

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Date: August 11, 2020

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

UIL: 4945.04-04

B = Program
C = City

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 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 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 that you will operate an educational grant program called B.

Your purpose is to advance the general public's knowledge of, interest in and appreciation for the fine arts and promoting education and scholarly research in the fine arts.

You will operate B, an after-school program that offers the students in their junior or senior year of high school learning opportunities through the study of the arts. The participants in B will engage with a range of art professionals at museum and institutions in C, develop individual and collaborative projects (including oral presentations, research

papers and digital projects) and build knowledge of the career opportunities available in the fields of curations, exhibition making and education. You will award stipends to high-school students from low-income households for the specific objective as an opportunity to participate in an after-school program, rather taking a part-time job. Stipends will be paid directly to participants in two installments. Students will not be eligible to participate in B more than once.

You will publicize B on your website, social media account and through word of mouth. Participants in B will be selected based on the quality of their application materials and on the location of their residents and the school they attend. You will require each applicant to submit (i) a statement summarizing why he/she wants to join B and (ii) original piece of academic writing (e.g., essay or article) of which applicant is proud. You will seek to create a diverse cohort of students from low-income households who do not otherwise have exposure to the study of the art.

Applicants will be selected for participation by your executive director and your educational consultant. They will evaluate each applicant by reviewing his or her application. You will enter into agreement with each participant upon approval of application. You will set forth the responsibilities and requirements for each party. The amount of each stipend will be calculated to approximate the amount that each student could otherwise earn by taking part-time job. It will vary from time to time and depend on the length of the program.

Stipends will be paid directly to participants in two installments. The first installment would be paid to participant upon successful completion of the first half of the program, and the second installment will be paid upon successful completion of the remainder of the program. Each participant in B will be awarded stipend if he or she (i) attends all after-school sessions, (ii) actively participates in those sessions, and (iii) completes all projects, reading and assignments. Each participant will be permitted up to two absences for sickness and emergencies.

There will be no stated minimum or maximum number of stipends made in any tax year. You anticipate approximately to participants in B. You will retain all material information relating to each stipend, including (i) information relation to selection of participant, including the participants' application and confirmation that no such participant was "disqualified person" as defined in Code Section 4946(a)(1); (ii) the name and address of the participant; (iii) the amount of each payment, the recipient of such payment and the date thereof; (iv) documentation of the participant's satisfactory completion of the program; and (v) any additional material information procured in the process of administering the program.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (IRC 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 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 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 covers only the grant program described above. It doesn't include other similar programs mentioned in your request, because there is no detailed description is provided. 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 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'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

cc: