

Internal Revenue Service

P.O. Box 2508

Cincinnati, OH 45201

Department of the TreasuryRelease Number: **201647011**

Release Date: 11/18/2016

Date: August 23, 2016

Employer Identification Number:**Contact person - ID number:****Contact telephone number:****LEGEND**

UIL: 4945.04-04

x = Number

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

The purpose of your grant program is to award grants to support exceptionally promising young sculptors who wish to attend your annual conference. The conference is a unique opportunity for sculptors and scholars to meet and engage with each other, learn new methodologies for creating sculptures, and discuss the current state of sculpture in the artistic and educational spheres.

You currently anticipate awarding approximately x grants per year, but the exact number of grants awarded may vary from time to time, depending on the availability of funds. Grants will generally be distributed in one lump sum to chosen recipients prior to the start of the conference each year.

The grants will cover the cost of a two-night hotel stay, which you will pay for directly, and include a small stipend of y dollars. You will also waive the conference fee. Grant recipients are responsible for their own meals, travel expenses, and other daily

expenses. By permitting young sculptors of exceptional talent and promise to attend the conference, meet and learn from other artists and scholars, and engage meaningfully on varied topics relating to sculpture and the arts, the grant program will allow you to support and encourage the advancement of outstanding art and to foster and promote high-quality education and collaboration in the areas of sculpture and fine arts, in furtherance of your charitable and educational purposes.

Eligible individuals generally will be sculptors between the ages of 21 and 35 who are citizens or residents of the United States. Grants will be awarded on the basis of applicants' exceptional accomplishment and promise in the area of sculpture and on the potential of the conference to enhance their sculpture-related and overall artistic education and skill. You will also strive to ensure that selected applicants demonstrate significant cultural, artistic, and philosophical diversity. You may expand and develop or modify these eligibility criteria as the grant program develops. Grants will be available without regard to race, color, religion, creed, national or ethnic origin, age, sex, gender, sexual orientation, veteran's status, disability, or any other legally recognized classification.

Information about the grant program and an application will be included on your website, and may be publicized through a brochure or similar materials. Eligible individuals will be required to apply directly to you. Each applicant will be required to submit images of six to twelve of his or her own works of sculpture, as well as a biography or resume.

Grant recipient review and selection may be a multiple-step process, but all grants will be subject to final approval by your Board of Directors (the "Board"). In some cases, the Board may directly review candidate applications and select the grant recipients based on its review. In other cases, the Board may delegate the initial review process to a jury designated by the Board composed of at least three artists who have achieved prominence in the field of sculpture (the "Jury"), who will review the grant applications and select finalists to be submitted to the Board for final review. Although not required in all cases, individuals who pass the initial review process may be interviewed or asked to submit additional information.

The Board will appoint Jury members from among accomplished sculptors who have a variety of creative backgrounds and who are from various geographic regions in order to create a diverse mix of Jury members. Jury members may be proposed to the Board by individual directors, staff members, and others. The Jury members will not be revealed to the public, and each Jury member will be expected to serve for one year. Jury members will not receive remuneration of any kind for their service.

The Jury members will change each year, and each year's grants review process will be treated as completely separate from and independent of the prior years' processes. In order to guarantee unbiased review, Jury members will not know whether applicants have received grants in prior years. Thus, sculptors who have received grants in the past will be eligible to submit applications in subsequent years, and such new applications will not be treated as applications for grant renewals.

Relatives of your officers, directors and employees or your substantial contributors or members of the Jury, and any other disqualified persons (within the meaning of Code Section 4946), are not eligible for the grant program. Participants in the grant program may not include anyone whose selection would result in private benefit to any of the aforementioned individuals.

Grants will be made pursuant to written commitments from the grantees to abide by the grant program guidelines. You will obtain final reports from the grant recipients describing the benefits they received from attending the conference and how this experience will impact their future artistic work. Other than the modest stipend of y dollars described above, grant recipients will not receive cash grants. Therefore, misuse of grant funds is not an issue.

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.

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,

Jeffrey I. Cooper
Director, Exempt Organizations
Rulings and Agreements