

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

M = State

X dollars = Amount

Dear :

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code section 4945(g). This approval is required because you are a private foundation that is exempt from federal income tax. You requested approval of your scholarship program to fund the education of certain qualifying students.

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 Code section 4945(g)(1). As a result, expenditures you make under these procedures won't be taxable.

Also, 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 Code section 117(b)).

Description of your request

You wish to initiate a scholarship and educational assistance grant program to encourage and improve business and economics reporting in the media. You have determined by quantitative and qualitative research that the people of M rank issues involving jobs and the economy as the highest priority set of issues facing the state.

The program will be publicized to all institutions of higher learning in M as well as news organizations. It will also be prominently featured on your website. Applications for grants may be submitted by journalism students, working journalists, and those in direct supporting positions - such as editors, news directors, and program producers - who wish

to improve their knowledge, skills, and ability to report on economics, business, jobs, and related subjects. Grants will be made to such individuals to provide educational incentives and to help defer tuition costs of college-and/or university-level courses in economics, business, and related subjects.

Awards will be fixed initially at x dollars per course, transmitted to successful applicants in advance of courses and in anticipation of successful completion. Applicants must agree to return grants in the event courses are not successfully completed. The amount of the award may be adjusted in future years based on factors such as the number of applicants attracted, availability of funds, and feedback on the usefulness of the program.

Grants are to be made on an objective and nondiscriminatory basis. Your employees, trustees, donors, and their relatives are not eligible. Your Grants Committee will determine the eligibility of applicants and the awarding of grants as necessary during the year, based on the Committee's evaluation of how well the applicants meet the following program criteria:

- Applicants must plan to attend an M institution of higher learning (college or university) and, in the case of working journalist or support field employee, be employed by an M news organization.
- All prospective grant-receiving students must meet entry, and/or course prerequisite requirements of the institution providing the course(s) being sought.
- Working journalists must obtain a recommendation or endorsement by his/her employer as well as adequate schedule flexibility permission to take a course.
- Students and working journalists must explain why they are applying for the grants, how they anticipate benefitting by the courses, and how they anticipate applying what they will have learned.
- Applicants must agree to provide you with feedback on the program upon course completion, including educational institution evidence of successful course completion.
- Applicants must agree to provide, within one year following successful completion of courses, a brief report on:
 - Whether or how their new knowledge and skills were put to practical use to improve media reporting on business, economics, and related topics; and,
 - Whether or how they expect they will be able to continue to use knowledge and skills obtained through the program into the future.

Grants are expected to be made to all applicants who, in the opinion of your Grants Committee, meet the above criteria. The only expected constraint on the number of grants in a given year may be available funds.

You will compile and track the program and its results from participant and educational institution reports and other feedback. Both your Grants Committee and your full Board of Trustees will review the program annually to recommend and approve program improvements.

Grants and grant compliance will be overseen by your executive director and your Board of Trustees. You will arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded. You will investigate diversions of funds from their intended purposes. You will take all reasonable and appropriate steps to recover diverted funds, ensure other grant funds held by a grantee and used for their intended purposes, and withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversions from occurring.

You will maintain all records relating to individual grants, including information obtained to evaluate grantees, identify whether a grantee is a disqualified person, establish the amount and purpose of each grant, and establish that you properly supervise and investigate grants.

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 the provisions of Code section 117(a).
- The grant is to be used for study at an educational organization described in Code section 170(b)(1)(A)(ii).

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