

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

Department of the Treasury

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Release Date: 3/12/2021

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Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

E = Program
F = Program
G = Program
H = University Program
J = City
K = City
L = Ethnicity
m dollars = Amount

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 IRC Section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

Description of your request

You operate several educational programs, including: E, F, and G. You have determined that some components of your educational programs would benefit from providing grants to certain participants or graduates. You would like to offer instructional study grants, experiential study grants, and travel grants associated with your already-established educational programs.

Instructional study grants will be made available to E participants who enroll in a university, H, to obtain a certificate. This certificate is an established course of study in

the H's curricula and would be in partial satisfaction of E program requirements. In the future, the grant may also apply to courses of study at other educational institutions (Certificate Programs) that, in your determination, provide similar certifications. The initial amount of the grant is m dollars per year distributed among all participants in the program but may increase depending on the level of participation.

Only candidates already enrolled in E are eligible for this grant. Candidates previously accepted into E are automatically eligible to apply for your instructional study grants. E is promoted to L organizations in the United States and the selection of candidates is based on their capacity for planning and implementing professional development opportunities for other educators. Potential candidates are notified of the availability of this grant upon their selection for the E program. There is no further publicizing of the grant.

You will not have a selection committee for the instructional study program because you selected all current E participants, and only E participants are eligible. If the certificate program is expanded to other universities, or the number of E participants increases substantially, you will create a selection committee and criteria to select grant recipients. The selection committee likely would consist of a combination of your staff, E faculty consultants, and persons from the relevant university.

The instructional study grants will renew for a second year as long as the participant is enrolled and in good standing in the E class and the Certificate Program. Recipients of your instructional grants must provide a report at the end of the first 12-month period of enrollment that includes:

- a summary of the coursework taken
- the grade received
- proof of continued good-standing and enrollment in the Certificate Program, and
- a statement of verification from a Certificate Program official.

You will also require a final report from a grantee/participant upon his/her completion of the Certificate Program that contains a copy of the certificate issued to the grantee/participant. All reports must also contain a tuition statement that reflects the total tuition expenses and application of the grant received toward such expenses. In the event the participant leaves the Certificate Program or is no longer in good standing, you will stop any further payments and pursue repayment of any misused funds.

You will also offer experiential study grants, which will provide additional support to those graduates of F, which is a program of seminars that focuses on experiential learning and strategies for neighborhood improvement. The grants will offer these individuals a further opportunity to achieve a specific objective or improve a skill in leadership development by attending ongoing workshops, seminars and networking opportunities to continue their learning and development as community leaders. The grant is available only to past graduates of F, who will be contacted by letter at the beginning of each calendar year to offer this opportunity.

Graduates of F may apply for the experiential study grants by submitting an application that describes the purpose of the grant including the objectives, budget, and timeline of the project. Those chosen for further interviews will meet with the selection committee comprised of three graduates of F (not currently applying for the grant) and the F Graduate Support Manager. The selection committee will choose from candidates based on the following criteria:

- the grant will maximize the positive effect on the core constituency the F graduate is seeking to impact
- the candidate has presented clear project objectives
- the candidate has a clear and achievable timeline
- the project to be funded is sustainable past the grant period
- the applicant intends to collaborate with other F graduates with respect to the purpose of the requested grant
- the budget prepared by the applicant is appropriate, and
- an applicant that received a grant previously was able to manage such previously awarded grant.

You do not intend to renew grants made under the experiential study program. Recipients of these grants must submit a final report describing the use of the funds received, the outcome of the project, and participate in an exit interview. Most recipients are reimbursed for personal expenditures toward the program; however, on a hardship basis, some recipients will receive advance funding against a detailed estimate from a vendor or service provider. If grant funds are misused, all future payments will be stopped and a plan for reimbursement will be implemented.

Finally, your travel grants are intended to support individuals enrolled in your educational programs by providing reimbursement or direct payment of travel expenses for their participation. To ensure the programs attract top candidates on a national level, the grant will cover travel, transportation, meals and lodging for those participants outside of the region of J, and % (up to 100% in hardship cases) of the travel expenses for attendance at seminars in K. Information for these grants will be supplied to participants in the educational programs as part of their initial informational material. Your travel grants will be awarded on a hardship basis determined by financial capacity, current employment status and the availability of other funding sources.

Travel grants for the instructional study seminar participants may continue as long as hardship is demonstrated. Travel grants for the experiential program will continue for the duration of the applicable program so long as the participant remains in good standing. These grants will be made against invoices for travel arranged by you, and no additional controls appear to be necessary. These grants are offered only to recipients of your instructional and experiential grants; therefore, no selection committee is considered necessary.

The amounts of the instructional and experiential study grants will be determined based on the annual budget allocated for the programs and the anticipated number of qualified

applicants from each pool. Travel grants will likewise be based on the annual budget and the anticipated number of candidates that qualify as hardship.

No members of the selection committees, their relatives, your officers or directors, or any disqualified person will be eligible for awards under these programs.

You have represented that 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, and (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 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 have also represented 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 described above.

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