

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

Department of the Treasury

Number: **202117019**
Release Date: 4/30/2021

Date: February 2, 2021

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

UIL: 4945.04-04

Dear :

You asked for advance approval of your scholarship and educational grant procedures under Internal Revenue Code Sections 4945(g)(1) and 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 scholarship grants under Internal Revenue Code Section 4945(g)(1). We also determined your procedures for awarding educational grants meet the requirements of Code Section 4945(g)(3). Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarship and educational grants meet the requirements of Code Sections 4945(g)(1) and 4945(g)(3), respectively. As a result, expenditures you make under these procedures won't be taxable.

Also, awards made under Code Section 4945(g)(1) are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provided in Code Section 117(b)).

Description of your request

Your letter indicates you are operating a grant making program.

Your mission includes:

- ;
- To collaborate with other public charities in an effort to increase the impact of their work through synergy and use of your resources.

The purpose of your grantmaking program is to provide grants to individuals in order to further and advance your mission including but not limited to providing educational opportunities to disadvantaged persons. Further, you will provide grants to individuals to

assist them with the promotion of charitable endeavors and with increasing philanthropic growth. Under your grantmaking program, you will award grants under IRC Section 4945(g)(1) and IRC Section 4945(g)(3). It is anticipated that while the purposes of the various grants you award may be similar, they may vary significantly in the timing, type and/or amount across different regions of the world. You will determine the amount and number of grants based upon the amount of funds you available, and the purpose of the particular grant. Grants will be renewed on a case by case basis in an objective and nondiscriminatory manner.

Details for Grants under IRC Section 4945(g)(1)

You will provide scholarship grants to individuals for tuition and related expenses to qualified recipients who attend an educational institution described in IRC Section 170(b)(1)(A)(ii). Scholarships und IRC Section 4945(g)(1) can be generally used for:

- Tuition and fees required for enrollment or attendance of the student at a qualifying institution;
- Fees, books, supplies, and equipment required for courses of instruction at such an educational institution; and
- Room and board.

Moreover, no part of the scholarship may be used as payment for teaching, research, or other services by the scholarship recipient as a condition for receiving the scholarship.

Recipients of scholarships under IRC Section 4945(g)(1) may include primary or secondary school students; undergraduate or graduate students at a college or university who are pursuing studies or conducting research to meet the requirements for an academic or professional degree; or full-time or part-time students, who may receive a scholarship for study at an educational institution that provides an educational program acceptable for full credit toward a bachelor's or higher degree, or offers a training program or vocational courses to prepare the recipients for gainful employment in a recognized occupation.

You will advertise the availability of these scholarships by contacting high schools, colleges and graduate school administrators, church pastors, coaching staff, managers and leaders of relevant community and governmental institutions in order for them to encourage potential candidates to submit applications for your scholarships.

The eligibility criteria for scholarships may include the applicant's place of residence, past or future attendance at a particular school, past or proposed course of study or evidence of his or her artistic, scientific or other special talent or philanthropic contributions.

Applicants are required to submit an application with all necessary attachments including letters of reference, financial information, statement of goals, transcripts, and other information that you deem relevant. Selection of awardees will be made by an independent selection committee approved by your board who will review all materials

concerning the potential awardees. Specific criteria used to evaluate potential recipients include:

- Prior academic performance;
- Performance on tests designed to measure ability and aptitude for educational work;
- Recommendations from instructors and any others who have knowledge of the applicant's capabilities;
- Additional biographical information regarding an applicant's career; Academic and other relevant experiences;
- Financial need;
- Conclusions which you may draw as to the applicant's motivation, character, ability, or potential.

The best qualified candidates will undergo a formal interview to determine those most deserving and best qualified. All scholarships will be awarded on an objective and nondiscriminatory basis.

You will usually notify recipients by mail and require them to sign an agreement regarding the terms of the grant. You will generally pay all scholarships directly to the recipient's educational institution and such educational institution shall agree to use the scholarship for recipient's expenses or to pay the funds (or a portion thereof) to the recipient only if the recipient is enrolled at such educational institution and standing at such educational institution is consistent with the purposes and conditions of the scholarship.

You will receive at least annually, a report from each recipient if such awards are not made directly to the educational institution and must include a summary of the use of the funds awarded, and the grantee's courses taken (if any) and grades received (if any) in each academic period. This report must be verified by the educational institution. A final report is also required.

If you learn that any part of a grant is not being used to further the purposes of a scholarship the grant will be terminated. You will take all reasonable and appropriate steps to recover the grant funds as is practical.

Details for Grants under IRC Section 4945(g)(3)

You will award grants under IRC Section 4945(g)(3) to individuals to achieve a specific objective, improve or enhance their capacity, skills, or talents. These grants will typically be used for purposes that relate to your mission and may be used for capacity-building programs to teach them critical leadership skills, management and governance skills, technical skills, and/or to provide assistance in performing research or for medical training. In addition, grants under IRC Section 4945(g)(3) may be awarded to pay application fees, living expenses and travel expenditures for individuals from foreign countries who are chosen to attend a college or university that require relocation for a time to develop specific skills related to your mission. You will identify potential recipients through relationships and input from other philanthropic and civic leaders, other

nonprofit organizations, schools and educational institutions and/or government agencies and ministries in other countries.

Eligible candidates may include graduate students, scholars, professionals, and other individuals, youth and leaders, local and worldwide, with specialized skills or knowledge. Applications and requirements will be modified based upon the subject matter of the specific project or undertaking or purpose of the grant. In general, as part of the application process, applicants will be asked to provide information on current and past humanitarian projects or work, along with any skills or experiences that are relevant to the scope of the specific grant purpose as well as their education background and letters of reference. For example, a grant for medical training will require the applicant to provide their medical background, research projects and expertise. A grant for leadership training may require the applicant to detail their humanitarian and leadership history. Furthermore, applicants must prepare and submit a description of how the grant will be used and or/a detailed proposal as well as a description of their economic need and a budget for the expected costs or expenditures that will be associated with further education or training. The selection committee appointed by you will review all applications for potential recipients who submit complete applications and, where possible, will meet with and interview the applicants. From the list of applicants, you will analyze each applicant comparing the contents of their application and the experience of interviewing them with the goals of the grant and choose the most suitable candidate. Recipients are notified by letter. The recipient must sign a grant agreement agreeing to the terms of the grant. Recipients of grants under IRC Section 4945(g)(3) will be required to provide a written report to you about their activities and use of funds at least once a year and at the end of the grant period. Any funds not expended for the purpose of the award must be returned to you.

Oversight

You will check the OFAC List of Specially Designated Nationals and Blocked Persons for names of individuals and entities with whom you are dealing to determine if they are included on the list. You will comply with all statutes, executive orders, and regulations that restrict or prohibit persons from engaging in transactions and dealings with designated countries, entities, or individuals, or otherwise engaging in activities in violation of economic sanctions administered by OFAC. You will acquire from OFAC the appropriate license and registration where necessary.

You represent that you will complete the following: (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversion of funds from their intended purposes, (3) take all reasonable and appropriate steps to recover the diverted funds, ensure other grant funds held by the 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 related to the following: (1) individual grants including information to evaluate grantees, (2) grantees which are identified as a disqualified person, (3) how the amount and purpose of each grant was established, and (4) how you established supervision and investigation of the 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 Regulation 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 only covers 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 a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to 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 award 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 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 questions, please contact the person listed at the top of this letter.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements