

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

**Department of the Treasury**

Number: **202125021**  
Release Date: 6/25/2021

Date: **March 30, 2021**

**Employer Identification Number:**

**Contact person - ID number:**

**Contact telephone number:**

LEGEND

UIL: 4945.04-04

B = Scholarship Name  
C = Number Range  
D = Number Range  
x dollars = Amount  
y 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 B.

Your purpose is to use your assets and influence to improve a wide array of societal ills, including a lack of environmental sustainability, community inequality, and the need for a better understanding of, and more resources to address, mental health issues. Artists have traditionally used images, stories, film, and other forms of creative expression to raise awareness about social issues or injustices.

The purpose of B is to give artists a space to work with a community of other artists, thereby promoting public appreciation of the arts. B is intended to be a judgment free atmosphere that will encourage artists working in a variety of media to challenge each

other and to think boldly in a supportive environment. B will comprise three six-week sessions per year, each session consisting of a to person cohort. Living accommodations, studio space, and monetary support will be provided to artists working on projects that align with your stated goals and values.

The program will be conducted at a property owned by your president which will be provided to you at no cost. Studio space will be open daily from , artists can choose to work in the studios or at other locations throughout the property. At the end of each cohort's residency you will host a free open house event for community members to meet the artists, view the projects, and the artists will be given an opportunity to talk about their work.

All grant recipients will be provided housing and two meals per day for the duration of the six-week session. In addition, each artist will receive a x dollars stipend to support the artist's participation in the cohort, y dollars of which will be provided in the form of a gift card to purchase supplies prior to the start of the residency. The balance will be provided as a cash payment upon the artist's arrival at the beginning of the session.

You plan to publicize the availability of grants through multiple channels to ensure there is sufficient opportunity for broad participation in B. You have plans to approach a number of art and design schools, university writing programs, and music schools to advertise B. Your officers, directors, employees and independent contractors, and members of the Selection Committee will also promote the availability of grants through their personal and professional networks.

A broad range of artists, aged 18 and over, from different backgrounds, disciplines, and skill sets will be eligible for B. Such individuals may include writers, poets, painters, sculptors, potters, performance artists, film makers, dancers, and musicians. Individuals who have demonstrated talent by participating in art fairs, art shows, poetry or writing contests, and who have demonstrated sustained interest in a specific artistic discipline through study, exhibiting, gallery work, or publishing are welcome to apply. You expect an initial applicant pool between C artists. Once the program becomes established you expect an average pool of D artists.

Applicants will be required to submit a summary of their proposed project, a list of space and equipment requirements, and a project budget, which may include cost of living and other ancillary expenses. Applicants will also be expected to provide a current resume, a portfolio that includes submissions representative of the applicant's past work and accomplishments, and one letter of reference. The specific criteria used to select recipients will include alignment with your goals and overall mission; quality of proposed project; skills and professional background; overall creativity and inventiveness of the applicant and the project; and recommendations and references. The Selection Committee will narrow down the applicant pool to finalists, will be selected to participate in the program. Your officers, directors, substantial contributors, selection committee members and the children of close relatives of such persons are not eligible for grants.

The Selection Committee will be composed of at least two of your staff members and a rotating pool of volunteer judges. The rotating pool of judges will include art teachers, writers, curators, artists with expertise in various disciplines, philanthropists and/or social entrepreneurs who have experience on boards evaluating candidates for grants. A new Selection Committee will be established for each application cycle. Your president will appoint the members of the committee. Each member is obligated to disclose any conflicts of interests with a potential grantee.

Each recipient is expected to live at the site at least five days a week during the residency. Resident artists are also expected to participate in their cohort community and provide quarterly updates to you regarding public appearances, exhibits or press coverage for four years post-residency. A completed final work product is not a requirement, any work that is produced during the residency is the exclusive property of the artist. However, you will request permission to exhibit representations of the artists' work. Finally, each grant recipient will complete an exit interview so you can assess the effectiveness and impact of B.

You aim to curate a diverse selection of artists in each cohort, representing different disciplines and experiences. In awarding B grants there will be no discrimination on the basis of race, age, national origin, religion, sexual orientation, or gender. In addition, 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 OFAC to ensure that you do not make a grant to an individual violation of the Patriot Act of 2001.

You will maintain detailed case histories recording the name and address of the applicant and the amount or total value of the grant. Additionally, the case histories will record the criteria relied upon by the Selection Committee to select grant recipients, as well as all application forms, reports, budgets, or other required documents. The case histories will record confirmation that the applicant bears no relationship to your officers, directors, and substantial contributors or members of the Selection Committee.

You expect to maintain these records for a period of at least four years after the time each grant recipient has fully expended the grant funds, or has otherwise ceased to participate in B. You will periodically review case histories to evaluate the impact and overall effectiveness of the B grants.

You have established procedures to ensure appropriate use of the grant funds. Each recipient is required to provide you with an annual narrative and financial report as well as a final narrative report. Grants must be fully expended within six months after the cohort end date. You will withhold further payments to the extent possible during the investigation of any jeopardized grant. If you discover grant funds have been misused all reasonable steps will be taken to recover any diverted funds or to ensure that any used portion is either returned or used for its intended purpose. Grants are not renewable,

however, there are no restrictions as to the number of times an individual may apply for the program.

### **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