



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities

Date:
07/16/2024
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202441014
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UIL: 4945.04-04

LEGEND

- B = Scholarship
- C = Grant
- D = Grants
- E = Grants
- F = City
- G = Counties
- H = Number Range
- J = Number Range
- K = Number Range
- L = Number Range
- M = Number Range
- v dollars = Amount
- w dollars = Amounts
- x dollars = Amount
- y dollars = Amount
- z dollars = Amounts

Dear :

You asked for advance approval of your scholarship procedures under Internal Revenue Code (IRC) Section 4945(g)(1) 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 provide in IRC Section 117(b)).

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 one scholarship program, the B, described under IRC Section 4945(g)(1), and three educational grant programs, C, D, and E, described under IRC Section 4945(g)(3). These four programs will provide financial assistance to individuals for the purpose of supporting social science research and historical preservation projects relevant to the F region. You define the F region as including the counties of G. You anticipate H individuals will be eligible to apply for funding through your programs each year, based on your eligibility criteria and strategies to publicize your programs.

Program B

The purpose of the B is to provide scholarships as described in IRC Section 4945(g)(1) to Ph.D. candidates attending accredited educational institutions in the F region. The scholarships will be used to support dissertation research in the social sciences. Dissertations must contribute substantially to the body of research conducted and archived at research universities, and specifically address economic, social, policy, or political problems, or a combination thereof, impacting the F region. Research focusing on a broader geographic scope may be considered if a critical aspect of that research directly impacts the F region.

You anticipate awarding J scholarships annually in the amount of v dollars each. Scholarships are intended to fund one year of study toward the completion of the dissertation as a requirement of the Ph.D. program. Your scholarships are not renewable and may be applied toward such expenses as fieldwork, research, and writing the dissertation.

You will publicize your scholarships primarily through your website. You may also utilize printed fliers, email outreach, webinars, and collaborations with philanthropy networks to advertise your program widely and make it as accessible as possible to eligible Ph.D. candidates studying at accredited research universities in the F region.

Eligible applicants must submit an online application through your website that includes a detailed description of their dissertations. You will set a firm deadline each year for your online application and will not accept late submissions. Ph.D. candidates must be working with their faculty advisory committees on approved dissertations by the last day of your application deadline to be eligible for your scholarships.

Application materials should include the following:

- A dissertation proposal describing the focus, methodologies, and goals of the research.
- A one-paragraph abstract of the proposal.
- Bibliographical list of key sources of direct relevance to the proposal.
- Condensed personal resume for the Ph.D. candidate.
- Letter from a faculty advisor attesting to the progress toward the doctorate and commenting on both the value of the proposal and its research approach.
- Letter of support from the academic dean of the educational institution or its social science program.

You will accept a wide range of dissertation topics that address either immediate policy concerns or provide original research to underlie future policy efforts impacting the F region. Proposals should be written, to the greatest extent possible, without academic jargon, so the context may be understood by the layperson who is not an expert in the academic field and subfields of the Ph.D. candidates.

Selection criteria will include the following:

- relevance of the research to your mission;
- significance of the research to the scholarly field and potential impact on public policy;
- quality of the academic record of the Ph.D. candidate;
- applicant's demonstrated ability to conduct research within set time frames; and
- relevance of the project to the applicant's future professional growth and success.

Your board of trustees will select your scholarship recipients. Selections will be made based on recommendations your board receives during your selection process. This process involves your trustees and staff reviewing applications and evaluating the Ph.D. candidates based on the quality and competitiveness of their submitted proposals. Input may also be solicited from the candidates' research universities or faculty advisor committees. In the future, your board may also establish a committee or delegate the authority for final selection to one or more of your officers or a panel of advisors.

You will distribute your scholarships directly to the research universities your recipients attend; you will not make any payments to your recipients. Additionally, you will enter into an agreement whereby your recipients must send you a brief report of three to four pages in length summarizing the progress of their dissertations by the subsequent end of the academic year.

Program C

The purpose of the C is to fund social science research projects in the F region through educational grants described under IRC Section 4945(g)(3). Grants are to be used by researchers at accredited educational and nonprofit research institutions in the same region. The research projects should contribute significantly to the existing knowledge base and understanding of economic, social, or political issues facing the F region, or a combination thereof, and encourage novel courses of action and solutions to these issues.

You will award two types of grants under this program: planning and research-to-action. You anticipate awarding a total of K grants annually in amounts ranging from w dollars each. Grants may increase to approximately x dollars or above. Planning grants will be awarded for a period up to one year and are not renewable; research-to-action grants will be made for a period of up to two years, with consideration given for a third-year renewal of the grant.

You will publicize your grants for this program through your website. You may also utilize printed fliers, email outreach, webinars, and collaboration efforts with philanthropy networks to ensure a comprehensive approach is used to advertise your program widely and make it accessible to as many eligible researchers as possible within the F region.

To qualify for a grant, eligible researchers must submit an online application through your website. The application must include a brief letter of interest (LOI) and a detailed description of the proposed research project. You will review the LOIs and, from the review, select those full applications that will be considered for your grants. Recipients are eligible for only one type of grant. You will make selections for the grants on a quarterly basis. Applications may be submitted at any time through your website.

Your selection process will involve your trustees and staff reviewing and evaluating applications based on the quality and competitiveness of the submitted materials. Input may also be solicited from the applicants' educational and nonprofit research institutions. Your board of trustees will select your grant recipients from recommendations made at the end of the selection process. In the future, your board may also establish a committee or delegate the authority for final selection to one or more of your officers or a panel of advisors.

You will not pay grants directly to your recipients; instead, you will pay grants to your recipients' organizations to be used by your grant recipients for their intended purpose. You will only make payments to educational and nonprofit research institutions that qualify as public charities under IRC Section 501(c)(3).

Program D

The purpose of the D program is to support groundbreaking social science research that addresses critical economic, social, and political issues facing the F region. Support will be provided in the form of grants described under IRC Section 4945(g)(3) to regular, full-time social science faculty members at four-year colleges and universities in the F region. Grants may be used as seed money for new research projects or as full or partial support for ongoing projects.

You anticipate awarding L grants annually in the amount of y dollars each. Grants may be used to pay such expenses as faculty summer research stipends, course relief, or other forms of incidental research assistance and expenses (excluding equipment and hardware). Grants are not renewable and may not be used to augment a recipient's salary during the regular academic year, except as an addition to sabbatical leave compensation.

You will publicize your program primarily through your website and printed fliers. You may also utilize email outreach, webinars, and collaboration efforts with philanthropy networks to ensure a comprehensive approach is used to advertise your program widely and make it accessible to as many eligible faculty members as possible at qualifying colleges and universities in the F region.

To qualify for a grant, eligible faculty members must submit an online application through your website. You will set a firm application deadline each year and will not accept late submissions. The application must include a detailed project proposal of no more than two pages in length, double-spaced in 12-point typeface; a letter of recommendation from the applicant's faculty advisor; and a condensed, personal resume of no more than two pages.

Selection criteria is based largely on the perceived quality of the research project proposal, which should include the following:

- a detailed description of the research problem or project goals;
- the methodologies used to investigate the research problem or accomplish the project goals; and
- an explanation for the intended use of the grant funds.

Well-conceived project proposals that are deemed to be imaginative and innovative with the potential to break new ground regarding pressing economic, social, and political problems facing the F region will be favored in your selection process; however, research projects concerning the history of F may be considered as well.

Your selection process will involve your trustees and staff reviewing applications and evaluating candidates based on the perceived quality and competitiveness of the submitted materials. Input may also be solicited from the applicants' colleges and universities. Your board of trustees will select your grant recipients based on recommendations made at the end of the selection process. In the future, your board may also establish a committee or delegate the authority for final selection to one or more of your officers or a panel of advisors.

You will pay grants directly to your grant recipients' colleges or universities. You will not make any direct payments to recipients. You will also enter into an agreement whereby your grant recipients must send you a brief report of three to four pages in length summarizing the progress of the research project by _____ of the subsequent end of the academic year.

Program E

The purpose of the E program is to support archival and cataloging projects relevant to the history of the F region through grants made under IRC Section 4945(g)(3). Only those projects housed through organizations recognized as tax-exempt under IRC Section 501(c)(3) will be eligible for your grants. You anticipate awarding M grants annually in the amount of z dollars each.

Applicants are required to submit an online application through your website that includes a written project proposal of no more than four pages in length, double-spaced in 12-point typeface, detailing the proposed project, along with a one-page proposed budget and a short paragraph about the project director and any other project staff. You will set a firm application deadline each year and will not accept late submissions.

Selection criteria will include the relevance and significance of the materials to the history of the F region, as well as the fragility, rarity, and completeness of the items within the project. Preference will be given to applicants who can secure matching funds from other sources to supplement your grant.

You will publicize your program primarily through your website and printed fliers. You may also utilize email, webinars, and collaboration efforts with philanthropy networks to ensure a comprehensive approach is used to advertise your program widely and make it accessible to eligible applicants in the F region.

Your selection process will involve your trustees and staff reviewing applications and evaluating applicants based on the perceived quality and competitiveness of the submitted materials. Input may also be solicited from individuals within the organizations that house the historical preservation projects. Your board of trustees will select your final grant recipients from recommendations made at the end of the selection process. In the future, your board may also establish a committee or delegate the authority for final selection to one or more of your officers or a panel of advisors.

You will not pay grants to your recipients; instead, you will pay grants directly to qualifying organizations to be used by your recipients for their intended purpose. You will only distribute funds to those organizations that qualify as public charities under IRC Section 501(c)(3).

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)(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.

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 , , 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

cc: