



Department of the Treasury  
Internal Revenue Service  
Tax Exempt and Government Entities  
P.O. Box 2508  
Cincinnati, OH 45201

Date: 04/14/2022

Taxpayer ID number:

Person to contact:

Name:

ID number:

Telephone:

Release Number: 202227014

Release Date: 7/8/2022

UIL: 4945.04-04

#### LEGEND

x dollars = Amount

y dollars = Amount

z dollars = Amount

B = Name 1

C = Name 2

W = Name 3

Dear \_\_\_\_\_ :

You asked for advance approval of your educational grant procedures under Internal Revenue Code (IRC) Section 4945(g)(3).

This approval is required because IRC Section 4945 provides for the imposition of taxes on each taxable expenditure of a private foundation. IRC Section 4945(d)(3) provides that the term "taxable expenditure" includes any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or similar purposes by the individual, unless the grant satisfies the advance approval requirement of IRC Section 4945(g).

#### 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 IRC Section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

#### Description of your request

Your letter indicates you have operated a research grants program. You initiated this program to document threatened \_\_\_\_\_ and traditional ecological knowledge around the world. You provide the grants to enable anthropologists, linguists, and other scholars, as well as individuals and teams of local researchers in \_\_\_\_\_ societies, to collect and preserve these unique \_\_\_\_\_ traditions. Grantees are encouraged to foster the development of local teams of collectors to continue the work of \_\_\_\_\_ traditional literature, language, and ecological knowledge. \_\_\_\_\_ of the \_\_\_\_\_ are also encouraged.

You allocate approximately x dollars annually to this grant program and each grantee could receive no more than y dollars. If an applicant who proposes to develop a long-term commitment to a community and with plans

to collaborate with the community's members to preserve and protect their literature and traditional ecological knowledge, the grantee could receive up to z dollars. The amount of each grant is based on the applicant's need after evaluating the proposal and budget. The number and amount of grants could be adjusted based on the reports you receive from the current grantees and the application you receive from the prospective grantees.

Your program and application process are publicized on your website, social media, and listed in W, a searchable reference of anthropologists and anthropological organizations. You also notify selected colleges and universities anthropology departments about the program. Applicants should apply by submitting a proposal with a budget to your email address. Applications are accepted on continuous basis and grants are awarded quarterly.

Anyone who engages in documentation of oral literature and traditional ecological knowledge may apply. Specific academic credentials are not required but taken into consideration. Selection is based on the importance of collecting oral literature among the society in which the applicant will be working, the methods to be used, the goals to be achieved, and the urgency of the project

Grants are currently selected by your board, but future grants may be selected by a selection committee. A selection committee will make up of your board members and scholars with relevant expertise selected by your board. Your selection committee, directors, and their family members (including extended family members) are ineligible to receive the grants. The children, grandchildren, and great-grandchildren of are also ineligible to receive grants. Your grants are awarded without discrimination on the basis of sex, race, color, or national or ethnic origin.

Each grantee is provided a letter with the terms and conditions of the grant. It includes the amount of the grant, requirements for interim and final reports, and expectations regarding the work archive. The grantees are required to provide current progress and use of grant funds reports at least annually. A final report is due within sixty days of the end of the grant period. For a multi-year grant, evidence of progress and annual reports are both required before the next year's funding is paid.

Your president is responsible for monitoring the progress of the grantees, reviewing their reports, and determining whether grant purposes are being fulfilled and assessing whether there are issues that require further scrutiny and investigation. In carrying out these responsibilities, your president gets assistance from your staff or delegates some responsibilities to other board members.

If there are indications of misuse of funds, you will initiate an investigation and withhold further payments until it can determine no funds have been used for improper purposes. Payments will also be withheld for delinquent reports. If it is determined there was misuse of funds, you take all reasonable and appropriate steps to recover the funds and to ensure the dedication of other grant funds held by the grantee to the intended purposes. These steps may include legal action if it deems appropriated. In addition, the grantees are required to provide assurance no future diversions of funds and extra precaution to prevent future happening. If it is discovered the grantee previously diverted grant funds, no additional funding will be provided until all diverted funds have been recovered.

You maintain case histories showing (i) the name and address of each applicant, (ii) the proposal, budget, and any other materials submitted by the applicant, and (iii) the decision whether to award a grant to the applicant, the criteria used to make the decision and the amount awarded.

**Basis for our determination**

IRC Section 4945 imposes excise taxes on the taxable expenditures of private foundations. 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 the following requirements of IRC Section 4945(g) is not a taxable expenditure.

- The foundation awards the grants 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 IRC Section 117(a) and is to be used for study at an educational organization described in IRC Section 170(b)(1)(A)(ii); or
  - A prize or award subject to the provisions of IRC 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 Regulation 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 only covers 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.
- The effective date of our approval is May 3, 20 , which is the date your request was submitted.
- This determination applies only to you. It may not be cited as a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to your program to the IRS at:

Internal Revenue Service  
Exempt Organizations Determinations

- You can't award 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 further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with IRC 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.
- If you disagree with our proposed deletions, follow the instructions in the Letter 437 on how to notify us.

We'll make this determination letter available for public inspection after deleting personally identifiable information, as required by IRC Section 6110. We've enclosed Letter 437, Notice of Intention to Disclose - Rulings, and a copy of the letter that shows our proposed deletions.

- If you agree with our deletions, you don't need to take any further action.

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 questions, you can contact the person shown at the top of this letter.

Sincerely,

Stephen A. Martin  
Director, Exempt Organizations  
Rulings and Agreements

Enclosures:  
Letter 437

cc: