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

Date:
03/12/2025
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202523027
Release Date: 6/6/2025

LEGEND
B = City
C = Organization
D = Range
E = Occupation
F = Range
y dollars = Dollar

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-making program to provide funding for research projects relating to the history and culture of B.

You anticipate awarding no more than D new grants annually with a value of approximately y dollars or less per grant. All grants shall be awarded on an objective and non-discriminatory basis and will not be renewable. Currently, grants are primarily awarded to individuals who qualify as E of the C.

E are non-voting members of C that support C's efforts to encourage, coordinate, and disseminate active academic research related to the history, archaeology, and historical architecture of B, and to promote the city's historical preservation. Although grants are presently awarded primarily to E with C, you may expand the pool of eligible applicants in the future which would permit you to awards grants to any individuals who support efforts to encourage, coordinate, and disseminate active academic research related to the history, culture, archaeology, and historical architecture of B, and to promote the city's historical preservation.

Your eligibility criteria will be based on the following:

a) Individuals must be a E with C (typically holding a graduate degree) with a proposed research project that includes clearly defined work product(s) or outcomes that will enrich public understanding of the history and culture of B, and its surrounding community.
b) Individuals must submit a grant proposal describing their project's anticipated products or outcomes and submit it within the required time frame of each grant cycle.

If the pool of eligible applicants is expanded in the future, your eligibility requirements would remain the same, but not require status as a E with C.

Grant proposals from applicants must include the following:

a) Basic identifying information
b) Information regarding an applicant's professional background
c) Information regarding any grants received from other sources within the past three years
d) A description of the project, including goals, methodology, and expected research outcomes/work product
e) A timeline for the commencement and completion of the project, with a general expectation that the project will be completed within twelve months
f) A description of how the results or outcomes of the project will be reported, published, or otherwise disseminated
g) If applicable, all permits or letters of permission necessary to conduct research on private or public property

Your selections will be based on the following:

a) Whether the applicant's research project will expand and contribute to the knowledge of B in one or more of the areas of history, culture, archaeology/anthropology, and historic preservation
b) The significance of the research project and its potential impact, in light of the goals of promoting and preserving the history of B
c) Clearly outlined research goal(s), research methodology, and expected work product/deliverable
d) A reasonable budget that is itemized as to how funds will be used and the extent of matching funds available, if any

Your selection committee initially will be composed of directors of C, and members of the committee will serve concurrent with their service as directors of C. As non-voting members of C, E will have no authority to select grant recipients, and they will not provide any input (aside from potentially submitting a grant proposal) as part of the selection process. If the pool of eligible applicants is expanded in the future, no applicant will be permitted to serve on the selection committee. Your selection committee will make recommendations of individuals to receive grants, and your directors will review and determine whether to approve the grants recommended by the selection committee. In the future, it is possible that your directors and officers will serve as the selection committee, and in that case members of the committee will serve concurrent with their service as your directors and/or officers.

To maintain a grant, a recipient must remain actively engaged in conducting the research project for which the grant funds were awarded, as determined pursuant to your procedures for supervising grant recipients. All work done in connection with a project for which a grant is awarded must be done by the recipient or under their direct supervision.

In addition, all grant recipients must agree to:

a) Permit publication of a research abstract regarding their projects
b) Provide you with a copy of any book, article, report, or other publication incorporating research made possible by the grant to be added to your historical research library
c) Acknowledge your support whenever grant-produced materials are published or presented
d) Provide a report(s) which addresses the product, outcome, and/or results of the project for which the grant was awarded and provides details as to how grant funds were ultimately expended. Reports are due no later than one year after receipt of the grant, or sooner if the project is completed earlier
e) Participate in periodic studies conducted by you to evaluate the grant program

You currently publicize your grant-making program via communications to E of C; however, if the pool of eligible applicants is expanded in the future, you anticipate expanding the publicity of your grant program accordingly, including by targeted communications to regional colleges and universities. You anticipate that between F eligible individuals will apply for your grants annually.

Grants will be paid outright to the individual recipient, and no part of the grants will be a loan. You will supervise and monitor the recipients' use of the funds through reports received from the individual grant recipients. The reports will address the product, outcome, and/or results of the project for which the grant was awarded and will also provide details as to how grant funds were ultimately expended. Reports are due no later than one year after receipt of the grant, or sooner if the project is completed earlier; provided, however, that you reserve the right to request additional information on a project's progress at your discretion. If you receive any information indicating that any part of a grant is not being used for its intended purposes, you will investigate. If any part of a grant is not being used for its intended purposes, you will take all reasonable and appropriate steps to recover the grant funds.

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