

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

Department of the Treasury

Number: **202011009**
Release Date: 3/13/2020

Employer Identification Number:

Contact person - ID number:

Date: December 18, 2019

Contact telephone number:

LEGEND:
X= number
Y= program
z dollars= amount

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 create an educational grant program called Y, a fellowship program, to maintain your mission of promoting and facilitating the exchange of ideas among leaders in their respective fields of endeavor. Y will support scholars and professionals who demonstrate promise, talent and expertise in their fields—particularly the fields of humanities, social sciences, education, journalism, philanthropy, the arts and culture, medicine, science, and public affairs—by offering support, guidance, and collaboration. Y will enable scholars to deepen their education, experience, skills, and creative production in these fields. Y will generally be open to professionals who are the preeminent experts, or emerging experts, in the fields that you wish to foster.

The primary criteria for the selection of fellows shall include, but are not limited to, demonstrated ability, talent, achievement or skill in the fields of in the fields of humanities, social sciences, education, journalism, philanthropy, the arts and culture, medicine, science, and public affairs; commitment to these fields; and potential for significant contribution to and/or leadership in these fields. Individuals' originality or diversity of perspective may also be taken into consideration. Information regarding Y may be available through a number of outlets, such as your website, social media, and invitations distributed by electronic and/or regular mail.

As part of the selection process, and in accordance with Treasury Regulation Section 53.4945-4(b)(2), one or several persons may be selected because they are exceptionally qualified to carry

out the X's purposes or it is otherwise evident that the selection is particularly calculated to effectuate the grant's charitable purposes rather than to benefit that particular person.

Your staff of distinguished experts shall nominate and select candidates based on the staffs specialized knowledge of your field of interest and needs. Y does not discriminate on the basis of race, religion, creed, color, sex, age, physical or mental disabilities, sexual orientation, or national origin. All grants are required to be awarded on an objective and nondiscriminatory basis.

The exact quantity and amount of grants awarded in a given year will depend on a number of factors, including the quantity, qualifications, and particular needs of the candidates and will be determined at your discretion. At this stage, you anticipate you will initially award X grants, for an estimated total amount of z dollars. Any unused funds will be transferred back to you.

No grants will be awarded to the your founder, creator, officers, board members, or staff, or their families, or any disqualified person with respect to you, or for a purpose that is inconsistent with the purposes set forth in IRC Section 170(c)(2)(B).

Y is initially envisioned as a two-week program, but may grow in its length of time. Recipients participating in the program for one year or less in duration will be required to submit final reports providing the information described above. Any multi-year recipients will be required to submit annual and final reports fully accounting for the funds received under the grant and describing their progress and/or accomplishments with respect to the grant. Your continued support will be contingent upon at least yearly reviews of such progress.

When a required annual or final report is not submitted, if the submitted report is unsatisfactory, or if you learn that all or any part of the funds from a grant it has awarded are being diverted from their intended purposes, you will take all reasonable and appropriate steps to recover the funds and/or ensure restoration of the diverted funds to the purposes of the program. This would include legal action if such action is deemed appropriate under the circumstances.

You will retain complete records with respect to all grants awarded, as required by the applicable Treasury Regulations. These records will include all information obtained by you to evaluate applicants, the identification of recipients, the completed application of each recipient, the amount of each grant, periodic reports from recipients, and any additional information that you have obtained in the course of the grant administration process.

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.

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