

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Employer Identification Number:

Number: **201839016**

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Contact person - ID number:

Contact telephone number:

Date: July 3, 2018

LEGEND:

B = award 1
C = award 2
D = state
E = center
F = city/state
G = center
h dollars = amount
j dollars = amount
k dollars = amount
m dollars = amount

UIL:

4945.04-04

Dear _____ :

You asked for advance approval of your two 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 the two 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 two educational grant programs; B and C. The purpose of B and C are to provide resources to an artist demonstrating artistic excellence and to promote innovation, experimentation and creative risk taking. Grants under B and C are awarded based on the artistic excellence of work previously created by the applicant. The awards are to support the growth of the artist moving forward, allowing experimentation, the ability to change scale, media, etc., much like an incubation award. The intent is to allow the artist the creative time to advance their aesthetic inquiry.

The number of grants to be made annually will be determined from time to time by the board of directors based on funds available, the amount of time available for staff to supervise the grantees and the perceived demand from the art community.

The amount of each grant to be made annually will be determined from time to time by the board of directors based on funds available and the board's evaluation of the amount needed to accomplish the goals of the program and attract good applicants.

Under B you are offering an h dollars fellowship to a D artist working in the visual arts in recognition of exceptional original work which adds to D's renowned cultural lexicon. H will be paid out in two parts. The first part will be j dollars upon the announcement of the award. In addition, the awardee will be granted a solo exhibition at the E in F at the end of the year of the award period. The artist will also be invited to present one public lecture. Once the solo exhibition and public lecture have been completed, the remaining k dollars will be paid. The solo exhibition must be the work they produced during the award year.

C will award up to four stipends of m dollars each, furnish individual studio space for six months located at G in F, and provide a public engagement project of the artist's choice. A portion of the m dollars will be withheld until after the public engagement project has been completed.

To be eligible for B applicants must:

- be at least 18 years old
- have resided in the state of D for at least one year prior to submission
- maintain their residency in D during the award year
- currently be producing work in the visual arts, which includes painting, sculpture, printmaking, media arts, social practice.

To be eligible for C applicants must:

- 1) be at least 18 years old
- 2) be a full-time resident of D
- 3) be an artist of any type of discipline
- 4) be required to take part in C within a set time frame
- 5) be willing to take part in a component of public engagement of their choice, for example a lecture, exhibition, performance, public art, intervention, collaboration etc.; and
- 6) be willing to participate in events hosted by you.

Under both B and C, your board members, staff, and their immediate family members may not apply, nor may those artists who enjoy a personal or financial relationship that would create a conflict of interest with any of your staff or board members.

Both B and C will be publicized on your website, through social and print media, and through you and your cultural partner's mailing lists.

Applications for the grants under B and C are submitted electronically. For B, the applicant must submit a resume and ten images and/or videos. For C, the applicant must submit a resume and ten jpegs of their work. Images should be current - no more than two years old. Performing artists should submit work samples in currently popular, cross-platform, video formats. They should indicate preferred studio space with alternate choices.

The committee for B will be selected by your Executive Director and the Executive Director of the E. Members will be from out of state and selected from a pool of respected individuals of the art community. The review will be a "blind" review which means the applications will not reveal the name of the artist to eliminate bias. For C, the juror(s) will be selected by your Executive Director. In both cases the selection committee will change with each grant round to bring different points of view or aesthetic preference to the process, thereby eliminating bias.

Selection criteria under B and C programs will be based on artistic excellence. Applications will be evaluated by a panel of experts in the field and applicants will be notified by email of acceptance into residency. The jurors will be respected curators and museum professionals who understand fully the formal principals applied to make a work of fine art but also the current thinking on the intra genres, social practice and media.

Compliance with conditions and requirements will be determined at the time of the grant and monitored by you throughout the grant period in accordance with the grant terms. Awardees will be required to have periodic "check ins" with the executive director: 1) under B, they must check in monthly and 2) under C, they must check in weekly. Photographs of progress will be shared with the public on your website and social media pages. A final report will be required from all awardees: 1) under B they will have a final report and exit interview and 2) under C, they will have an exit interview. If the terms of the grant are violated the final payments will not be issued and recipients will not be eligible to apply for any future awards. No grant renewals are anticipated. They can apply for another grant, however under B, they may only receive one grant award every ten years.

You represented that you will: (1) investigate diversions of funds from their intended purposes, (2) take all reasonable and appropriate steps to recover diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and (3) 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 diversions from occurring.

You represented that you will maintain all records relating to individual grants, including information obtained to evaluate grantees, identify whether 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.

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,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements