



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

Date:
12/12/2024
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202510017
Release Date: 3/7/25

UIL: 4945.04.04

LEGEND

B = Cities, State
C = Program
E = The Corporation
F = The Companies
Q = Counties, State
T = County, State
y = dollars
x = number of
grants
z = number of recipients

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 that you will operate a bilingual educator grant program, C, to provide grants to K-5 public or charter licensed Spanish-English teachers.

Your purpose is to support bilingual education by providing opportunities for improved learning that helps strengthen bilingual literacy skills of Latino students and more broadly bilingual education.

You have two grant cycles per year: spring and fall. The amount of each grant will be y and the number of awarded grants each year will be up to z teachers (up to x grants per cycle).

C recipients are only eligible for one award per academic year and can reapply as long as they continue to meet

the eligibility requirements. The grants may be used by recipients for educational resources that support bilingual learning as well as professional development.

C will be publicized through press releases, local media, emails, communications to the employees and stakeholders of E, social media, outreach to community organizations, and at relevant events.

To be eligible for a grant the teacher must:

- Must be employed by an accredited K-5 public or charter school as a licensed teacher in a Spanish-English bilingual class setting in B, Q, or T.
- Must have a minimum of two years' prior teaching experience in a K-5 Spanish-English bilingual class setting at a public or charter school by the end of the school year during which a grant application was submitted.
- At least 50 percent of teaching time must be dedicated to providing group instruction to students (one-on-one instructional time does not count toward this time requirement).
- Must reside and/or work in the stated geographical area for the program.
- Teachers who are immediate family members of employees of F (including E) are not eligible to receive the grant.

The selection committee comprises of your officers and third-party subject matter experts to review applications and identify grant recipients.

You will also require the recipients to furnish reports which include a summary of how the grant funds were utilized and receipts for items purchased, prior to the end of the academic school year in which the grants were awarded. Teachers have 30-days to complete said report and send the request before the end of the school year based on the school with the earliest end date. If you encounter a situation in which a recipient violates the terms of the grant, funds must be returned to you.

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
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.

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