



Date:
08/01/2022
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

LEGEND

X = Number

y dollars = Amount

Z = Program Name

UIL: 4945.04-04

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 will operate a _____-month Fellowship program in order to develop and reinforce the leadership capabilities of individuals active at the intersection of religious faith and gender inequality. Fellows will be asked both to facilitate monthly " _____ " discussion groups and also to pursue an independent impact project at the intersection of faith, gender equality, and community-led development. The _____ will be based on Z. Fellows will also be asked to recruit _____ participants through their own social networks. You will meet virtually with Fellow's _____ to provide training and support.

Fellows will be awarded a _____ honorarium of y dollars. The primary purpose of the award will be to support the Fellows in their pursuit of their independent impact projects and to allow for cost-free participation in other Fellowship activities. Initially, you plan to award X Fellowships annually, with awards generally made in regular installments during and at the end of the regularly scheduled " _____ ." You may change the number of Fellowships in future years depending on, among other factors, the strength of applications in those years.

You have developed a marketing and outreach program to publicize the program and potential applicants. The recruitment strategy is focused on contacting members of your network whose focus and mission is aligned to your mission and objectives and asking them for nominations. These "nominators" are generally leaders and senior managers of other organizations with charitable purposes that align with yours. You will initiate that outreach with an email communication and follow up with those who were contacted to discuss potential nominees and address any questions that the email recipients had regarding the Fellowship.

You will maintain all records relating to the Fellowships, including information obtained to evaluate Fellows and their independent impact projects, an assessment of whether a Fellow is a disqualified person, the amount and purpose of each Fellowship award, and a record of the efforts you undertook to ensure that all Fellowship funds are used for their intended purposes.

Fellows will be chosen from among those nominees who submit applications for Fellowships. There are limited eligibility criteria: access to Internet (which you can help address in limited circumstances), the ability to speak, read and write in English, and a nomination to apply for a Fellowship by a nominator. You encourage nominations of all potential Fellows who embody the following: 1) candidates who have a demonstrated record as, or demonstrated desire to, serve as a faith-inspired community leader working on gender equality; 2) candidates who have a stated commitment to and interest in the Fellowship; and 3) candidates who demonstrate in their applications the potential impact of the Fellowship in supporting their leadership development, and the potential impact of their own independent impact projects in advancing your charitable purposes. Nominators are asked to nominate potential Fellows based on a " " you developed, designed to help nominators identify and recommend suitable applicants.

Once nominated, prospective Fellows will be required to submit written or video responses to relevant questions in order to be considered for a Fellowship. In addition, each applicant will be asked to upload a resume/CV, and to submit a proposed independent impact project, or description of a current . Additional information that will guide the selection process include a statement of support from the nominator and a follow-up interview. Fellows are to be selected on an objective and nondiscriminatory basis.

Fellows will generally be required to use the awards to support themselves in their leadership development process and to help them further the independent impact projects described in their respective Fellowship applications. Fellows will also be asked to facilitate monthly " " discussion groups, to make a diligent and good faith effort to recruit participants through their own social networks, and to participate in your virtual training and support sessions. These latter activities are expected to take approximately hours per . Fellows will be encouraged and not required to support the recruitment of the participants. Their efforts will be part of a larger recruitment process that includes announcements placed in various newsletters, emails sent to your partners' network and an outreach process to leaders of organizations focused on similar missions.

Successful applicants will be notified of the conditions of the Fellowship, including on the use of the Fellowship funds. All Fellowship funds will be paid directly to the Fellow. You have developed procedures to prevent any improper use of Fellowship funds. A committee (the "Selection Committee") comprised of the Project's Founder, the Project Director and a Communication Consultant, and two independent community members will participate in the selection process according to selected criteria using a rating system. The Selection Committee will sort and review the pool of applicants to ensure that they meet the criteria for the Fellowship, as outlined above, and then present a roster of potential Fellows to discuss and review with the larger project staff, along with recommendations for potential Fellows. The Fellows ultimately will be selected by a majority vote of the larger project team following the review and recommendations by the Selection Committee.

The two independent members of the Selection Committee will be chosen from among individuals in the broader community. The project team will create a pool of eligible individuals based on its interactions with the broader community, and from that pool the other members of the Selection Committee will ask two individuals to serve on the Selection Committee. No member of the Selection Committee will be paid for his or her work solely as a member of the Selection Committee. No person who is, to the knowledge of the Selection Committee, a Trustee, a member of the Selection Committee, a "disqualified person," or a relative of any of the foregoing, shall be eligible for the Fellowship.

You represent that you will complete the following:

- Arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded,
- Investigate diversion of funds from their intended purposes,
- Take all reasonable and appropriate steps to recover the diverted funds and 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 grantee will take extraordinary precautions to prevent future diversion from occurring.

You also represent that you will:

- Maintain all records relating to individual grants including information obtained to evaluate grantees,
- Identify a grantee is a disqualified person,
- Establish the amount and purpose of each grant, and
- Establish that you undertook the supervision and investigation of grants described above.

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.
- 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/loan] distributions with the IRS if necessary.

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 disagree with our proposed deletions, follow the instructions in the Letter 437 on how to notify us.
- 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

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