



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities
P.O. Box 2508
Cincinnati, OH 45201

Date: August 17, 2021

Taxpayer ID number:

Number: 202145032

Release Date: 11/12/2021

Person to contact:

Name:

ID number:

Telephone:

LEGEND

W = Grant Program

X = Educational Program

Y = number

z dollars = amount

UIL: 4945.04-04

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 IRC Section 4945 provides for the imposition of taxes on each taxable expenditure of a private foundation. IRC Section 4945(d)(3) provides that the term "taxable expenditure" includes any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or similar purposes by the individual, unless the grant satisfies the advance approval requirement of IRC Section 4945(g).

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 individual grant program called W.

The purpose of W is to allow individual grantees to achieve a specific objective, produce a report or other similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent. W will be consistent with your charitable and educational purposes. Specifically, W will provide funds

W will also provide funds to individuals for companion projects to X. X is an

. Individual grants that supplement X will include learning-based programs during the academic year or travel, events and mentoring related to entrepreneurship generally or X specifically. Grant funds will cover costs reasonable and necessary to the accomplishment of W. This includes direct expenses such as supplies and fees as well as living, travel, and other expenses.

Anyone interested in completing W may apply. However, in some instances, grants may be limited to current or past participants of X. Your substantial contributors, board members and officers, disqualified persons with respect to you within the meaning of IRC Section 4946, members of the selection committee, and family members of the previously listed persons are not eligible to apply.

You will publicize W and solicit applications through promotional materials, including online portals, and through other mediums as necessary. The number of grants annually and amount of each grant will vary based on several factors such as number of applications received, each applicant's specific needs and the applicable project, and the amount of available funding. Currently, you estimate no more than Y grants annually with individual grants of not more than z dollars per recipient. The selection committee is comprised of your directors, officers and/or staff members and may also include your third-party advisors and partners. In all cases, the selection committee members will be individuals who have an interest in the charitable and educational purposes furthered by W and who are able to devote sufficient time to reviewing applications and selecting grantees. No committee member will be in a position to derive a private benefit, directly or indirectly, if certain potential grantees are selected over others. Your board of directors will also approve all grants.

Selection of recipients will be based upon objective and non-discriminatory criteria without regard to race, gender, religion, national origin, sexual orientation, or ethnicity. Criteria for selection will include ability and achievement, educational experience, leadership ability and potential, future goals and interests and consistency of the individual's intended project with your charitable and educational purposes and program activities, projects or areas of concern or focus and its priority in relation to other demands on your funds. You expect that each applicant will provide information on his or her prior work, the proposed project and information regarding how the project will allow him or her to achieve a specific objective, produce a report or other similar product, or improve or enhance a literary, artistic, musical, scientific, teaching or other similar capacity, skill, or talent.

You will require recipients to submit an annual report describing progress and a final report to confirm that the activities the grant were intended to finance were indeed performed. The final report must include an accounting of how grant funds were expended. Recipients will also be required to submit a copy of any work product that has been produced. In cases where grants are eligible for renewal, you will review the results of the original grant before approving the renewal. In the event a recipient fails to comply with the terms and conditions of the grant or it appears grant funds have been diverted, you will conduct an investigation and take all reasonable and appropriate steps to recover any funds used for an improper purpose. You will require the recipient to return funds and withhold further payments. Payments will not be resumed until any diverted funds are recovered and you have received assurances that future diversions will not occur and that the recipient has taken extraordinary precautions to prevent future diversions. You will maintain records relating to each individual grant, including amount and purpose, information obtained to evaluate applicants, and all reports and other information related to the supervision, use, and investigation (if applicable) of the grant.

For prospective foreign grantees, you will operate in compliance with all statutes, executive orders and

regulations restricting or prohibiting US persons from engaging in transactions and dealings with terrorist designated countries, entities, individuals, or in violation of economic sanctions administered by the Office of Foreign Assets Control (OFAC). You will check the OFAC list of specially designated nationals and blocked persons. You will acquire from OFAC appropriate licenses and registrations 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, and (3) take all reasonable and appropriate steps to recover the diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and (4) 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 the following: (1) all records relating to individual grants including information to evaluate grantees, (2) identify a grantee is a disqualified person, (3) establish the amount and purpose of each grant, and (4) establish that you undertook the supervision and investigation of grants described above.

Basis for our determination

IRC Section 4945 imposes excise taxes on the taxable expenditures of private foundations. 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 the following requirements of IRC Section 4945(g) is not a taxable expenditure.

- The foundation awards the grants 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 IRC Section 170(b)(1)(A)(ii); or
 - A prize or award subject to the provisions of IRC 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.

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, you can contact the person shown at the top of this letter.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

cc: