

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Number: **201610022**
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Employer Identification Number:**Contact person - ID number:****Contact telephone number:****Date: December 7, 2015**

UIL: 4945.04-04

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

You were formed to raise, hold, and administer funds to be used to foster national and international sports competitions under section 501(c)(3) of the Internal Revenue Code by supporting and developing Tae Kwon Do, martial arts, and anti-violence students, instructors, educators, and leaders through education, experience, training, and opportunities. You will operate a grant program for individuals for the purpose of the development of, travel to, or participation in martial arts, self-defense, and anti-violence training programs, classes, workshops, seminars, tournaments, demonstrations, or certification courses on a local, regional, national, and international level, or the development of informational and instructional publications and other forms of communication, including but not limited to direct mail and internet based resources.

You will make the availability of grants known to the community through solicitation to various institutions that work in the martial arts, Tae Kwon Do and anti-violence. In addition you will promote the availability on social media, your corporate website, instructional publications, and other forms of communications, including but not limited to direct mail and internet based resources.

Grants will be for Tae Kwon Do, martial arts, and anti-violence students, instructors, educators, and leaders. Applicants will be required to submit an application form and supporting materials. Criteria for the grants may include, but are not limited to:

- Prior performance in Tae Kwon Do, marital arts, and anti-violence programs and activities
- Recommendations from instructors, leaders, or others who have knowledge of the applicant's capabilities
- Additional information regarding an applicant's interest and relevant experiences with Tae Kwon Do, martial arts, and anti-violence programs
- Financial need
- Conclusions which the selection committee may draw as to the applicant's motivation, character, ability, or potential

Grant funds must be used for the development of, travel to, or participation in martial arts, self-defense, and anti-violence training programs, classes, workshops, seminars, tournaments, demonstrations, or certification courses on a local, regional, national, or international level, or the development of informational and instructional publications and other forms of communication such as direct mail and internet based resources. Grants will not be used to compensate recipients for performing personal services for you. Grant funds will be distributed directly to the appropriate institution on behalf of the grant recipient when used to cover fees or equipment related to training programs, classes, workshops, seminars, tournaments, demonstrations, or certification courses. Funds for travel expenses associated with those activities will be distributed directly to the recipient. Grant recipients must agree in writing to use the grant funds for the intended purposes and must provide you with receipts and other documentation to show that funds for travel were used for that purpose. Grant recipients must also provide an annual report to you that includes a summary of the use of the grant funds and you require a final report when the intended purpose of the grant has been fulfilled. You will take reasonable and appropriate steps to recover grant funds or ensure restoration of any diverted funds if you find that grant funds have been used for purposes other than what they were intended for. Your board may institute legal action to recover diverted funds if you deem that it is appropriate under the circumstances.

Your selection committee will consist of at least three members and may include members of your board. The selection committee will select grant recipients from the pool of applicants on an objective and nondiscriminatory basis. Grants may not be awarded to any member of the selection committee, any family member of a member of the selection committee, or any other disqualified person as defined in Section 4946(a) of the Internal Revenue Code.

You will keep information pertaining to unsuccessful grant applicants along with the information on successful applicants. You will retain the following records for all of your grants:

- A list of all applicants (including any relationship of an applicant to you or to one of your directors or employees)
- All information obtained to evaluate the qualifications of applicants
- The purpose and amount of each grant awarded
- Reports, receipts, and other documentation provided by grant recipients showing the use of the grant funds
- Any additional information you obtain in complying with the procedures

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