

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

**Department of the Treasury**

Number: **202021023**  
Release Date: 5/22/2020

**Date:** February 26, 2020

**Employer Identification Number:**

**Contact person - ID number:**

**Contact telephone number:**

**LEGEND:**  
X= state  
Y= number  
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 operate an educational grant program to support volunteer public safety service providers. The grant provides funds for receiving the training, education, and skills needed to perform this job.

The eligible recipient class will consist of a group large enough so that you can consider individuals with different backgrounds, achievements and accomplishments. The eligible group will likely consist of all individuals who reside in the state of X who have completed the required public safety service provider training. It is expected that you will limit grants to volunteer public safety service providers. If this class becomes too large, you may limit the eligible class based on factors such as intended future commitment as a public safety service provider, commitment to the community and the training facility attended by the individual.

Recipients will be selected on an objective and nondiscriminatory basis. Everyone who wishes to be considered for a grant must submit a written proposal, which will contain a personal statement prepared by the individual detailing the reasons why they should be

considered as a recipient, including a description of their training and commitment as a public safety service provider.

The criteria used to select recipients will be related to the specific objective of the grant, for example, performance and financial need. Further, it is expected that the selection committee will interview each finalist. Therefore, the eligibility criteria for finalists will also consist of conclusions of the selection committee drawn from personal interviews. The selection committee will consist of your board members.

You will not award grants on the basis of being substantial contributors, managers, and family members that qualify as disqualified persons, or based on services you received from any individual. You will not award grants based on the status of an individual being an employee or a particular employer.

It is currently expected that up to Y grants will be awarded annually. The grant amounts will be determined based on the number of qualified applicants as well as your assets, but amounts are not expected to exceed z dollars per grant. All grants will be paid directly to the individual grant recipient upon approval by the selection committee.

You will (1) arrange to receive, and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversions of funds from their intended purposes, (3) take all reasonable and appropriate steps to recover diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and withhold further payments to grantee until you obtain assurances that further 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 to evaluate grantees, identify whether a grantee is a disqualified person, establish the amount and purpose of each grant, and establish that you undertook the supervision and investigation of the grants as required.

### **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,

Stephen A. Martin  
Director, Exempt Organizations  
Rulings and Agreements