

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Employer Identification Number:

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Contact telephone number:

LEGEND

UIL: 4945.04-04

B= Name

C= City

D= Name

E= Name

F= Number

G= Number

H= Number

x dollars= Amount

y dollars= Amount

z 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.

The purpose of B is to support and promote public-minded art performances and projects by providing direct financial support in the form of small grants to artists and performers to defray the expenses associated with such performances and projects so that they may engage the public and promote the arts by using a wide range of creative mediums. B will support projects in both the fine and the performing arts including those focused on music, dance, theater, story-telling, spoken-word poetry, film and video, as well as those

using painting, sculpture, drawing, printmaking, traditional crafts, and other similar creative undertakings.

The initial geographical focus of B will be the D and E counties of the C area; however, this may expand as you discover where your support has the greatest impact and as your resources permit. Your hope is that B will strengthen the connections between C residents and artists which you believe will ultimately lead to a more diverse, vibrant, and attractive community.

You plan to have in the range of F grant cycles per year and anticipate making in the range of F grants per grant cycle for a maximum amount of x dollars per grant depending on the quality and number of eligible applicants. There will be approximately G recipients each year. As your resources permit, you may adjust over time the number and frequency of grants made, and the maximum amount per grant.

To be eligible to receive a grant under B, applicants will not have to show any predetermined educational or professional credentials, but each applicant must have a tangible plan to create an art project or performance that will engage and impact the community in D and E counties of the C area. Your officers, directors, substantial contributors, selection committee members and the children or close relatives of such persons are not eligible for grants made under B.

You plan to promote B on your website, on other social media outlets, at art openings of local art organizations and through press releases to local media and news outlets. You also anticipate meeting with the leaders of local arts organizations to promote B as well as use the resources of local art councils to disseminate information about B. In addition, you hope past grant recipients will help in publicizing B.

Your website will have information regarding the application process. To apply, applicants must provide a detailed description of a proposed project with a proposed budget and detailed timeline. Moreover, the applicants must explain how their proposed project will impact the community, specifically, the impact on public engagement as well as provide a proposed public engagement date. You will also encourage applicants to provide references and/or recommendations although this is not a requirement.

A selection committee generally consisting of in the range of H individuals and comprised of past grant recipients, museum curators, business leaders and leaders from arts organizations will select the recipients on an objective and nondiscriminatory basis. Specifically, in awarding the grants there will be no discrimination on the basis of race, national origin, religion, sexual orientation, or gender. You will appoint selection committee members by considering each person's knowledge of and experience in their relevant fields, and the person's ability to carry out their responsibilities. You will initially appoint selection committee members for a one-year term; however, these terms are renewable at your discretion. Furthermore, you may add or remove members and will replace members upon their resignation, removal, or inability to serve. In addition, selection committee members will be volunteers but in the future, you may pay an

honorarium to selection committee members and only in connection with the grant cycle during which they actively have reviewed grant applications.

Each selection member is obligated to disclose the existence of a relationship that they have with any potential grantee under consideration. Furthermore, members will abstain from participation in the recommendation process if such member could derive, directly or indirectly, a tangible private benefit from any potential grantee's selection over that of other potential grantees or if any such potential grantee is a relative of a member. Although you do not expect your officers and directors to serve on the selection committee, you will maintain a final veto power over the selection of candidates.

Selection committee members will evaluate all candidates based on the merit of their proposed projects. In addition, the specific criteria that the selection committee members will use in order of priority include:

- The impact of the proposed art project for public engagement;
- The quality of the proposed art project;
- A well-conceived project (location, timeline, partners, and budget);
- The past achievement or work in the applicant's career.

Recipients must agree to use the funds towards the following:

- Projects that they have not yet started;
- Projects that can be started within six months of their selection;
- Projects with public engagement ticket prices not to exceed y dollars;
- Projects with transportation expenses not to exceed z dollars (or 20% of the proposed budget.)

Furthermore, recipients must agree that the proposed public engagement described in the project plan must occur within ninety days of the proposed date initially indicated in their project plan. In addition, a grant recipient must get express permission from you to vary from the timeline and project described in their application. Each grant recipient must also agree to allow you to publicize their name, photos of the project and other information related to the project. Grants are not subject to renewal. Moreover, grant recipients will be ineligible to apply for another grant for a twelve-month period.

If a project spans more than one calendar year, the recipient must provide a narrative and financial report at the end of the grant year, as well as a final report in the following year. On the other hand, if a project is completed in the same calendar year in which it is funded, the recipient will be required to provide a single narrative and financial report. Upon failure to submit the required reports, or where such reports indicate that all or any part of the grant is not being used in furtherance of the grant's intended purpose, you will withhold future payment to the extent possible during the course of investigation. In the event of the misuse of funds, you will determine if the situation is a mistake and whether it can be corrected. If you discover that grant funds have been misappropriated, all reasonable steps will be taken to recover any diverted funds and to ensure that any

unused portion is either returned or used for the intended purpose of the grant. Furthermore, in any situation where you determine that grant funds have been misused, you will refrain from making any additional disbursements and take further action as necessary.

You will maintain detailed case histories, which will include documenting the name and address of each applicant and the amount of the grant. Additionally, the case histories will record the criteria relied upon by the selection committee when selecting the grant recipients. Furthermore, the case histories will include any application forms, reports, budgets or other documentation submitted by the recipients. The case histories will document 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 case history records for a period of at least four years after the time each grant recipient has completed their project, or otherwise ceased to participate in B.

You will not make a grant to an individual if doing so would violate the Patriot Act of 2001 or Executive Order 13224. To accomplish this, you will check the name of each individual against a consolidated terror watch list using a specific software application that is updated daily and aggregates numerous terror and watch lists, including the Specially Designated Nationals and Blocked Persons database maintained by the Office of Foreign Assets Control (OFAC).

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