

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:

Date: May 23, 2017

LEGEND:

C= event
D= event 2
E= award
F= continent
m dollars= award amount
n = number
p = number
q = percentage
r = number
X= program
Y= organization
Z= organization

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 will operate an educational grant program called X. Your goal is to inspire and challenge recipients to act on their passions and collaborate to address true community needs by offering development opportunities, support, and leadership resources.

X has been carried out in conjunction with Y (a public charity) for the past n years. Due to your more active participation in X, you are requesting this advance approval. To implement X, you will select n of the top public high school juniors and educators from the

student's respective school, and p students and one educator from Z, to attend C each year. Z is an organization that looks to develop and connect future leaders in F working together to address challenges and achieve social impact. For its participation in X, Z will oversee the student selection process and recommend up to ten finalists. Z will solicit applications from its current first year class and vet top candidates from which you will make the final selection.

C is a yearly event on the campus of Y and lasts for one week. X will cover all expenses including airfare, transportation, lodging, meals and fees to attend C. The recipients will be on the campus of Y attending the sessions of X during C. The recipients will also be able to attend events and programs of interest to them when not attending their X sessions.

X consists of the following while at C:

- Daily private meeting with presenters or notable guests of C and facilitated by you and Y
- Outdoor excursions as an introduction to Y's environs and philosophy
- Moderated, text-based seminar with Y's moderator(s)
- Daily workshops on Y's campus to facilitate planning of D and leadership development
- Potential integration with other youth or educator-focused groups attending C.

After attending C, each recipient will return home with inspiration, tools and resources to begin their own community change projects. Recipients will work in a pair with one student to one educator and will create ideas that will respond to issues of relevance in their communities. To support this effort, there will be webinars facilitated by you and they can apply to you for E, grant funds of m dollars for their school to design and implement their idea(s). E will be made to the recipient's school or to a public charity associated with the school for implementation. E is a core component of X and your staff will be responsible for administering E and tracking the ideas. You will also provide ongoing mentorship and advice on the development and implementation of their ideas. After the ideas have been implemented by each school or affiliated non-profit, you will obtain information about their ideas and the success of each program. The school can apply for funding to continue the idea for three consecutive years.

To be eligible for X, applicants must attend a school that meets the following criteria:

- Public high school including charter and magnet schools
- At least q of students are eligible for free/reduced price meals at the student's high school
- In an effort to provide the opportunity to a broader number of schools, priority will be given to schools that have not had a recipient in the previous two years

In addition, an applicant must meet the following criteria:

- Junior status during the academic year in which they are applying
- Legal U.S citizen, permanent resident, or have received DACA status (this does not apply to those selected from Z as they are from F.)
- Demonstration of leadership in one's school and community
- Have taken at least one of these tests: PSAT, SAT, ACT, or ACT Aspire
- Be enrolled in, or have taken, one or more Advanced Placement (AP) classes, International Baccalaureate (IB classes), or college level courses
- Availability to participate in all program dates

X will be publicized through your website, Y's website, social media, and direct mailings or outreach to high school administrators or counselors.

You seek a collective group of students to represent ethnic, socioeconomic, gender, and geographic diversity and the recipients will be selected on an objective and non-discriminatory basis.

Your selection committee will be comprised of volunteers who are involved in education, business, and philanthropic sectors and may include at least one Y Executive, Trustee, or Society of Fellows member. The size of the committee will typically consist of 12-15 members but can vary based on the size of the applicant pool.

The committee will be responsible for recommending r student finalists. There will be two rounds of application reviews: an initial round from which r finalists will be selected, and a second round to identify n recipients and two alternates. The applications of all r finalists will be given a final review by all selection committee members who will provide comments and recommendations to you in regard to the final selection. You will conduct phone interviews to solidify the selection of the n recipients and the final selection will be made by you.

The educators are nominated by the student in their application. After the recipients and alternates are selected, you will contact the nominated educators for a phone interview to reinforce program goals, clarify their role, and address any questions about participation. You may ask for an additional educator recommendation.

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/loan 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.

We've sent a copy of this letter to your representative as indicated in your power of attorney.

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,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements