

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

Department of the Treasury

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Date: January 21, 2020

Employer Identification Number:

Contact person - ID number

Contact telephone number:

LEGEND

UIL: 4945.04-04

B= Name
C= Individual
w= Numbers
x= Number
y 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 granting educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for granting 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 you will operate a grantmaking program called B.

The purpose of B is to honor the work of C in civic education by awarding grants to K-12 teachers once a year to enable them to implement public deliberation or deliberative teaching in the classroom in order to promote deliberation about important national issues. You will generally award w grants annually on a one-time basis for approximately y dollars.

To be eligible for the grant award, the applicant must:

- Demonstrate a commitment to fostering the civic development of students;
- Provide a detailed unit plan to illustrate their commitment to foster civic development of students;

- Show how their unit plan will support student learning, including the resources that will be needed.

Further, the applicant must identify a teaching partner or school administrator who will support them in carrying out the unit plan in the classroom. The teaching partner may be another teacher, a university partner, or other community partner positioned to be a resource or collaborator.

You will promote B through your network as well as on your website. To apply for a grant under B, applicants must complete a grant application using your form with all required attachments and submit it by a specific due date. Approximately x individuals will be eligible to apply for the grant each year.

Once applications are received, a diverse panel of your representatives will review the applications and select the grant recipients on an objective and nondiscriminatory basis. Recipients will be notified about one month after the application due date.

Grantees will be required to provide written reports, at least annually, to describe the progress made in the classroom. Grantees will also be required to submit a final written report describing the outcome and benefits achieved by the implemented lesson plan.

If you discover the misuse of the grant, you will withhold any remaining grant funds until corrections are made. When necessary, you will investigate diversions of funds from their intended purposes and take all reasonable and appropriate steps to recover diverted funds.

You will retain pertinent records for seven years, including but not limited to:

- (1) All information secured to evaluate the qualifications of potential grantees;
- (2) Identification of grantees and applicants;
- (3) Specification of the amount and purpose of each grant; and
- (4) Any follow-up information obtained.

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 grants the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for granting 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 grant subject to the provisions of Section 74(b), if the recipient of the prize or grant 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 grant 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