

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

Department of the Treasury

Number: **202127044**
Release Date: 7/9/2021

Date: April 13, 2021

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

UIL: 4945.04-04

Dear _____ :

You asked for advance approval of your scholarship/fellowship grant procedures under Internal Code Section 4945(g)(1) and for advance approval of your grant procedures under 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 scholarship grants under Internal Revenue Code Section 4945(g)(1). We also determined your procedures for awarding educational grants meet the requirements of Code Section 4945(g)(3). Based on the information you submitted, and assuming you will conduct your programs as proposed, we determined that your procedures for awarding scholarship and educational grants meet the requirements of Code Sections 4945(g)(1) and 4945(g)(3), respectively. As a result, expenditures you make under these procedures won't be taxable.

Also, awards made under Code Section 4945(g)(1) are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provided in Code Section 117(b)).

Description of your request

Your letter indicates you will award grants pursuant to Code Sections 4945(g)(1) and 4945(g)(3).

Your purpose involves catalyzing a transformation in global society, moving from a culture of domination to one of equality and partnership. You support the development of capacities in people both individually and collectively to help create a caring and balanced world.

Pursuant to Section 4945(g)(1), you may award scholarship or fellowship grants to students enrolled in undergraduate or graduate programs at educational institutions described in Section 170(b)(1)(A)(ii). The purpose of these awards is to improve access to tertiary education for deserving students lacking the financial resources to cover tuition and other educational expenses such as fees, books, and room and board.

Pursuant to Section 4945(g)(3), you may award grants to qualifying individuals to achieve a specific objective, produce a report or other similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent. The purpose of these awards is to support achievements and/or objectives that are consistent with yours and to support deserving individuals in their efforts to develop their skills and talents. Individuals applying for these grants must have either demonstrated excellence in their applicable field or exhibit potential to achieve and/or further your purposes.

You anticipate the number and dollar amount of individual grants awarded for a particular program will be determined in large part by the amount of funds available for disbursement and the relative needs of the programming, with the amount of any specific individual grant also being determined by the financial need of the individual recipient.

To publicize the availability of grants, you plan to use typical communication channels, including your website and targeted communications to interested stakeholders and potential applicants

In order to be considered for a grant, an applicant must submit a completed applicant and generally provide:

- Information regarding financial need.
- A biographical statement.
- For scholarship or fellowship grant applicants, transcripts for all completed terms in any program of secondary or postsecondary education and proof of enrollment or admission in the program for which funds are being sought.
- For grants pursuant to Section 4945(g)(3), a description of the specific objective, skill or course of study for which the grant is being sought and how it aligns with your mission and the objectives of the program.
- Personal references as well as letters of support.
- Information allowing you to determine whether the applicant is a disqualified person with respect to you.

All completed applications will be reviewed by a Selection Committee yet to be appointed. Further, you anticipate that the persons responsible for selecting individual grant recipients will consist of (i) your directors and officers; (ii) your staff; and/or (iii) external experts in fields relevant to the objective of the individual grant. Any such Committee will be subject to your Board's ultimate direction and authority.

In selecting individual grant recipients from eligible applicants, the Selection Committee will use objective and non-discriminatory criteria. The Selection Committee will not discriminate on the basis of race, gender, sexual orientation, ethnicity, nationality, or religion. However, the Selection Committee may take into account the accomplishments of applicants who have overcome significant obstacles, including barriers presented by their economic circumstances, physical disabilities, or membership in a minority group.

Objective criteria used by the Selection Committee to choose recipients may include:

- Financial need;

- Prior academic performance, for scholarship or fellowship grants pursuant to Section 4945(g)(1);
- Demonstrated excellence or potential in their applicable fields, or demonstrated ability to achieve the specific objective or develop a specific skill in a manner that furthers your desired objective for grants pursuant to Section 4945(g)(3);
- Recommendations from instructors for scholarship or fellowship grants;
- A written statement or personal interview which provides you with relevant information as to the applicant's motivation, character, ability, achievement, potential, and plans for the future.

Further, persons not eligible to receive awards are (i) your past or present directors or officers; (ii) any family members of such individuals; (iii) any person who is considered a "disqualified person" with respect to you withing the meaning of Section 4946(a).

Recipients of scholarship and fellowship grants pursuant to Section 4945(g)(1) will be required to provide a copy of their transcripts showing all courses taken in that academic year and the grades received. Each scholarship recipient will also be required to provide a final report upon completion of their course of study for which the scholarship or fellowship was awarded.

Recipients of grants pursuant to Section 4945(g)(3) will be required to provide a report documenting their progress with respect to the grant's objective and accounting for the use of grants funds within six months of the first disbursement of grant funds and every six months thereafter including a final report after all grant funds have been used.

Concerning the renewal of grants, you anticipate that some of the individual grants may be renewable and you will take steps to ensure that individual grant recipients are using the funds in a manner consistent with the requirements of the awards before issuing any renewals. For example, for a scholarship or fellowship grant, you will require a recipient to provide a copy of their transcript showing all courses taken in that academic year and the grades received.

In regard to reporting requirements, 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.

In regard to record keeping, 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.

You will check the OFAC List of Specially Designated Nationals and Blocked Persons for names of individuals and entities with whom you are dealing to determine if they are included on the list. You will comply with all statutes, executive orders, and regulations that restrict or prohibit persons from engaging in transactions and dealings with designated countries, entities, or individuals, or otherwise engaging in activities in violation of economic sanctions administered by OFAC. You will acquire from OFAC the appropriate license and registration where necessary.

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