



Date:
03/06/2025
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202522009

Release Date: 5/30/2025

LEGEND

C = State
D = Program
E = Program
F = Range
G = Number
H = Number
J = Range
K = Range
t dollars = Dollar
u dollars = Dollar

UIL: 4945.04-04

Dear :

You asked for advance approval of your educational 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 two educational grant programs under IRC Section 4945(g)(3), the D and the E.

Program D

The purpose of D is to support arts and culture in C. Through D you make grants to individual artists which will honor the merit and significance of dedication to artistic exploration and growth. Awards are available for

emerging, mid-career, and mature artists with disciplines in crafts, dance/choreography, folk and traditional arts, literary arts/script works, media arts, multidiscipline, music/music composition, performance and theatre, production arts, and visual arts.

To be eligible to apply for D, applicants must:

- Be a resident of C full time and submit two statements of proof
- Be at least 18 years or older, including all group collaborators
- Be currently producing artist-driven work
- Identify a career stage (emerging, mid-career, or mature) and meet the specified criteria of that stage
- Upload an IRS W9 form and submit an IRS form 990 for year-end tax purposes

Artists are expected to submit:

- A resume or a description of a professional history or work in a particular field.
- A high-level summary of the proposed project.
- Describe their project and outline their goals over the period.
- A high-level timeline of their project activities over the grant period.
- A project budget.
- Describe how they see this project advancing their artistic growth, and will the project foster collaboration?
- Work samples demonstrating the applicant's abilities to carry out the proposed activities,
- Anything else they would like the panel to know?

The selection criteria are intended to identify those individuals who are most qualified for assistance, who demonstrate ability or potential to further your tax-exempt purposes, and/or who show strong potential to succeed.

You will award F grants of t dollars annually based on available funds and relative need of your programming at any given time.

You publicize D broadly through a variety of means, including describing the programs in detail on your website, communicating your programs to your potential and existing grantees and announcing your programs in various publications and other media.

Your Selection Committee is comprised of trustees, staff members, and/or individuals selected from the community, by you, with expertise in a particular field or knowledge of a particular community. Such committee shall be advisory only, and all final decisions regarding the issuance of any awards will be made by your Chief Executive Officer, or that individual's delegate, in accordance with the procedures.

You don't intend for grants to be renewable. In the future, you may choose to renew a particular grant provided that you ensure that the recipient is using the granted funds in a manner consistent with the purposes of the grant before issuing a renewal, including reviewing grantee reports.

Program E

The purpose of E is to strengthen C's nonprofit organizations and tribal entities. You will make grants to provide executives of such organizations a sabbatical to engage in activities for personal renewal and growth.

E will provide stipends and cover expenses of leaders to travel, study, write, reflect or rejuvenate, by

continuing to improve or enhance leadership capacity, skill, and talent in the charitable position as a leader for H days. To enable to plan, study, cogitate, and learn to enhance the quality of services for charitable organizations in C.

Eligible organizations must:

- Be in C as nonprofit or tribal entity
- Agree to continue paying benefits to the employee
- Support the employee's application
- Relieve the employee of all obligations during the sabbatical
- Identify an interim leader for managing the organization during the leader's absence

To be eligible to apply for E, applicants must :

- Be a resident of C with a least H years of experience in the nonprofit sector or with a tribal organization and at least G years of experience in a current position.
- Be a full-time Chief Executive Officer, executive director, or tribal administrator

Applicants are expected to submit:

- A resume or description of their professional history or work in a particular field,
- A description of what the applicant hopes to experience, explore, or accomplish during their sabbatical and how they propose to achieve these goals.
- Describe the sponsoring organization, describe its services, and confirm its status as a Section 501(c)(3) organization classified as a public charity,
- Describe the applicants job responsibilities and a plan for meeting those responsibilities if the grant will result in their absence from their position for any period of time,
- Evidence of any commitments made by the sponsoring organization and the applicant as a condition of receiving the award.

Applicants are selected based on:

- The applicant's professional accomplishments, quality of work, or nature of their contributions to their specific field or community compared to their experience, training, and career stage.
- The promise of the applicant's future work and contributions to their community or field or work, and
- The impact the award will likely have on the applicant's future professional growth and ability to serve their community's needs.

After the sabbatical, recipients are expected to:

- Submit a written report on the benefits of the time away and challenges faced. Photos and videos are encouraged.
- Commit to return to the organization for a minimum of a year after.

Your Selection Committee is comprised of trustees, staff members, and/or individuals selected from the community, by you, with expertise in a particular field or knowledge of a particular community. Such committee shall be advisory only, and all final decisions regarding the issuance of any awards will be made by your Chief Executive Officer, or that individual's delegate, in accordance with the procedures.

You award K grants of u dollars based on available of funds for disbursement and relative needs of its programming at any given time. You don't have a renewal process and E is a one-time award.

You publicize E broadly through a variety of means, including describing the programs in detail on your website, communicating its programs to its potential and existing grantees and announcing its programs in

various publications and other media.

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 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 IRC Section 117(a) and is to be used for study at an educational organization described in IRC Section 170(b)(1)(A)(ii).
 - 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.
 - 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,

Steven A Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:
Letter 437