

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

Department of the Treasury

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Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

UIL 4945.04-04

LEGEND

B = Geographic area
C = Organization
D = State

Dear :

We have considered your request for advance approval of grant-making programs under section 4945 (g)(1) and 4945(g)(3) of the Internal Revenue Code, dated August 5, 2010.

Our records indicate that you were recognized as exempt from Federal income tax under section 501(c)(3) of the Code, and were classified as a private foundation as defined in Section 509(a) of the Code.

To address the unmet needs of children with a history of abuse and neglect who are twelve years of age or under, you have made grants to public charities, which share the same vision about helping children.

To extend your mission of assisting children who are suffering from the effects of abuse and neglect, you decided to expand your charitable purpose and activity by making direct grants to or for the benefit of qualified children while continuing to make grants to your public charity partners.

You will make qualified scholarship or fellowship grants (educational grants) to these children to be used for study at an educational institution. You also desire to make specific objective grants intended to enhance a literary, artistic, musical, scientific, teaching or other similar capacity, skill or talent of the child, which would have therapeutic benefit for the child.

The educational grants will be awarded to the children to attend a qualifying educational institution, which maintains a regular faculty and curriculum and has an organized body of students in attendance where the educational activities are held in accordance with the requirements set forth in section 4945(g)(1) of the Code.

The specific objective grants will be awarded in cases where you recognized an opportunity, under which a grant will provide therapeutic value to the child receiving the grant such as the grant being used by a child to participate in an art or music class that provides the child with a

medium to address issues of anger, loss, trauma and anxiety. You do not anticipate making grants that would be used by children to produce a report or other similar product.

The class of persons eligible to apply for these grants will be children who have a history of abuse and neglect, and who are recommended by one of your public charity partners or by a school nurse, guidance, counselor, therapist, social worker or other service provider. A child applying for a grant normally must be twelve years of age or under. However, children who are seventeen years of age or under also may apply if they previously have received a grant from you or if they previously have been the subject of an individual child request by a Partner.

You anticipate that the majority of the grants to individuals will be specific objective grants.

You expect to make individual grants to twelve to twenty children each year, and that the total value of the grant funds distributed each year will be between \$6,000 and \$10,000.

You will publicize your grant program by providing information about the availability of the grants to current and future partners. The information may include a statement of the Procedures for Awarding Grants to Individuals. Such information also shall be provided to social workers and the therapists dealing with children in the area of B, and to C, the organization, in the state of D.

All applicants will be required to submit an application form to the Selection Committee. On behalf of the applicant, the form will be completed by a public charity partner, or by the individuals who referred the applicant to you. At a minimum, the application requires the applicant's name and address, a description of the applicant's family, a description of the applicant's history of abuse and neglect, information about the applicant's unmet need and a description of how the grant could help the applicant.

Recipients of the grants will be selected by a Selection Committee. The Selection Committee shall be comprised of those persons serving from time to time as your officers or trustees. The Selection Committee shall be prohibited from considering grants to or for anyone related to a member of the committee or to an officer, trustee or substantial contributor of your foundation. Relatives of the members of the Selection Committee, or of your officers, trustees or substantial contributors are not eligible to receive grants from you.

The Selection Committee will review all of the grant applications and determine the grantees and the amounts of the grants.

In reviewing grant applications, the Selection Committee will focus on specific criteria identified in the application, including:

- (i) history of abuse and neglect,
- (ii) the nature and amount of the grant requested and
- (iii) the probable therapeutic value of the grant to the applicant.

Because many of your public charity partners and other persons eligible to refer applicants deal primarily or exclusively with individuals who have financial need, you expect that the majority of your grant applicants also will have financial need. However, you will not directly evaluate the financial need of grant applicants.

The Selection Committee also consults with your public charity partners or other persons who referred certain applicants.

Once an individual is selected to receive a scholarship grant, you will assist the individual by providing funds for educational, living, travel or related expenses to enable the grantee to attend one or more years of study at an educational institution. Such institution may include a primary or secondary school including a vocational high school.

In the case of an individual selected to receive a grant to accomplish a specific objective, you will assist the individuals by providing funds to accomplish that objective. The specific objective must have some therapeutic value for the child, in light of the child's history of abuse and neglect.

For the scholarship grant described in section 4945(g)(1) of the Internal Revenue Code, you will distribute the grant funds directly to the educational institution; for the special grants described under section 4945(g)(3) of the Code, you will distribute the grant funds directly to the service providers. You will not distribute any grant funds directly to a child, or to a child's parent or guardian.

Grants for scholarships or for specific objectives made by you in accordance with these procedures shall not be automatically renewed. However, each grantee, who would like to be considered to receive additional grant funds from you, is invited to reapply in accordance with above procedures.

Before grant funds distributed, you will issue for each grant an award letter that will specify the terms and conditions of the grant. The person requesting the grant on behalf of the child will be required to acknowledge those terms and conditions by signing and returning a copy of the award letter.

You will monitor compliance with terms and conditions of each award by reviewing the reports required from the persons submitting the application on behalf of each child. .

You will arrange to receive and review required grantee reports four months after the award, and upon completion of the purpose for which the grant was awarded. If the grant funds are not fully expended after four months, the grant recipient must submit a report at least annually.

The report is to be completed by the recipient's social worker, teacher, school nurse, guidance counselor or other service provider. It is expected (although not required) that the persons submitting the grant application on behalf of the child and the persons reporting on the use of the grants will be the same. The report is not to be submitted by the child or the child's parent or guardian.

The report asks for a description of how the grant funds were used, and the confirmation that the funds have been used for the purpose required. The report also asks whether the child benefited from the funding, and whether the outcomes were as expected.

For scholarship grants under section 4945(g)(1) of the Code, in addition to the steps described above, you will further supervise the use of the grant funds by taking one of two alternative approaches. First, you may make arrangements to receive either a copy of the grantee's transcript or report card at least annually. In the alternative, after making a grant directly to an educational institution to fund a child's study there, you may enter into an agreement with the educational

institution that specifies that the institution will use the funds to defray the recipient's expenses. Your choice of approach will be determined on a case by case basis.

You also will investigate diversions of funds from their intended purpose and take all reasonable and appropriate steps to recover diverted funds, ensure other grant funds held by a grantee are used for their intended purpose, and withhold further payments to a grantee until you obtain the grantee's assurances that future diversions will not occur and that the grantee will take extraordinary precautions to prevent future diversions from occurring.

You will keep all records relating to grants made to individuals including:

- Information obtained to evaluate grantees;
- Names and addresses of grantees;
- Other identification of grantees, including any relationship of the grantee to you sufficient to make the grantee a disqualified person under IRC §4946(a);
- Amount and purpose of each grant made; and
- Follow-up information including required annual reports (including course and grade reports) and investigation of jeopardized grants, if any.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and

- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your scholarship and grant programs will be conducted as proposed with objectivity and nondiscrimination in awarding grants and loans, we determined that your procedures in awarding scholarship grants and educational awards comply with the requirements of section 4945(g)(1) and 4945(g)(3) of the Code and that scholarships and awards granted according to these procedures will not be “taxable expenditures” within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your grant-making procedures is a one-time approval of your system standards and procedures that will result in grants which meet the requirements of section 4945(g)(1) and 4945(g)(3) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to succeeding grant and loan programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

We have not considered whether grants made under your procedures are excludable from the gross income of recipients under section 117(a) if the Code.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all grant distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Lois Lerner
Director, Exempt Organizations