

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

Department of the Treasury

Date: September 15, 2020

Number: **202050020**

Release Date: 12/11/2020

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

X= Name
m= Numbers
n dollars= Dollar 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 X.

Your purpose is in part is to educate men and women regarding the causes of poverty, unemployment, and other economic ills, as well as to methods for their elimination, conducting research as to labor problems and their fair and peaceful solution.

The purpose of X is to support ambitious, timely, under-covered stories about the United States workplace as well as improve coverage of working people, union organizing and the workplace. Another goal of X is to increase the likelihood that a labor or workplace story will get reported despite obstacles like geographic location, lack of attention or resources.

In addition, the grants under X are not intended to simply cover the costs of reporting a story for publications that could have covered the costs themselves but are intended to cover the costs of reporting these stories, such as travel and related expenses. Under X, you expect to award in the range of m awards annually. Award amounts will be in range of n dollars.

All professional journalists such as freelancers and those on staff at news organizations are eligible to apply for X as long as they have secured a media outlet to run the story. Additionally, you are opened to any medium.

Applicants for a grant under X must submit an electronic application and samples of past work as well as a proposal consisting of a focused news story of no more than a few pages. The proposal should explain how the proposal is unique, its significance, and a timeline for completing the story. Furthermore, the proposal should demonstrate how it fits in with the U.S workplace or labor movement, any unique access or documents the applicant has and what the potential impact of the story may be. The applicant should also provide preliminary findings and documentation to demonstrate that the story is solid. Furthermore, the applicant must provide which media outlet is lined up to run the story, including the name and contact information for the editor.

Applications will be reviewed and evaluated by a Selection Committee consisting of your Executive Director and at least one highly qualified journalist or editor (or similar professional) as well as may include one or more of your Directors. Although your Executive Director will always be on the Selection Committee, your Executive Director and officers will periodically replace the journalists or editors (or similar professionals) on the committee, to allow more diverse perspectives.

The criteria used by the Selection Committee in selecting the recipients of X are whether an applicant has an outlet already attached, whether the applicant has a proven track record, whether the story would likely be written without your support (your goal being to support under-covered stories about labor issues), and whether the story, the applicant intends to work on fits within the your guidelines and charitable purposes. Strong preference will be given to facilitating stories that otherwise would not get written.

You do not discriminate on the basis of race, religion, creed, color, sex, age, physical or mental disabilities, sexual orientation, or national origin. All grants will be awarded on an objective and nondiscriminatory basis. No grants will be made to any disqualified person with respect to you, nor to any individual who participates in the selection of grant recipients or who is related to any such individual.

You will send a letter to each recipient explaining with the terms and conditions of the grant. You will require the recipient to accept these terms in writing. Concerning renewal, for each case it will be stipulated that a renewal of the grant for any succeeding period will be contingent upon evidence of adequate performance at the time of review.

You represent you will complete the following: (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversion of funds from their intended purposes, (3) take all reasonable and appropriate steps to recover the diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and (4) 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 represent that you will: (1) maintain all records relating to individual grants including information obtained to evaluate grantees, (2) identify whether a grantee is a disqualified person, (3) establish the amount and purposes of each grant, and (4) establish that you undertook the supervision and investigation of grants described above.

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