



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

Date:
05/08/2023
Taxpayer ID number:

Person to contact:

Release Number: 202331009
Release Date: 8/4/2023

LEGEND

UIL: 4945.04-04

N = State
O = Grants
P = Grants
Q = Grantees
R = Grant
s dollars = Amount
t dollars = Amount
u dollars = Amount
v dollars = Amount
w dollars = Amount
x dollars = Amount

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 the R program. Your mission is to provide N educators with a unique professional development and leadership opportunity and the resources to positively affect student achievement

and the culture and climate of their respective schools.

In connection with your mission, you will award O and P to Q. R are awarded to secondary school educators, but in the future may be expanded to include elementary and middle school educators. Grants will be awarded to Q of all ages, abilities, and backgrounds who demonstrate a desire to pursue matters of import to the educational environment in the region and state of N by improving or enhancing their teaching or related skills.

You will award O to one or two individuals in amounts of s dollars to t dollars, with stipends ranging from s dollars to u dollars to each grantee. Grant recipients may choose, among other projects, to organize an event with fellow educators or extend their specific fellowship to enhance their own and other educators' capacities, share in collaborative learning activities, and disseminate best practices for education and related fields, such as educational equality, diversity and inclusion, and community engagement.

Examples of deliverables resulting from O include:

- i. Arranging school site visits to share innovation,
- ii. Facilitating discussion groups or book studies for fellows to develop teaching skills,
- iii. Organizing mini conferences or professional learning sessions to improve teaching, presentation, or other educator-specific skills,
- iv. Organizing retreats, regional meetings, or other gatherings to share ideas and collaborate on skill set building,
- v. Extensions of fellowship projects.

You will award P to a team of several Q. P is available to all Q after the first two years of their fellowship. The overall budget of P ranges from v dollars to w dollars, with individual stipends of x dollars to each grantee.

The purpose of the P is to provide an in-depth shared leadership opportunity to Q each year to develop the skills of Q and advance your work and mission. Q must have a commitment to a clearly identified, common project and will convene for a full week for writing, planning, and curricular design work.

Work supported by the P must have a regional or statewide focus and include Q from several school districts or educational organizations. The primary focus of the grant is to provide specific support for public school educators by developing and disseminating school improvement strategies, offering new professional learning opportunities to advance the fellow's teaching skill set, or articulating in the form of a report or other scholarly work product, educational priorities that can accelerate public school transformation.

Examples of work products emerging from P include:

- i. Organizing a regional conference or summer institute,
- ii. Leading a multi-site action research project,
- iii. Organizing a Q retreat, symposium, or public event, and,
- iv. Co-authoring a policy paper, journal article, or other scholarly work.

Your eligibility requirements for qualified candidates will be those persons who (i) have previously been awarded a fellowship, (ii) demonstrated the desire to pursue matters of import to educational development, student achievement and the improvement of school environments, and (iii) desire to (a) produce a professional development, retreat, symposium, or other educational event; (b) co-author a journal article, policy paper, or other scholarly work; and/or (c) improve or enhance their teaching, authorship, presentation and public speaking skills, or other skills required of an educator.

Your application process consists of a written proposal and supporting documents.

You promote all of your grant awards through your website, social media, professional associations, annual conference, recruiting by current Q, and other organizational efforts, including newsletters, email communications, and announcements regarding meetings and sponsored events.

Your selection committees consist of your Executive Director, Senior Associates and Board of Trustees. Your Executive Director and Senior Associates select grantees for O on a rolling basis and your Board of Trustees select recipients of P at your February meeting. Members of your selection committees are selected based on their knowledge and experience in the fields of education, professional development, and leadership. Relatives of members from the selection committee are not eligible for the grant.

Your total number of grants awarded each year will depend on the current number of Q and the quality of applications you receive. Your decision to fund O will be determined by your Executive Director in consultation with Senior Associates and will be based on the merits of each proposal. Your decision to fund P will be determined by your Board of Trustees based on the merits on each proposal. Your decision to fund any similar grants will be based on the foregoing procedures, and seeking input from your Board of Trustees, Executive Director, and Senior Associates. Your O and P grants are not renewable.

You select grant recipients based on (i) their demonstrated concern for the professional development of educators and the educational environment of N and the region, (ii) the strength of their proposed project or skill improvement vehicle, (iii) strategies for effective collaboration and dissemination of work products, and (iv) their favorable representation of your mission and work.

Your grant and stipend recipients will be required to submit supporting documentation they have compiled with the terms of the grant. At the end of the first calendar year after receiving the grant, recipients will submit an updated budget to the Executive Director that includes actual expenditures and copies of receipts for any goods or services. If grant funds remain, recipients will provide the same documentation after every subsequent - month period until no grant funds remain. You will take corrective action to recover any grant or stipend amount if not use for the intended purposes.

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 grantees 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.

Insert if the organization made grants prior to receiving advance approval.

- The effective date of our approval is _____, 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
TE/GE Stop 31A Team 105
P.O. Box 12192
Covington, KY 41012-0192

- 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.

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