Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities

Date:
06/09/2025
Taxpayer ID number:

Person to contact:

Release Number: 202536045
Release Date: 9/5/2025

LEGEND
B = Continent
C = Nationality
D = Country
E = Number
x dollars = dollar amount

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 you will operate a grant program for artists located in D who are completing or who recently have completed their postgraduate studies in any artistic medium at an accredited university in D. Your program is intended to enable cross-cultural exchange and nurture emerging artists from B by offering three-month residencies to develop their artistic pursuits. Your program artists will create art, participate in workshops and educational experiences and display their work to the local community at monthly exhibitions held at your center.

To be eligible for a grant, the applicants must:
- Be located in D and
- Be completing or have recently completed their postgraduate studies in any artistic medium at an accredited

university in B.

You will rate the applicants based on the following criteria:
• Letters of recommendation
• Nominations from university professors and/or gallerists in their local artistic communities
• Current projects
• Past awards and honors
• Essays
• Submissions of past artwork
• Personal interviews

The grant program will be advertised through written materials distributed through C artist associations, universities, and galleries with postgraduate art programs. These organizations will advertise the program on their websites.

The Selection Committee will be comprised of individuals (who need not be your directors or officers, although the Selection Committee will consist in some part of your directors) selected by your directors. In selecting members of the Selection Committee, the directors will choose among individuals with relevant experience, such as experience in an art-related profession, as a member of a selection committee for a similar program, or involvement with the local or the D artistic community. Committee members who may be in a position to derive private benefit, such as members who have sold an artist's work, will not participate in decisions with respect to such artist's candidacy. Relatives of members of the selection committee, or of your officers, directors, or substantial contributors are not eligible for awards made under your program.

You intend to award up to x dollars per month with up to E grants per school year. Your awards will be made on a one time basis. Your grant program will cover costs of travel to the United States and participation in curated educational experiences. Your program will reimburse resident artists for expenses incidental to their temporary stay, including food and other reasonable living expenses during their residency. You will disburse funds for your grants by reviewing receipts before approving for reimbursement.

Your grants will be awarded on the condition and the expectation that resident artists complete their residencies by working on their individual projects, participating in the curated educational experiences and showcasing their works at the monthly exhibitions open to the local community. Your grantee will have regular check-ins with program leaders to assess their progress in respect of the individual goals set at the beginning of the program.

Your procedure for supervising grants will occur at your center where the resident artists' participation in and commitment to the program can be observed. If your grant recipient ceases to participate in program activities for reasons other than illness, bereavement or similar reasons or for a meaningful period of time relative to the length of the program, their residencies will be terminated and they will cease to be participants in the program.

You will comply with all United States statutes, executive orders and regulations that restrict or prohibit U.S. persons from engaging in transactions and dealings with designated countries, entities, or individuals, or otherwise engaging in activities in violation of economic sanctions administered by the Office of Foreign Assets Control (OFAC).

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 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

Enclosures:
Letter 437, Letter 4792