



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

Date:
12/27/2024
Taxpayer ID number:
Person to contact:
Name:
ID number:
Telephone:

Release Number: 202512006
Release Date: 3/21/25

LEGEND

A = minimum number of grants
B = maximum number of grants
C = activity
y dollars = minimum grant \$
z dollars = maximum grant \$

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 that you will operate an educational grant program. Your purpose is to award grants to individual journalists and publishers pursuing in-depth C, with a particular focus in protecting the right to free speech and creating a space for dissenting views. These grants will support and fund individual journalists engaging in C. You will publicize the grant program on your website and through your grantee organization's network.

Any experienced journalist or publisher may be eligible to apply for funding through your grant program, however, applicants must work in the news industry and must include a public dissemination strategy in connection with their proposal. Preferred topics may include, but are not limited to, social justice, human rights, and freedom of speech. Applicants are free to propose a reporting topic that is not reflected on the list of themes at the time.

You anticipate awarding between A and B grants each year. The awards will range in amount between y and z or a reasonable amount higher or lower depending on project costs and will be payable in installments over the course of up to twelve months. The award amount will be used to cover reasonable project expenses (such as supplies, materials, equipment, and performance of third-party services), a stipend, and travel expenses for travel directly related to the project.

Your staff will evaluate each application to ascertain (a) connection to the desired themes, as evidenced in the application materials; (b) the applicant's professional experience, as evidenced in their CV and other nomination materials; and (c) the proposed project's likely impact on public education.

Your Board of Directors will function as the selection committee and will make all selection decisions. Your staff will discuss and identify conflicts of interest (if any) with each Board member ahead of the start of the selection process. If any conflict of interest exists, the conflicted member or members are expected to recuse themselves from participating in the review of said application. No disqualified person, including any Board members or their individual family members, will be eligible to receive a grant from the program.

Each award will be made pursuant to the terms of a written grant agreement between you and the recipient. Grants are renewable and may be payable in multiple installments. You will maintain appropriate records in connection with the grant program. Upon completion of the program, you expect to conduct a follow-up interview with the recipient and will require a final report that describes the recipient's accomplishments with respect to the award and accounting for the funds received pursuant to the award.

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

Encl: Letter 437