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

Department of the Treasury

Number: **201951008**
Release Date: 12/20/2019

Date: September 24, 2019

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND
D =grant program
E = LLC
F = state
G = religious affiliation
b = date
h dollars = amount
j dollars = amount
k dollars = amount
m dollars = amount
n dollars = amount

UIL
4945.04-04

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

Description of your request
You will operate an educational grant program called D to strengthen, empower, and ensure excellence and sustainability of the G day school enterprise in North America by building the capacity of individual G day schools that provide secular and G education to students in nursery through 12th grade across the country.

Educational grants will be made by D and administered by E. E is a F limited liability company incorporated on b, of which you are a sole member.

E will carefully select ten G day schools in the United States that are tax-exempt under Section 501(c)(3) of the Code to participate in an -month educational program to work with outstanding experts on core sustainability markers of school leadership including, but not limited to, head of school/board relations, management, marketing, financial resource development, and student recruitment.

Selected schools will receive up to hours of coaching by D faculty members (coaches), as well as two site visits by coaches, in-person educational seminars, and educational webinars, in addition to a h dollars consulting grant and a challenge grant to enhance any of the of the core sustainability markers of G day school leadership.

Coaches will guide the schools' leadership in determining its needs in areas such as head of school/board relations, marketing/communications, admissions/enrollment management, fundraising, or other areas essential to the school's sustainability and success. Coaches will also guide school leadership in the design and use of the consulting and challenge grants and provide expertise and leadership as needed.

You will provide each school with hours of coaching, consisting of approximately hours of coaching each month, including coach site visits, and additional coaching, to be structured by the school and coach to best serve the school's needs, subject to your approval.

D will convene -day, -night educational seminars where leaders from all schools will gather to build strong professional cohorts among the schools, exchange ideas, and gain in-depth exposure to national experts in all related core areas.

D will conduct three educational webinars designed to supplement the seminars that will be led by national experts in selected areas to deepen the knowledge of participants in areas such as marketing, fundraising, communications, admissions, and head of school/board relations.

E will pay service providers, e.g., professional speakers, airlines, hotels or caterers, directly for all costs associated with the activities, including consultant and educational fees, and travel, food, lodging and logistical costs connected with D.

Your consulting grant is to be used to assist the school in engaging/hiring a consultant to provide support and assistance to the school in one of the following areas (or an area related to school management): marketing/admissions, fundraising, community relations, financial management, or head of school/board relations.

You will allocate each school up to h dollars for use on expert coaching needs. For example, if in consultation with the school's coach, it is determined that the school needs additional expertise in marketing or branding, the school may then — subject to your approval — allocate the grant to bringing in a school marketing expert.

Your challenge grant amount plus the matching funds are required to be used by the school to fund a project central to the mission and direction of the school that can support capacity building and/or educational programming ensuring long-term sustainability. You provided the following examples of eligible uses of the grant funds: strategic planning; admissions and enrollment management; board development program; resource development; fundraising; information technology; evaluation; facilities planning; leadership development; marketing/communications/branding; financial management; and new Science, Technology, Engineering, Arts and Mathematics (STEAM) programs.

The school must be able to raise at least k dollars and up to n dollars specifically in support of the challenge grant project in order to meet the matching grant requirements. The grant amount is offered on a 1:2 matched basis (i.e., you will provide $1 for every $2 raised by the school in support of the challenge grant project). For example, if the school raises k dollars, then you will match those dollars with a j dollars grant. Ideally, it is your hope that schools can raise n dollars for their projects and thereby receive the maximum grant amount of m dollars.

Your grants will also cover all costs and expenditures for the abovementioned activities, including consultant and educational fees, travel, food, lodging, and logistical costs connected with D, the costs of study to attend the educational seminars, as well as the coaching and training that will be provided to representatives of the participating schools. E plans on paying such costs directly to the service providers (e.g., professional speakers, airlines, hotels or caterers) instead of the participants.

D will provide alumni programming to participants upon completion of the -month educational program in order to provide further support to the selected schools, which may include online programming, additional grants and in-person professional development seminars.

Initially, the class of eligible participants will be limited to nonprofit G day schools, recognized as tax-exempt under Section 501(c)(3) of the Code, with a minimum enrollment of students. (E may consider expanding D to include organizations that are not described in section 4945(d)(4)(A), in which case E will exercise expenditure responsibility with respect to grants to such organizations.) The schools should possess a solid reputation in their communities and desire to improve their schools' infrastructures for sustainability. The schools must be fully accredited by their local accreditation commission. The following grade levels, excluding pre-school, may be considered: K-5, K-6, K-8, 7-12, 9-12, and K-12. The schools must also have a minimum staffing in the following areas: head of school; principal (or other chief education officer, as distinct from the head of school); director of marketing/communications; director of development; director of admissions; and director of finance.

E initially anticipates utilizing a small group of your staff and consultants, one of who will serve as the D program director, to inform, shape and advise the development and implementation of the D program.

The selection committee will be responsible for reviewing nominations and applications and making recommendations as to which schools will be offered the opportunity to participate in D. E will identify knowledgeable individuals with expertise and experience in education and school management to serve as such consultants.

In the future, as the D program expands, E may develop an advisory committee to further inform, shape and advise the implementation of the D program. One or more of these consultants (or members of the advisory committee) along with one or more members of E's staff will serve as the selection committee.

If it is identified that a potential grantee school where any member of the senior staff or management of such potential grant recipient is either related to (whether by blood or through marriage) or has any direct or indirect affiliation with the program director for D or any director, officer or employee of yours or E, the potential conflict will be identified and the conflicted individual will not be involved in the determination as to whether to select such potential school to participate in D. Alternatively, if such conflict cannot be resolved, the school will be ineligible to participate in D.

No director, officer, or employee of yours or E, nor any other person who is involved in the process of selecting applicants for D will be in a position to derive a private benefit, directly or indirectly, if certain potential schools or participants are selected over others.

The selection committee will rate each application and interview using a scoring grid based on the following criteria: the clarity of the school's mission; the level of the board's understanding of the school's mission; the stability of the board chair/president position; the financial stability of the school; the school's recognition of learning needed for the school and its readiness to participate in an -month mentoring program; the strength of the school's student recruitment plan, marketing/communications plan, fundraising plan, and strategic plan; and the strength of parent, community, and board member participation in annual giving.

E expects to identify at least five top G education professionals to serve as school nominators. Each nominator will reside and have worked in one of the following regions of the United States: Northeast; Southeast, Midwest, South, and West. Each nominator will be requested to recommend schools that fit the selection eligibility criteria for a total of approximately potential schools. Nominators will be sent a nomination form that will ask them to provide quantitative information and explain why they are recommending each school and how the school would benefit from D.

Your selection committee will rank then invite approximately recommended schools to submit a preliminary application for the D program. The application is designed to identify applicants with a significant interest in, and commitment to participate in D and satisfy the requirements of D.

Once these applications have been reviewed, evaluated, and vetted by the selection committee, E will invite up to schools to submit a full application for the program, which will include an interview process.

The D faculty will then conduct interviews of the heads of school and the school's board chair (which will involve more in-depth questions seeking to ascertain the level of commitment and readiness to apply learning to their schools) in order to identify the top potential schools.

After a thorough evaluation of the school applications and interviews using the selection eligibility criteria, E and the D faculty will then make final selections and offer approximately finalist schools to participate in the program.

E initially anticipates utilizing a small group of your staff and consultants, one of who will serve as the program director for D and inform the development and implementation of D. E will identify knowledgeable individuals with expertise and experience in education and school management to serve as part of D's faculty. In the future, as the D program expands, E may develop an advisory committee to further inform, shape, and advise the refinement of D, and may pay an honorarium to members of such advisory committee.

The program director shall be responsible for supervising the development of the curricular materials utilized as part of D, selecting coaches, educators, and presenters who will implement the curriculum, and supervising the educational seminars and webinars. The program director will also supervise the recruitment and selection process to identify schools for D.

The program director and/or other members of your staff will regularly communicate with the participants to receive feedback on the D program and, with respect to the consulting and challenge grants, monitor how the grant monies are being spent.

E will enter into an agreement with each school and with each participant setting out the terms of the program and the initial expectation that each school and participant participate in all aspects of the D program. Such agreements would be used to ensure that each school and participant complies with the requirements of the D program.

Each school will be required to submit a written report to E upon completion of the program. Such report will include a narrative description of the use of the consulting and challenge grant funds, as well as a financial report on the use of such funds.

E, in its sole discretion, may take any and all such reasonable and appropriate steps (including, possibly, legal action) to compel compliance of use of funds for their intended purpose, including requiring the return of all, or any portion, of funds remitted and the withholding of funds not previously remitted in connection with D.

E will maintain case histories for D grant recipients that comply with Revenue Ruling 56-304, 1956-2 C.B. 306.

Each school will be required to keep and maintain financial records in such a manner so as to adequately reflect and account for the use of the grant funds received pursuant to the consulting and challenge grants, and to furnish originals, or authentic copies, to the program director upon request.

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.

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