



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

Date:
03/06/2025
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202523020
Release Date: 6/6/2025

LEGEND

UIL: 4945.04-04

B = Program

C = County

D = Town

y dollars = Dollar Range

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 grant. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grant 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 B. Your mission is to preserve the rural traditions, history, culture and economic viability of C through historic preservation and community building. Your B will provide grants of y dollars for community projects that support, enrich, and enable the economic viability, community building, and historic preservation of D and its surrounding communities. The B allows you to further your charitable mission and extend your impact by supporting local individuals, businesses, and community groups working on innovative project towards shared community goals.

Your application requires:

- Contact information,
- A detailed project proposal description detailing how the proposed project connects with your mission,
- A project timeline,
- The requested grant budget,
- The overall project budget,

- Additional committed project funding, and
- What needs to happen for the project to be considered a success.

Applications from individuals, businesses, and community groups will be open call and accepted on a rolling basis. Applications will be evaluated based on:

- The applicant project's connection to your mission,
- The impact on D and its surrounding communities,
- Whether the project's description, budget, goals, and timeline are realistic and attainable, and
- Whether they further your charitable purpose.

Applications are submitted through your website. You will publicize the B on your website and will share information about the grant and grant awardees via your website, mailing lists, social media, and press releases to the local newspaper. You will maintain case histories showing recipients of your B including names, addresses, purpose of awards, amount of each B, manner of selection and relationship (if any) to officers, trustees, or donors of funds to you. You will not fund salaries, rents/mortgages, or utilities under your B.

In addition to your pre-grant inquiry steps you will undertake prior to any grant award, the application will also require certification that applicants and owners of grant applicant entities are not relatives or otherwise related parties of members of the selection committee, or of your officers, directors, or substantial contributors. Your Executive Director and Board of Directors will review applications and evaluate them based on their connection to your mission, the potential impact on D and its surrounding communities, and whether the project's description, budget, goals, and timeline are realistic and attainable.

Your B is a one-time award based on the proposal set forth in the grantee's grant application and is not eligible for renewal. If awardees need to request additional funding they must submit a new application to be considered for an additional grant.

Before funds are released, grantees must sign and return a grant letter agreement stating the awarded grant funds will be used only for the purpose detailed in the grant proposal submitted. If any change is made, you must be notified and approve of the proposed changes to the grant prior to proceeding.

Grantees also agree to submit a report at the completion of their project, and on at least an annual basis if the project term is longer than a year, detailing:

- The use and expenditure of the grant funds,
- The progress made in accomplishing the purposes of the grant,
- The success of the project, and
- A summary of the measured impact of the project on the community.

Grantees must submit an itemized final budget listing all expenditures and sources of funding. Action will be taken by you to compel grantees to repay any portion of the amount granted which is not used for stated grant purpose.

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 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 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.
- The effective date of our approval is March 20, 2024, which is the date your request was submitted.
- 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

cc: [REDACTED]