellows who successfully complete the initial one-year program in order to provide continuing professional development to further support their work at their schools. Alumni programming may include online programming and/or in-person professional development seminars, which may or may not be local, in which event travel would be required. Costs associated with alumni programming could include fees for staffing and presenters, materials, food and potentially travel and lodging. Additionally, you will support all or part of the costs to enable alumni to participate in such alumni programming.

You, in your sole discretion, will take any and all reasonable and appropriate steps (including, possibly, legal action) to compel compliance of use of funds for their intended purpose, including requiring the return of all, or any portion, of funds remitted and the withholding of funds not previously remitted in connection with B.

You represent that you will (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversions of funds from their intended purposes, and (3) take all reasonable and

appropriate steps to recover diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and 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 will maintain case histories and document recipients of grants, including names, addresses, amounts and number of grants, purpose of grants, manner of selection and proof that they were not related to officers, trustees or donors.

In compliance with the U.S. Patriot Act and U.S. Executive Order 13224, you expect to pre-screen any and all non-U.S. applicants using the Treasury Department's Specially Designated Nationals and Blocked Persons List ("SDN"), Office of Foreign Assets Control ("OFAC") Sanctions List, the FBI's Most Wanted Terrorists List; the State Department's Terrorist Exclusion List; the U.S. Bureau of Industry and Security's Denied Persons List, Unverified List, and Entity List; and similar lists maintained by the United Nations.

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/loan program described above. This approval will apply to succeeding grant/loan 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/loans 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/loan 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.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements