

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

Department of the Treasury

Release Number: **201431033**
Release Date: 8/1/2014
Date: April 23, 2014

Employer Identification Number:

Person to Contact - ID#:

Contact telephone number:

LEGEND:

B= program
C= city 1
D= city 2
E= city 3
y = dollar amount

UIL:

4945.04-04

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

You will operate a grant program as part of the B to permit poets to think in depth about poetic topics of interest to them and present the results of such thinking in a form that may be accessible to all. Thus, create lasting words of criticism and poetics that will help poets, scholars, and general readers more fully understand poetry as it is written and read in our time.

Your Board of Trustees seeks to provide support to "mid-career" poets who are working in the United States, to enable those poets to produce new, original work. For this purpose, you define "mid-career" poets as those poets who have demonstrated a record of achievement in the field, including a significant body of published work, but who have not yet reached the top rank of well-known poets who become famous outside of the poetry field and who typically receive most of the major awards available to poets.

You do not plan to use an application. Instead, you will identify leading-mid career American poets using a variety of internal and external sources. In preparation for the grant selection process, your trustees and officers compile a list of active mid-career poets who could potentially be appropriate recipients for the award. The list is intended to be as comprehensive as possible. Trustees and officers are well-informed with respect to developments in the field, and familiar with many poets' current work. They may draw candidates from the ranks of college and university faculty, professional authors and writing teachers, or amateurs who have achieved publication of their work. You estimate that at any given point at least several hundred poets could be appropriate recipients, given their record of achievement and stage of their career. Eligibility is not limited beyond the basic criteria listed above and is not restricted to any specific group based on employer, publishing affiliation, personal familiarity of your trustees or officers, or any similar criterion.

You plan on awarding three grants annually in the sum of y dollars each for a term of six months; to be done in a two-year cycle. This will permit each recipient the necessary time to explore the questions around poetry and poetics that are of greatest concern to them as writers and to prepare and present lectures on those subjects. Lectures are initially planned for, but not limited to the cities of C, D and E. You may expand to additional areas in the future. You will also pay for their cost of travel. Grants are made on a one-time basis and are not renewable.

Your selection committee will consist of four individuals, at least one of whom must be one of your trustees. Selection committee members are expected to be knowledgeable about contemporary American poetry and poets, and have a commitment to furthering literature, poetry and literary creativity. If there is a vacancy on the selection committee, the remaining members of the committee will nominate a successor for appointment by your trustees.

The selection committee will consider if the individual has the following:

- multiple publications of their own poetry over a sustained period of time,
- established a substantial literary reputation, and
- demonstrated he/she is an excellent lecturer and original thinker.

You may also consider the likely financial need of the poet, based on the poet's career circumstances and other publicly known information.

The selection committee will then select recipients who they believe demonstrates the following:

- diverse and valuable insight into the concerns and achievements of the major poets of the generation,
- to be an accomplished practitioner that demonstrated exceptional thoughtfulness and insight during his/her career, and
- is approaching the mature, middle phase of their career.

Each recipient will develop his or her own questions for exploration and incorporation into his or her lectures. The only subject matter restriction imposed on recipients is that the lectures must be within the field of poetry and poetics. Each recipient will prepare for the lectures using his or her own process; the grants do not prescribe a process. A recipient might develop his or her lectures by using any variety of methods, including reading, academic research, attending or teaching classes, written or spoken conversations with other practitioners and readers, and private contemplation and writing. The poets will retain the copyright to their own lectures and to any work or materials they author during the process of preparing the lectures. The lectures must be delivered, however, in a setting with free admission to the public. Lectures given in university settings may be offered to the public in video form by the universities involved.

Notices regarding the establishment of the lecture series will be sent to poetry magazines, poetry publishers, literary arts organizations, and major media outlets. Thereafter, lectures will be announced and advertised to groups and publications in a manner designed to reach audiences that may be interested in lectures on the subject of poetry.

As a condition of each grant, you require each recipient to provide a final report at the end of the six-month period. Such report shall cover the grantee's use of the grant funds and the grantee's progress toward the goals outlined in the grant agreement. If any future grants cover a longer period, you will require an interim report at least annually in addition to the final report.

If you do not receive the required report, or do not believe the report reflects appropriate use of grant funds, or has any other reason to believe that a grant may not have been used appropriately, then you will conduct an investigation and withhold any payments not already provided until such investigation is complete. If, after investigation, you continue to believe that grant funds have been misused, then you will continue to withhold funds, and attempt to recover funds that have been misused through any reasonable means up to and including legal action. You expect that in such a situation you will not continue to disburse funds to the grantee involved. If you were to resume disbursements, it would follow the procedures set forth in Treasury Regulation Section 53.4945-4(c)(4)(ii)(b), securing written assurances from the grantee with respect to the appropriate use of subsequent disbursements and requiring detailed periodic accountings with respect to the use of grant funds.

As demonstrated above, 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, 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 represent that you will maintain the following:

- 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

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,

Director, Exempt Organizations