

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

Department of the Treasury

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Employer Identification Number:

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Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

X= Grant Program
Y= County, State

Dear :

You asked for advance approval of your educational grant procedures under Internal Revenue Code ("IRC") 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

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

Your purpose is to provide youth with an opportunity to improve their skills with steers and the amount provided will be the in-kind cost of providing a steer, feed and medicine for the steer, care for the steer while the student is in school, transportation for the steer to cattle shows, and professional guidance given to the participant in nurturing and showing the steer. The steer will be kept at X facilities which is where the recipient will care for the steer.

You recipient will show its steer in shows, fairs and exhibitions in your region. They will be allowed to keep all winnings to use for any intended purpose. The participants will receive all winnings directly. At the end of the steers career the steer will be sold either by private treaty or public auction. The recipient will keep all proceeds from the sale.

The program is open to individuals ages through that reside in Y. The application deadline each year by . The application includes an essay in which the applicant must describe why they deserve an opportunity to participate in this program. Participants must be able to transport the steer to your facilities and to cattle shows. Participants must also be able to commit a minimum of hours a week at your facilities.

Selected participants will be in this program for one year and must re-apply to continue receiving funding.

Participants will be selected that show a sincere interest in improving skills in nurturing and showing steers. Participants will be chosen on an objective and nondiscriminatory basis and the financial need of the applicant will be considered.

Your selection committee is made up of five individuals with at least one individual being a member of the foundation's Board of Directors.

Grant recipients may not be "disqualified persons" with respect to you, within the meaning of Code Section 4946. Grant recipients furthermore may not be related to any officer, director, substantial contributor, or member of a grants selection committee, nor may they be persons whose selection would result in private benefit to any officer, director, substantial contributor, or member of a grants selection committee.

Your organization initially plans to select one individual to receive its scholarship. If additional funds are available in future years you may expand this to additional individuals.

The program is publicized among youth in the region of Y, at fairs, expos, 4-H Chapters, FFA Chapters, and schools.

You represent that you will maintain records, but you will not try to safeguard funds that may be received directly by the recipient from other sources or be responsible for remitting these funds to educational institutions. You will instead allow the recipient to retain control over all sales proceeds.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (IRC 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 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 IRC 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 IRC 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