

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

Department of the Treasury

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Employer Identification Number:

Contact person - ID number:

Date: October 9, 2019

Contact telephone number:

LEGEND

UIL: 4945.04-04

T = Grant
U = State
V = Number
w dollars = amount
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 T.

The purpose of T is to provide grants to emerging and mid-career visual artists in U to support those artists in pursuing new work and improving their skills. All grant funds must be used in a manner that furthers the recipient's artistic talents, for example, to purchase art supplies or attend workshops. Approximately V grant recipients will be selected on an annual basis, with one or two recipients receiving awards of w dollars, and the remaining recipients receiving awards of x dollars. Grants will be paid directly to the grantee.

The pool of grantees eligible for grants consists of artists who are current legal residents of U and have resided there for a minimum of one year at the time of application. Applicants must have art as their primary vocation and not currently be degree-seeking students.

To seek a grant, an artist must submit an application that includes a short biographical statement, a description and samples of their artwork, an explanation of the anticipated impact of the grant on their work and career, and information that ensures eligibility requirements are met and that the grantee is not a disqualified person with respect to you.

Applications go through a two-step review process. The first step involves jury panels consisting of 5-7 professionals from the visual art field reviewing and scoring the portfolios submitted with the program applications. The second step involves the program's selection committee, which also consists of 5-7 professionals from the visual arts field, doing an in-depth review of the applications submitted by the top scoring portfolios and interviewing finalists.

You select grant recipients from among eligible applicants without discriminating on the basis of race, gender, sexual orientation, ethnicity, nationality, or religion. Current members of the jury panel and the selection committee and their families, as well as disqualified persons with respect to you within the meaning of Code Section 4946 (including your directors and officers and their family members) are not eligible to receive grants under T.

Recipients are notified with an award letter that describes the requirements involved in accepting the award, including the recipient's reporting requirements. Recipients are required to sign and return a copy of the award letter indicating their acceptance of the terms and conditions of the award before any funds are disbursed.

Grant funds must be expended within a one-year period and each grant recipient must provide final reports within two months after that one-year period describing their use of the funds in accordance with the program's requirements and how their talents and career were advanced.

You will investigate any grant recipient's failure to provide the required reporting. If you determine a grant was used for an improper purpose, all reasonable and appropriate steps will be taken to recover the funds and to ensure that any funds held by the recipient will be used exclusively for the purposes of the grant award. No further payments will be made to a recipient who has improperly diverted grant funds until you have received any delinquent reports, and assurances from the recipient that future improper diversions will not occur.

You will keep the following records with respect to each grantee:

1. All information secured to evaluate the qualification of potential grantees;

2. The identity of each grantee, including any information on relationships that would cause the recipient to be a disqualified person with respect to you;
3. The amount and purposes of each grant;
4. A copy of the award letter notifying the recipient of the grant;
5. Any follow-up information obtained as described above; and
6. Any measures taken to investigate the misuse of grant funds or to enforce grant terms.

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