

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

B = Culture

X= Grant Program

Y= Grant Program

Z= Country

x dollars = Amount

y dollars= Amount

z = Age

Dear _____ :

You asked for advance approval of your educational grant procedures under Internal Revenue Code section 4945(g)(3). This approval is required because you are a private foundation that is exempt from federal income tax.

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 Code 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 two educational grant programs, one called X and one called Y. Your overall purpose is to provide financial assistance to students to study in Z.

X Program

The purpose of X is to support qualified graduate students for research or study in Z so future educators will teach more effectively about Z. American Ph.D. graduate students enrolled in B Studies graduate programs in accredited universities are eligible to apply. The fellowship will support research in Z for up to one year. You will not limit potential candidates to their discipline, the topic, or the location of the research. You will offer x

dollars for one full year of residency and research in Z. You will publicize X through national online academic sites, a central academic publication for jobs and fellowships, and email announcements to major universities with B Studies graduate programs. You will also publicize it on your website.

You will require that X applicants be at the dissertation stage of their graduate work, be registered at an accredited university in the United States, have research level language competency, write a proposal for the anticipated research and outcomes, submit letters of recommendation, and write a budget of how funds will be used in Z.

A complete application for X includes an application form, a statement of study or research, transcripts, a resume, an autobiographical statement, three letters of recommendation, an Institutional Certification Form, and a Language Competency Evaluation Form.

For X, a committee of your board members will review the qualifications of applicants for a record of excellent academic performance, a clearly thought out, well developed and feasible research proposal, and a reasonable budget for the research year. Relatives of the selection committee, officers, directors, or substantial contributors are not eligible.

You will award one X annually. It is not renewable.

The recipient of X will be required to submit progress reports at regular intervals during the year, with a full report at the end of the year documenting research accomplished, publications resulting from the research, and the progress toward completion of the graduation program. X will be paid in two installments. If it appears the terms of the grant are not being met, you will terminate future payments. You represent that you will investigate diversions of funds from their intended purposes and take all reasonable steps to recover diverted funds and ensure other grant funds held are used for intended purposes.

Y Program

The purpose of Y is to provide funding for a high school student to travel to Z for a month-long intensive language study. It will be national contest for students to write an essay on a topic you determine. The scholarship will be valued at y dollars. You will publicize it in various places online utilized by language students and teachers and you will send promotional materials to high schools where the language is taught.

The requirements are that the student has studied that language for at least one year formally by the time the scholarship begins, be at least z years of age by the time the scholarship begins, have parental permission to travel to Z alone, receive a certification of medical examination prior to departing to Z, and sign an agreement to the standards of conduct in Z.

Students will submit an application form and an essay of 500 words or less on a topic selected by you. A committee of your board members and other individuals familiar with Z and language study, such as former board members, former essay contest winners, and other experts, will judge essays and will select recipients. Essays will be judged on content, writing style, creativity, and grammar. Relatives of the selection committee, officers, directors, or substantial contributors are not eligible.

Y will be awarded once annually. It is not renewable.

The recipient of Y will sign a standards of conduct agreement prior to departure. The recipient must attend language classes during the scholarship period. If the rules are violated, the student will receive disciplinary action and possible termination from the program. You represent that you will investigate diversions of funds from their intended purposes and take all reasonable steps to recover diverted funds and ensure other grant funds held are used for intended purposes.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). 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 of the following requirements of Code section 4945(g) is not a taxable expenditure.

- 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 section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii); or
 - A prize or award subject to the provisions of 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 Regulations 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 covers only 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 precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes in your program to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot make 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 must further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code 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.

Please keep a copy of this letter in your records.

If you have any questions, please contact the person listed at the top of this letter.

Sincerely,

Director, Exempt Organizations