

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:

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LEGEND

UIL: 4945.04-04

X = Program Name
b = Number
c = Number
d dollars = Dollar Amount
e dollars = Dollar Amount
f = Number
g = Number

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 a grant-making program called X.

You are organized exclusively for charitable, literary, and educational purposes. In furtherance of your purposes, you provide support for scholarship in the humanities. You believe that scholarship in the humanities is crucial in pushing forward the boundaries of knowledge and understanding of the world, and that the skills of the humanities are vital to American public culture. You have supported the humanities in a variety of ways since your inception through grants to universities.

The purpose of X is to award grants to provide support for excellent scholars in the humanities to make substantial progress on ambitious public facing projects that bring

their expertise to an audience outside the scholarly community in a way that will enrich public understanding.

The Recipients/Fellows will be expected to work on projects that substantively engage the public beyond the scholarly community, and such projects will vary considerably based upon the Fellow's expertise, interests, and talents. Examples of appropriate projects may include, but are not limited to, writing a thoroughly researched book or series of articles for a general or mainstream audience, contributing to research for a documentary film, developing curricula for high school students, or creating a free educational website to disseminate humanities-based knowledge.

In the first year of X, you expect to provide in the range of b fellowship awards, depending on the availability of funding and the strength of the applications. As you evaluate the success of X, the exact number of awards granted may change over time depending on the availability of funds. In addition, the term of the fellowship award will be c months. There will be two payments to support the work of the Fellow: (i) approximately d dollars to fund c months of continuous leave for the Fellow during the period of the award and (ii) a stipend of up to approximately e dollars to be put toward project costs. You will determine the amount of the stipend (up to a cap of approximately e dollars) based upon the proposed budget submitted for the project. (Such payments in the aggregate are the "award.") All award funds must be used exclusively for these purposes. You may also adjust funding levels based upon the scale and success of proposed projects in the future.

X will be open to professors in any humanities or humanistic social-science discipline who received tenure within approximately c years of the fellowship period. In future years, as you evaluate the success, viability, and scalability of the fellowship award, you may make X available to academics at other points in their careers, including graduate students, post-doctoral students, untenured faculty, and faculty who received tenure within more or fewer years of the period of that currently required.

To publicize X, you will identify in the range of g colleges and universities and ask the administration of each school to nominate one eligible faculty member to apply for X. The schools will be established non-profit institutions of higher learning in the United States, and they will be chosen to represent a wide range of the colleges and universities that support scholarly research in the humanities. Responsibility for publicizing X to individual faculty at each nominating institution will then lie with the administration at each school, although your staff will encourage all institutions to reach out to all eligible faculty members and work with relevant department chairs in the humanities to solicit applications widely. In future years, you expect to expand the pool of nominating schools and/or to allow eligible scholars to apply directly to you from any college or university without the need for nomination by their college or university. Your staff will also reach out to the dean or provost with responsibility for faculty in the humanities by e-mail and follow up with an individual phone call to discuss details of X and confirm the participation of each school.

After being nominated by a college or university, applicants will submit their applications to you. The application will require submission of various documents, including (i) a statement about the applicant's experience engaging broad audiences; (ii) a detailed project description, including a summary, timeline and budget; (iii) a curriculum vitae; (iv) references; and (v) a nomination letter.

Only applicants nominated by the schools will advance to the Selection Committee, which will consist of approximately five experts in the humanities, including distinguished professors of the humanities, leaders of scholarly professional associations, and noted creators of humanities exhibits, books, and articles for the general public, and will be chosen by your trustees or staff. You will work to ensure a broad range of expertise and experience in the members of the Selection Committee and will ensure that members of the Selection Committee will not be in a position to receive private benefit, directly or indirectly, if certain potential grantees are selected over others.

The Selection Committee will make its decisions based on the intellectual rigor, anticipated public impact, and feasibility of the proposed project; the project's relevance to your exempt purposes; and the candidate's prior experience, contributions to the field, demonstrated academic achievement, and demonstrated orientation toward public engagement. The selection of individual grantees will be made on an entirely objective and nondiscriminatory basis. Additionally, there will not be any restrictions or limitations in the selection criteria based on age, gender, race, religion, national origin, sexual orientation, or ethnic background. Employees and disqualified persons and their family members will not be eligible to receive an award. Likewise, members of the Selection Committee, and their family members may not receive an award.

The terms and conditions of each grant, will be set forth in a formal letter of agreement awarding the fellowship. This will state that the purpose of the award is to achieve a specific objective, produce a report or other similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the Fellow and specifically, to enable each Fellow to make significant progress on a humanities project as described in his or her application.

At this time, you do not anticipate renewal of the awards. Under compelling circumstances, however, you may agree to provide additional funds for a Fellow to continue his or her project. In that instance, you could choose to renew the award for up to an additional six months or with an additional stipend of up to five dollars, provided that you have no information indicating that the original award was used for any purpose other than that for which it was made and any reports due pursuant to the terms of the original award have been furnished. Any additional criteria and procedures for renewal will be objective and nondiscriminatory and otherwise consistent with the exempt purposes.

You will make reasonable efforts to see that the award is spent solely for the purpose for which it was made and to obtain full and complete reports from each Fellow on how the funds are spent.

Specifically, within approximately three months from the end of the c month term, you will require a final written report from each Fellow or each nominating institution on the use of all X award funds, including progress made by each Fellow to accomplish the purpose for which the award was given. If any award funds continue to be used in accordance with the terms of the award letter after the submission of the above reports, you will require an additional annual report until such award funds have been fully spent. Furthermore, the terms and conditions of the award letter may contain additional supervision procedures necessary to ensure that the purposes of the grant are fulfilled, including regular communication between your staff and the Fellow.

You will promptly investigate any apparent misuse of funds or failure to provide required reports. While a matter is being investigated, you will withhold further payments to the individual until you have determined that no part of an award has been misused and until missing reports have been submitted.

If you discover that funds have, in fact, been misused, you will take all reasonable and appropriate steps to secure the repayment of the diverted funds. In addition, in the event of such a diversion, you will withhold any further payments on the award. If repayment is made and you receive adequate assurances from the Fellow or nominating institution that future diversions will not occur and you have required the individual to take extraordinary precautions to prevent future diversions from occurring, you may determine to resume award and all remaining funds will be used for your charitable purposes. If a diversion occurs and is not corrected, the Fellow will not be eligible for any future funding from you.

You signed a written statement to acknowledge and agree to continue to maintain records that include: (1) Information used to evaluate the qualifications of potential grantees; (2) Identification of the grantees (including any relationship of any grantee to you), the amount and purpose of each grant; and (3) All grantee reports and other follow-up data obtained in administering X.

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,

Jeffrey I. Cooper
Director, Exempt Organizations
Rulings and Agreements