

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Employer Identification Number:

Number: **201921018**

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Contact person - ID number:

Contact telephone number:

Date: March 1, 2019

LEGEND

UIL: 4945.04-04

B = Name

C = Number

x dollars = Amount

y dollars = Amount

z dollars = Amount

Dear :

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code Section 4945(g). This approval is required because you are a private foundation that is exempt from federal income tax. You requested approval of your scholarship program to fund the education of certain qualifying students.

Our determination

We approved your procedures for awarding scholarships and educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships and educational grants meet the requirements of Code Sections 4945(g)(1) and 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

Also, Section 4945(g)(1) awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provided in Code Section 117(b)).

Description of your request

Your letter indicates you will operate a grantmaking program called B. The purpose of B is to recognize outstanding musical talent and encourage further development in the award recipient's respective music specialty by providing funding for lessons, music education or by assisting with the purchase of music and instruments. Under B, you plan to provide grants to young musicians showing potential for music careers and/or pursuing

vocal or instrumental studies in classical music. The recipients may use the grant to attend an educational institution within the meaning of Section 170(b)(1)(A)(ii) to pursue an education in music or to use it for a purpose described in 4945(g)(3) such as for lessons or to purchase a musical instrument to develop, improve and enhance their musical skills and talents. You will award grants in the amounts of x dollars, y dollars, and z dollars for both instrumental and vocal areas for high school age musicians in their sophomore or junior year as well as to college age musicians in their second or third year of study at a college or university. In addition, to be eligible for an award, an applicant must plan to continue his or her study of classical voice or instrument. You at first plan to award C scholarships and may make appropriate adjustments based on your experience in prior years.

To be eligible for an award, an applicant must plan to continue their study of classical voice or their musical instrument. The grants are one-time awards, but recipients may apply for future grants. Furthermore, the grants are merit-based and open to anyone not related to you or your membership.

B will be publicized through your website, through mailing and/or emailing information to all local high schools and to all local colleges that offer music degrees, as well as to teachers and music groups in the surrounding counties in your region.

To apply, all interested individuals must submit your application by a specific deadline with the following attachments:

- The signed release form;
- A short video demonstrating their talent;
- One letter explaining goals and plans;
- One letter of recommendation from the primary instructor;
- One written character reference from a non-family member.

The applications will be evaluated to select candidates to audition in front of your selection committee consisting of panels of three judges. There will be one such panel for vocalists, and another for instrumentalists. The judges for the voice panel will be selected from qualified and certified private voice teachers or college professors of voice. The judges for the instrumental panel will be selected from private teachers and college professors of instrumental music and symphony orchestra conductors.

All candidates are required to prepare and memorize audition music for the panel of judges. For vocal awards, the judges will use criteria consisting of beauty and tone quality, technique, communication, musicianship, and stage presence. Specific criteria for instrumental awards include tone quality, interpretation and musicianship, and technique. All candidates may also be evaluated on their choice of materials, appearance, improvisation, poise, memorization and/or mastery of technical difficulty.

The panels of judges after the audition will recommend the number of scholarships to award and the individual amounts of the awards. You will approve or reject the scholarship committee's recommendation.

Since these are one-time awards and not renewable, you are not imposing a requirement on recipients except that you request that the recipients receiving the highest award amount in each category perform in a recital for your membership within a short time after receiving the award. Moreover, recipients will not sign a grant agreement but are required to respond in writing to you within one year of the grant award to confirm the manner in which the grant award was used.

You will maintain files with the names of the recipients, contact information, amounts of awards, how the awards were used, and how recipients were chosen. Relatives of members or of the board of directors are not eligible.

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.

Under 4945(g)(3), 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 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 Cincinnati Office of Exempt Organizations at:

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

- You cannot 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 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 questions, please contact the person listed at the top of this letter.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements