Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities

Date:
06/09/2025
Taxpayer ID number:

Person to contact:

Release Number: 202536047
Release Date: 9/5/2025

LEGEND
C = Program
D = Country
S = Number
T = Number
u dollars = dollar amount
v dollars = dollar amount

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 program to make grants to qualified individuals to enhance their organizational and communication skills to support gender equity.

Your mission is to catalyze gender equity by building the capacity of individuals, organizations, and communities in poor and underserved areas of D to serve women and girls. You further your mission by providing technical assistance and training to social organizations to develop skills, processes, and tools that will better serve women and girls and integrate their needs into organizational and community systems. You evaluate the needs of social organizations with regard to administrative knowledge, networking opportunities, and organizational resources, and provide mentorship and training so that such organizations can more effectively serve their target populations.

Your C focuses on workshops to improve effective social and charitable project design and implementation, organizational infrastructure, and technological support. In addition to designing and leading trainings, your C will provide grants to individuals, which may cover costs of travel to workshops and any tuition or fees associated with the training. In some cases, you will provide direct payments to the individual for reimbursable travel expense. Any additional travel expenses such as food and ground transportations will be reimbursed to the participant in a per diem amount, which will be detailed in the grant terms. You anticipate awarding between S and T scholarships annually. The average grant is expected to be between u dollars and v dollars per participant depending on workshop location, duration, and associated travel costs and tuition fees.

Your grants are available to two categories of participants, Category 1 (Social or Community Organization Professional) and Category 2 (Program Participant), representing different target groups.

You will publicize the availability of grants for each category through:

- Direct outreach to social and community organizations that will directly contact social and community organizations in your target areas in D to inform them about the program.
- Partnerships with other organizations and networks that will collaborate with other organizations and networks operating in the social development section in D to disseminate information about the program.
- Notifications to past program participants, such as your Category 2 applicants.

For both Category 1 and Category 2, no grants will be awarded to individuals who are disqualified persons with respect to you. There will be no limitations or restrictions in the selection procedures based upon race, religion, national or ethnic origin, or other illegally discriminatory criteria. You may impose other restrictions from time to time, such as geographic limitations (e.g., limited to recipients from disadvantaged rural and urban areas). The number of potentially eligible individuals is too large and uncertain to estimate at this time.

For both Category 1 and Category 2, you will maintain case histories showing recipients of your scholarships, fellowships, or other educational grants, including names, addresses, purposes of awards, amounts of each grant, manner of selection, and relationships (if any) to officers, trustees, or donors of funds to you. You will maintain case histories of all grants through electronic records, individual files and outcome tracking. You will track outcomes and impacts reported by grant recipients after the program's completion. You will use the information to evaluate your program's effectiveness.

You have developed two sets of specific criteria of eligibility. To be eligible to participate in your C, individuals must fall within one of the following categories, and meet the associated criteria.

Category 1: Social or Community Organization Professional

To be eligible as a Category 1 grant recipient, an individual should have background and professional experience as a professional for social or community organizations, which may include (whether via formal education or through real-world experience):

- Social Development, Project Management, or Grants Management experience
- Project Design experience (does not need expertise, but must have some experience)
- External-facing role interacting with grant makers, organizational leadership, and beneficiaries of the organization beneficiaries of the organization
- One or more years of professional experience within any social organization

Additional examples of Category 1 criteria include:

• A stated aspiration for further education and training
• A stated aspiration for professional advancement (a career, as opposed to a "job")
• A demonstrated ability or aspiration to create or design communications either individually or collaboratively (e.g., external communications such as community fliers, grant reports, etc.)
• A demonstrated aptitude to "think outside the box" and "problem solve"
• Some exposure to grass-roots level hybrid social innovations (efforts that combine philanthropy and business) and/or public/private partnerships (government and philanthropy)

Category 2: Foundation Grant-Funded Program Participant

To be eligible as a Category 2 grant recipient, an individual must be a past or present participant in your program who demonstrates commitment to your mission.

Examples of criteria that may indicate this include:

• A woman or girl (age 16 or older) with current or past experience as a beneficiary or participant in one or more of your grants or directly funded project(s)
• A demonstrated commitment to personal and/or professional development through consistent participation in such current or past project(s)
• A stated aspiration for further education and training
• A stated aspiration to improve herself and/or community through the development of social impact skills and capacity background and professional experience as a professional for social or community organizations, which may include (whether via formal education or through real-world experience)

Your objective is to identify individuals who demonstrate experience and commitment to your mission, whether they fall under Category 1 - Community Organization Professionals, or existing/past Category 2 - Foundation Grant-Funded Program Participants. Each grant applicant must either complete an application or be nominated by one of your project supervisors or staff members. Your selection committee will consider, among others, the following factors when selecting grant recipients, based on the applicant's narrative or the nomination or recommendation of program staff:

• High Professional or Program Achievement
• Recognized Contribution to Social Development
• Potential for Impact
• Program-specific Factors (e.g., geographical area, education or experience in a particular sector relevant to the program, pertinent service or volunteer roles, etc.)

You have not developed any specific criteria for renewing grants to individuals. However, if a recipient continues to meet the initial eligibility and selection criteria, you may allow for grant extensions or make additional grants to such recipients.

For any grant, you will require an individual recipient to sign an agreement obligating the recipient to submit full reports on a periodic basis before any funds are disbursed. Using the reports required by the agreement, you will monitor and evaluate the expenditure of funds and the progress made by each recipient, and potentially require the return of grant funds, should selected recipients not provide required reports or otherwise fail to participate in the required activities or maintain eligibility.

You will adhere to the following:

- Reporting Frequency: Grant recipients will be required to submit progress reports to you based on the specific reporting schedule detailed in the grant agreement
- Methods of evaluation
- Potential for Impact
- Program-specific Factors (e.g., geographical area, education or experience in a particular sector relevant to the program, pertinent service or volunteer roles, etc.)

Your selection committee is responsible for the selection of all grants for your C. Your selection committee does not vary based on the category of applicant (Category 1 or Category 2). Your selection committee for each category of grants will comprise a minimum of three members, including the Board Chair, the Senior Director of Operations, and a C team representative. The selection committee will also be composed of officers, staff or consultants involved in the projects for which grants are being made, along with members of your Board of Directors, or a person or persons who your Board of Directors has delegated selection authority. They will collectively identify and select grant recipients. All members of the selection committee will be individuals who are directly engaged in the oversight or execution of your charitable activities in the furtherance of your mission, and who are familiar with the needs and opportunities presented by each program.

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).

Relatives of members of the selection committee, or of your officers, directors, or substantial contributors are not eligible for awards made under your program.

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, Letter 4792