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

Date:
11/27/2024
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202508008
Release Date: 2/21/25

LEGEND
B = School
C= Place
D= number range
E = Organization
f dollars = dollar amount
G = Organization 2

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 you will operate a grant program at B in the C. The purpose of your grant program is to enrich B with instructors from outside the C by funding teaching opportunities for college graduates from the United States, thus allowing them to gain experience as both teachers and coaches at B through the following program requirements:

Teaching – Academic & Pastoral Responsibilities

- Supporting an academic department via the provision of assistant teaching, covering lessons and, if suitable, teaching a particular age group;

- Observing a wide range of lessons and offering individual support to pupils;

- Enjoying a program of continuous professional development that includes regularly meeting with a subject mentor who will provide feedback and help develop the recipient's knowledge of teaching; and

- Having pastoral responsibility in one of B's eleven boarding houses, with responsibility of looking after the well-being, academic progress, and personal development of students under their care.

Coaching – Sport Responsibilities

- Supporting the coaching provision in one of B's core sports, i.e., football, cricket, rowing, or tennis, across all aspects of its development program, including off-season and pre-season training sessions;

- Preferably leading and running the coaching of a year group team/squad/crew in at least one core sport (as outlined above);

- Coaching, and supporting the coaching of, other sports as directed by B's Director of Sports (DoSp) (including sports such as fencing, golf, strength & conditioning, and swimming), as well as supporting B's DoSp in a wide range of sports-related activities; and

- Helping, supporting, and assisting the junior PE program, including lesson planning and report writing.

D grant recipients will be selected each year to receive annual stipends of approximately f dollars, adjusted annually for inflation. Based on the types of visas obtained by your grant recipients, you will disperse grant funds either directly to your grant recipients or to B in the middle of each term throughout the year.

Eligible applicants must:

- recent graduates or graduating students who are not from the C,
- have or will have earned a degree from a college or university in the United States,
- demonstrate an interest in teaching and coaching,
- be conscientious team players with excellent communication skills,
- possess a willingness to contribute to and support all aspects of school life at B, and
- demonstrate sports-related qualifications and interests, such as playing experience and/or coaching qualifications.

To publicize your grants, B plans to develop relationships with college and university coaches, student-athlete welfare officers, and career development staff, who can promote the grants to students and recent graduates of their institutions, and both you and B will publicize your grant program on your respective websites. The E will also have a key role in the recruitment process and assist with raising awareness about your grant program and meeting potential candidates as needed. Through these efforts, you hope to attract at least 15 to 20 candidates each year, although your pool of eligible candidates will vary depending on B's teaching or coaching needs.

Eligible candidates must submit a completed application that includes a cover letter, resume, and record of academic performance, as well as other materials that demonstrate they meet your eligibility criteria. Selection criteria will include academic achievement, extracurricular activities, sports playing experience and/or coaching qualifications/potential, leadership experience and potential, as well as perceived character, motivation, and fortitude. Medical and criminal background checks in line with applicable laws and school requirements are also required for selected recipients.

Your selection committee, the E, will consist of eight members, which includes your trustee, your trustee's son, and your trustee's brother. The five additional members will consist of past fellows of B and notable local business professionals in the C with connections to B. Your selection committee will vet applicants and make selection recommendations to B, who is responsible for the final grantee selections. Both the E and B are required to comply with B's conflict of interest policy.

You attest your committee members are aware of the rules prohibiting self-dealing and private benefit that are applicable to U.S. private foundations and understand the need to select grantees in accordance with the parameters established by U.S. tax laws governing private foundations. In addition, you will comply with all United States statutes, executive orders and regulations that restrict or prohibit U.S. 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 the Office of Foreign Assets Control (OFAC).

The appropriate department heads at B will supervise your grantees daily and conduct one-on-one meetings with them once a week in the first half term, which will then move to once every two weeks for the remainder of the year. Each grantee will be managed by two people representing the two separate roles of sports and academics, i.e., coaching and teaching. B will also provide you with two reports on each grantee's progress and achievements, once at the end of the first term and then again at the end of the academic year. The evaluation will consist of feedback from teachers at B. You will review each report to ensure that the purposes of your grant program are fulfilled.

You represent that you will complete the following:

- Arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded,
- Investigate diversion of funds from their intended purposes,
- Take all reasonable and appropriate steps to recover the diverted funds and ensure other grant funds held by a 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 diversion from occurring.

You also represent that you will:

- Maintain all records relating to individual grants including information obtained to evaluate grantees,
- Identify a grantee is a disqualified person,
- Establish the amount and purpose of each grant, and
- 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.
- 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 IRS at:

  Internal Revenue Service
  Exempt Organizations Determinations
  TE/GE Stop 31A Team 105
  P.O. Box 12192
  Covington, KY 41012-0192

- You can't 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 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'll make this determination letter available for public inspection after deleting personally identifiable information, as required by IRC Section 6110. We've enclosed Letter 437, Notice of Intention to Disclose - Rulings, and a copy of the letter that shows our proposed deletions.

- If you disagree with our proposed deletions, follow the instructions in the Letter 437 on how to notify us.
- If you agree with our deletions, you don't need to take any further action.

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

Enclosures:
Letter 437

cc: