



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

Date: 09/19/2022

Number: **202250018**
 Release Date: 12/16/2022

Taxpayer ID number:

Person to contact:

Name:

ID number:

Telephone:

LEGEND

- B = Name
- C = Name
- D = Names
- E = Number

UIL: 4945.04-04

- R = Year
- S = Year
- y dollars = Amount

Dear :

You asked for advance approval of your scholarship procedures under Internal Revenue Code (IRC) Section 4945(g)(1), advance approval of your procedures for awarding prizes and awards under IRC Section 4945(g)(2) and advance approval of your educational grant procedures under 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 scholarships. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships meet the requirements of IRC Section 4945(g)(1). As a result, expenditures you make under these procedures won't be taxable.

Awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provided in IRC Section 117(b)).

We approved your procedures for awarding prizes and awards to recognize achievements. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding prizes and awards meet the requirements of IRC Section 4945(g)(2). As a result, expenditures you make under these procedures won't be taxable.

We also 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 scholarship program under IRC Section 4945(g)(1), and an award recognizing individual achievement under IRC Section 4945(g)(2) as well as make changes to your fellowship program and C under IRC Section 4945(g)(3) in which you received a ruling from the Service in R. Since your founding, you have existed to actively promote global citizenship as a way for individuals and organizations to work together across boundaries of place and identity to address global challenges.

Specifically, you would now like to expand the types of grants you make to individuals by:

- Instituting a scholarship program to support _____ studies.
- Recognizing individual achievement in _____ through a newly created award program.
- Broadening the pool of individuals eligible to receive grants under C which were previously restricted to those in your fellowship program.

You will 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 awarded to your founders, directors, officers, or staff, or their families or to any disqualified person with any relationship to you or for a person that is inconsistent with IRC Section. 170(c)(2)(B). You will report all grants annually on the Form 990PF.

For prospective foreign grantees, you will operate in compliance with all statutes, executive orders and regulations restricting or prohibiting U.S. persons from engaging in transactions and dealings with terrorist designated countries, entities, individuals, or in violation of economic sanctions administered by the Office of Foreign Assets Control (OFAC). You will check the OFAC list of specially designated nationals and blocked persons. You will acquire from OFAC appropriate licenses and registrations where necessary.

Details of the 4945(g)(1) Program

You plan to give scholarships to students to promote global citizenship through providing funding to a certain number of students committed to pursuing studies in _____ or related subjects. Scholarships will be restricted to cover the costs of tuition, books, university fees, and living expenses associated with attendance.

The number of scholarships will depend on the number, qualifications and needs of the applicants. The amount will vary based on the cost of the recipient's program as well as their financial need. Students who are entering _____ programs at your partner universities are eligible for scholarships and will use the proceeds to attend one of the programs at one of your partner universities which you anticipate will be located in the countries of D. You may also elect to work with different higher educational institutions over time.

The scholarships will not be awarded based on an application process, but rather through a selection from an existing pool of eligible candidates, so there will not be a need to publicize them.

Recipients will be selected by a joint committee of your staff and board members based on their demonstrated interest in working toward the B, such as ending poverty, eliminating hunger, and ensuring good health for all. Recipients will also be selected based on nondiscriminatory criteria including professional experiences, career goals, and their track record of supporting social and environmental beneficial causes. All unused funds will be transferred back to you.

All recipients will be required to provide you annual reports with courses taken, and grades received during the academic period which must be verified by the educational institution where the recipient is enrolled. When the recipient's course of study involves research or a project instead of coursework, recipients are required to provide you annual progress reports that are approved by a supervising faculty member or other appropriate university official.

A scholarship may be renewable at the end of each academic year, through the completion of the recipient's current program. Recipients must meet certain criteria to be eligible for scholarship renewal including compliance with all reporting requirements.

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.

Details of the 4945(g)(2) Program

You will award grants to individuals with significant achievements in . You explained that through your years of grant making and other programs, you have encountered many individuals working to tackle some of the world's greatest threats. While you support this work through your fellowship program and C, you believe you can make an even greater impact by providing awards to those who are not in your fellowship program and who do not apply for grants through you but whose work embodies your mission and the principles of

To choose award recipients, you will form a selection committee which will be independent from your other selection committees. The selection committee will select the recipients who will be members of the public and who have demonstrated achievements addressing a problem impacting the world, such as climate change,

poverty, inequality, displacement, natural resource depletion, or overpopulation. Recipients do not apply for awards and must agree to use the awards for travel, study, or toward ongoing projects in the area so

. Award recipients will not be required to provide substantial services to you as a condition of receiving the award. The exact number and the individual amount of the awards each year will depend on a number of factors, including the number and qualifications of individuals being evaluated by the selection committee.

You will retain complete records with respect all awards as required by applicable Treasury Regulations. These records will include all information obtained by you to evaluate and identify recipients, the amount of each award and additional information you have obtained in the course of the grant administration process.

Details of the 4945(g)(3) Program

Under 4945(g)(3), you have been operating a fellowship program since R. The goal of the fellowship program is to

To be awarded a fellowship, applicants must demonstrate they are committed to ; they must show clear evidence of the potential to become as well as promote global citizenship through work and engagement with likeminded organizations. When you received approval for your procedures to award fellowships, only first-and second year university students at E universities were eligible to apply. You have now determined that it is consistent with your global mission to expand the pool of eligible applicants for the fellowship to anyone who meets the specific criteria.

Fellows are provided financial support, structured guidance and mentoring in hands on events such as trainings and other educational events organized by you and others to learn about today's global challenges and opportunities and to carry out the goal of this program. Information on how to apply for the fellowship may be available through your website, websites of universities, and other websites and online educational databases. Fellows are selected by an independent selection committee. The criteria they will use for the selection of fellows generally will include, but is not limited to:

- (1) Demonstrated knowledge about foreign cultures, international issues, global challenges, and solutions;
- (2) Intercultural experience;
- (3) A track record of active involvement in their societies, including engagement in local initiatives with a connection to global topics;
- (4) Personal initiative;
- (5) Teamwork experience;
- (6) Strong oral and written communication skills; and
- (7) An excellent academic record.

You explained that the fellowship is not in and of itself an individual grant program but a lifelong commitment between you and the chosen individuals who as fellows were the only individuals eligible to apply for grants under C. To broaden the pool of individuals eligible to receive grants under C, fellows as well as anyone who meets the specific criteria are now eligible to apply for grants under C. Information about C may be available through several outlets, such as calls for applications on your website, online portal available to fellows, newsletter, and blog; social media; and direct solicitation by your staff.

Grants under C may include the following:

- Grants that cover the cost of workshops and trainings on topics such as _____ and _____ Values, and making progress toward designing a tangible and meaningful project to address a _____ challenge.
- Conference Grants to cover the costs of presenting a presentation or workshop relevant to the theme of the conference.
- Grants to cover the cost of a project or activity that:
 - i. Furthers your mission, vision, and core values,
 - ii. Is feasible,
 - iii. Has sustained impact on a _____ challenge,
 - iv. Enables the grantee to grow as a _____,
 - v. Helps the grantee broaden existing skills and gain new competencies, and
 - vi. Builds awareness for _____.
- Grants to cover the cost of attendance at a summit, conference, workshop, or other event that an applicant proposes to attend that is related to your mission, vision, and purpose.
- Open Contest Grants that fund the implantation of solutions that awardees, whether as individuals or teams, have developed to participate in the contest.

You anticipate that you may develop new grant programs in the future to support individuals as they carry out your mission of promoting _____ and solving cross border challenges. Grants as appropriate may cover accommodations, travel, meals, visas, medical expenses and other transportation expenses.

To be eligible for your grants under C, an individual must demonstrate that they are working in some capacity toward the B.

The exact quantity and amount of the grants under C awarded each year will depend on a number of factors, including the quantity, qualifications and particular needs of the applicants and other circumstances. You aim to make grants to individuals for an estimated total amount of y dollars in S.

Recipients will be selected by a selection committee composed of your staff, your fellows from diverse backgrounds or independent experts from different cultures, traditions, and parts of the world. The cultural and professional diversity of your selection committee ensures that all applicants for fellowships or grants can be assessed through the _____ so that the _____ of interests and convictions that live within your network are taken into consideration. Fellows who serve as selection committee members are excluded from evaluating grant proposals in which they have an interest.

Depending on the particular grant program, typical selection criteria that the selection committee will consider includes exhibition of exemplary _____ competencies, proposal of and a clear commitment to implement a relevant presentation or workshop, possession of a high level of expertise in the subject of the presentation or workshop, active participation as a fellow, participating in campus and online activities and implementing an individual act of _____ (A small and achievable act to address a social issue that has _____ relevance in the applicant's local community.), and demonstrated personal commitment, interest and expertise in the field or topic that forms the focus of the summit, conference, workshop or other event that an applicant proposes to attend, develop, and conduct development of _____ of new solutions for _____ and _____ problems.

Grant recipients that support projects or activities of more than _____ in duration must submit annual and final

reports accounting for all funds received under the grant and describing their progress and /or accomplishments under the grant. Your continued support will be contingent on at least yearly reviews of such progress. Grant recipients participating in grant programs supporting projects and activities of less than one year in duration, will be required to submit a report describing their progress and/or accomplishments.

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.

IRC Section 4945(g)(1) Requirements:

- 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 the provisions of IRC Section 117(a).
- The grant is to be used for study at an educational organization described in IRC Section 170(b)(1)(A)(ii).

IRC Section 4945(g)(2) Requirements:

- 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 IRC Section 117(a) and is to be used for study at an educational organization described in IRC Section 170(b)(1)(A)(ii).
 - 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.
 - 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.

IRC Section 4945(g)(3) Requirements:

- 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 IRC Section 117(a) and is to be used for study at an educational organization described in IRC Section 170(b)(1)(A)(ii).
 - 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.
 - 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.

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

cc: