

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

**Department of the Treasury**

Number: **201817020**  
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**Employer Identification Number:**

**Contact person - ID number:**

**Contact telephone number:**

**Date:** January 30, 2018

**LEGEND**

UIL: 4945.04-04

M = Program  
w = Number  
x dollars = Amount

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**

Your letter indicates that you will operate an educational grant program called M. The purpose of M is to award w grants of x dollars, annually, to individuals or teams of individuals whose projects have the greatest potential to protect the most vulnerable, give a voice to the voiceless, and make the United States a fairer and more equitable place to live.

You will search for talented individuals to play a role in promoting a more tolerant and just society that serves the many. Through M, you will encourage creative, multidisciplinary projects that address wide-ranging issues in society.

M aims to support projects that address four types of issues, including:

- (1) Immigration and refugee rights
- (2) Minority rights

- (3) LGBTQIA and women's rights, and
- (4) Preserving and protecting the environment and fighting climate change.

You will disseminate information about M on your website and through press releases and social media. The application for M will be available on your website.

There will be two levels of evaluation for each proposal. First, your staff will evaluate each application to determine eligibility, clarity, and potential for impact. Writers, academics, journalists, activists, and community leaders will be invited to review and score applications. Applications that proceed to the second round will be reviewed and scored by a panel of judges and grant administrators. The panel of judges and the prize administrator will assess the overall quality of the proposal based on the above criteria as well as their own expertise in their fields.

The criteria for being a judge will be based on whether the person is a recognized leader in his or her field, with the ability to evaluate the feasibility of applications for social impact and the ability to evaluate the actual impact of a proposal; whether the person understands current humanitarian issues and challenges; whether the person has knowledge of solutions that have worked and not worked in the past; and diversity in backgrounds, professions, perspectives, and experiences.

You will select recipients on an objective and nondiscriminatory basis, based on criteria related to the purposes of M. These criteria include (1) demonstration of how their idea or project will create an impact on a significant problem related to the issue areas described above; (2) demonstration of a feasible and achievable path to implementation; and (3) the creativity and innovation behind the proposed idea.

Individuals that are ineligible to receive M include: (a) your current and former full-time employees, officers, and agents; (b) any members of the immediate families and those living in the same households of the persons listed in (a); (c) individuals who are part of the selection committee; and (d) any members of the immediate families and those living in the same households of the judges or members of the selection committee.

You will require all grantees to provide semi-annual progress reports and a final report. If a grantee fails to submit a report, fails to use funds for approved purposes, or otherwise fails to abide by the terms of the grant agreement, you will be entitled to request a return of the entire grant amount, or specific performance by the grantee. In addition, any portion of M that is not expended or committed for the purposes authorized by you must be returned.

You will maintain case histories, including the amount awarded, manner of selection, and the absence of any relationship of recipients to any officers, trustees or donors.

You represent that you will complete the following: (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversion of funds from their intended purposes, (3) take all

reasonable and appropriate steps to recover the diverted funds, ensure other grant funds held by the grantee are used for their intended purposes, and (4) 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 diversions from occurring.

You represent that you will maintain all records related to the following: (1) individual grants including information to evaluate grantees, (2) grantees which are identified as a disqualified person, (3) how the amount and purpose of each grant was established, and (4) how you established supervision and investigation of the grants described above.

### **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.

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 any questions, please contact the person listed at the top of this letter.

Sincerely,

Stephen A. Martin  
Director, Exempt Organizations  
Rulings and Agreements