

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

Department of the Treasury

Date: November 10, 2020

Number: **202105013**
Release Date: 2/5/2021

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

W = Number
x dollars = Amount
y 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

Your letter indicates that you will operate an educational grant program.

Your purpose is to provide high-quality education to nonprofit employees, social entrepreneurs, and charitable donors regarding economic, social and environmental issues pertaining to sustainable development, including approaches to organizational leadership, and management. You hold an annual conference to provide attendees with programming on issues and to conduct problem-solving discussions.

The purpose of your educational grant program is to enable persons who are employed in nonprofit organizations, governmental agencies, and educational institutions to attend your annual conference. Your educational grant program is intended to enhance the participant's skills and capabilities in philanthropic endeavors. The grants are intended to cover the conference fee, travel expenses, rental car, meals, and lodging, provided at a conference hotel of your choice.

You will have an application which will ask for contact and demographic information, a short answer question about the applicant's career, a short answer question about the applicant's learning objectives, and a statement of support from the applicant's supervisor. Your educational grant program is publicized to potential applicants via e-mail.

Eligibility selection criteria for your educational grant program encompasses recipients who work in academia, government or the nonprofit sector, or a creative field in which they are not well remunerated; work for an organization that does not have a budget for its leader(s) to participate in such an event, or where financial assistance is needed to enable a spouse or child to attend; and will strengthen the socioeconomic diversity of your conference.

Approximately W individuals will be eligible to apply annually for your educational grant program. The number of your educational grants you provide will be determined based upon the number of applicants and the extent to which they fit the selection criteria. The amount of each grant will be determined based upon the travel and lodging costs of the applicant. You plan to award between one and five grants annually. You estimate that each award will range from x dollars to y dollars.

The specific criteria you use to select recipients is as follows:

- Applicants must be employed full or part-time by a nonprofit organization, an educational institution, or a state, local, tribal or federal government agency.
- Applicants must show they will leverage the opportunity of attending the conference.
- Applicants must show they will strengthen the socioeconomic diversity of the conference.
- Applicants must show financial need in that attendance to the conference would not be possible without the scholarship.

Your educational grants are based upon need but subject to the discretion of your board alone. The selection of grant recipients will be made by your review committee. None of the members of the review committee would be in a position where they would derive a private benefit and they may not select family members. You affirm that no relatives of members of your selection committee, or of your officers, directors, or substantial contributors are eligible for awards made under your program.

Recipients must attend your conference and will be required to submit receipts. You will maintain records relating to your educational grants and ask the applicants to review the conference sessions. You will use the reviews to assess the impact of your conferences on the nonprofit community.

You represent that you will arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, investigate diversions of funds from their intended purposes, and 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 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 represent that 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 undertook the supervision and investigation of 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 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