

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

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Date: December 22, 2015

LEGEND:

B= program
C= country
D= geographic region

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

Your letter indicates that you will operate an educational grant program called B. The purpose of your program is to facilitate the introduction of international art professionals to artists and art professionals living and working in C; thus, fostering greater awareness of and knowledge about contemporary C art in the international art community.

You will periodically select a group of individuals, each of whom must be actively engaged in the field of contemporary art, for travel as a group to C. Trips will be scheduled for no longer than one week. On each trip the group will meet with contemporary artists and other art professionals residing in C, visiting their studios, galleries and other artistic and cultural venues. The Director and Curator of your program will develop an itinerary for each group and be the trip leader.

You will publicize this program through your website, press releases and newsletters sent to a dedicated mailing list, and individually focused emails. The number of grants will be determined by fund availability and by the quality of applications received.

Your grant to each individual will consist of its payment or reimbursement of the costs of each individual's (i) round-trip airfare to and from C, (ii) meals and lodging while in C, and (iii) local transportation within C. The amount of each grant will not exceed the funding of each individual's travel costs. Because individual travel costs can vary depending upon, for example, the availability of group lodging rates or the different air fare charges for flights between each individual's residence and C, the total amount of each grant cannot be forecast at this time. However, in no event will that amount exceed total travel costs paid directly on behalf of each individual or reimbursed to each individual as substantiated by expense records.

Eligibility Requirements:

- Be at least 21 years of age
- Actively work as an arts professional in the contemporary art field. An arts professional is defined as a curator, artist, critic and arts administrator.
- Agree to prepare a short written report upon completion of the trip describing your experience and its potential impact on your creative endeavors.
- Possess a passport and the appropriate visas at time of airline ticket purchase in order to travel to C

Relatives of your Board of Directors, Council members, staff and contributors are not eligible to apply. Grants are awarded to individuals only once in their lifetime. A prior recipient is not eligible to apply.

To apply applicants must submit the following information:

- Résumé, including a list of your art-related affiliations (2 pages)
- A description of why a trip to C would benefit your creative endeavors (no more than 150 words)
- A description of what you hope to bring to the C art community both during the trip and after (no more than 250 words)
- A list of artists and other art professionals you would like to meet, and cultural venues you would like to visit, during the trip to C

Your founders are permanent members of your Board of Directors. The initial B Director is selected by your Board of Directors to establish and run the program on a continuing basis. Should the Director leave the program for any reason, the Board of Directors will seek to engage a similarly-qualified individual as a successor in consultation with the B Council.

The Council members have volunteered to be advisors to the program and have key expertise in the contemporary art field. Each member is serving for a one-year term. The term of each member can be renewed for additional one-year periods by agreement between the Board of Directors and the member. Should a member cease to serve, the Board of Directors will seek to engage a similarly-qualified individual as the member's successor in consultation with the B Director.

The award to any recipient will be made by the Director of the program in consultation with the members of the Council. Specifically, the Director will screen all submitted applications into potentially qualifying applicants, then review these with Council members to obtain their views. This review will take into consideration the criteria set forth below. The final selection of the recipients will be based on the collective judgment of the Director and the Council members. There will be no discrimination on the basis of race, national origin, sexual orientation, religion or gender.

The specific criteria used to select individuals will be based on experience and expertise in the field of contemporary art as it relates to key themes pertinent to D, particularly C, as evidenced by the following:

- Exhibitions of their work,
- Published articles, blog pieces and other writing examples,
- Work and educational backgrounds,
- Art-related organizational affiliations, and
- Reputations within the contemporary art community.

Once accepted, the individual will be required to sign an agreement confirming his or her participation. The individual will be obligated to submit a short written report about his or her experience describing, in particular, what impact, if any that the trip will have on the individual's current and future creative endeavors. The written report will be due within 60 days of completion of the trip.

Trips will be based upon a budget prepared by the Director in collaboration with your Board of Directors. The Director will prepare an itinerary of activities in advance of each trip. The itinerary will be circulated to all participants in advance. It is expected that each participant will attend all of the scheduled activities. The Director will then coordinate travel arrangements with the participants. Once a trip is underway, the Director will lead and supervise the trip.

Participants who fail to comply with the requirements prior to departure will forfeit their trip. It is not anticipated that a participant will have an opportunity to misuse or to divert funds either before or during the trip, given the Director's coordination and supervision of the trip. If a participant submits a reimbursement request without adequate substantiation, reimbursement will be denied.

Following the receipt and review of the participants' reports, the Director will submit a report to the Board of Directors summarizing the experience and the participants' reactions. The Director will further make recommendations as to whether you should engage in any follow-up publicity about the trip and the C artists with whom the participants interacted.

You represent that you will complete the following: (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversion of funds from their intended purposes, and (3) 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 (4) 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: (1) all records relating to individual grants including information obtained to evaluate grantees, (2) identify a grantee is a disqualified person, (3) establish the amount and purpose of each grant, and (4) 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.

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,

Jeffrey I. Cooper
Director, Exempt Organizations
Rulings and Agreements