

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

Department of the Treasury

Number: **202124014**
Release Date: 6/18/2021

Employer Identification Number:

Date: March 23, 2021

Contact person - ID number:

Contact telephone number:

LEGEND:

UIL: 4945.04-04

y dollars = amount 1
z dollars = amount 2

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. You will provide grants to faculty, staff and/or undergraduate students at qualified educational institutions who demonstrate a meaningful contribution to and positive impact on the community and a commitment to service to the community. The purpose of the grants will be to recognize and assist recipients who demonstrate exemplary personal character and a commitment to service above self.

Your Selection Committee will consist of no less than three persons with at least one member of the Board of Trustees on the Committee. A Board member will chair the Committee and will recommend additional members of the Selection Committee who will be volunteers. The criteria for membership of the Selection Committee are those who have experience, knowledge and commitment to academic achievement.

The criteria for a grant will include extracurricular activities and commitment to service-based activities, as well as the merits of their proposal for the use of the funds. Financial need is not a criterion for selecting candidates. However, if you receive applications from two or more equally qualified candidates, you may consider the financial need of each

candidate. The criteria for financial need will include considerations of financial hardship, the candidates' estimated family contribution, and other sources of financial aid received by the candidate.

The grants will be used to educate and support students, faculty and staff in the area of service, leadership, community engagement and social innovation, including the cost of their attendance for educational conferences or programming, the launch of service-based projects designed to improve their campus and communities, and commitments to service-related existing ventures. Such conferences or programming will be for the purpose of enhancing or improving a particular skill or talent of the individual.

The amount of the financial assistance awarded will vary but it is anticipated that the total award of grant will be at least y dollars and that no one annual award will exceed z dollars. The number of grants each year will be based on several factors including the amount of funds available, the number of eligible recipients, and the anticipated need for future awards.

Recipients may maintain and renew grants provided to support the launch of service-based projects by submitting periodic reports detailing the status of the project and the measurable impact and undergoing evaluations.

Recipients of grants that are renewable will be required to provide a report at least annually, as well as a final report describing the recipient's accomplishments under the grant and accounting for the funds received. Recipients of grants for the attendance at educational conferences and similar programming will be required to submit a final report describing the benefit of his/her attendance at such conference or program, along with an accounting for the funds received. If a recipient shall fail to apply funding within the guidelines, fail to provide reporting, or fail to comply with any other requirements, the amount of the financial award must be returned. Noncompliance will result in suspension of future grants until such noncompliance is cured.

You will publicize these grants to prospective recipients by utilizing your network of partner undergraduate institutions, through email promotions, flyers, magazine, and on your website and social media platforms.

You will retain records pertaining to all grants awarded under this program, including, the information obtained to evaluate the qualifications of potential grantees; identification of grantees (including any relationship that would identify the grantee as a disqualified person with respect to the Applicant); the amount and purpose of the grant; and follow-up information concerning the use of grant funds as required and previously described.

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.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements