

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

Department of the Treasury

Number: **202041011**
Release Date: 10/9/2020

Employer Identification Number:

Date: July 14, 2020

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

U= Name
V= Area Name
W= City
Y= Time frame
Z= Group
b 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

You will operate an educational grant program called U to assist musicians in creating new work and improving their craft through providing a stipend, as well as housing, work space, and other related resources at V, located in W. U has the specific objectives of (1) assisting grantees in improving their creativity, skills and craft; (2) enhancing the exposure of the V community, and the community at large, to the musical talent of the grantees through workshops, community engagements and performances; and (3) enhancing the exposure of the V community, and the community at large, to diverse music genres, populations, outlooks, philosophies, and backgrounds.

You anticipate the program will include a residency of Y. The program is for both individual artists and bands. Grants will typically be stipend payments of approximately b dollars. Participants will have access to rehearsal space and equipment, educational opportunities offered by instructors in voice, acoustic/electric instruments, turntablism, digital production, regional performance opportunities during residency at local and regional radio outlets.

To enhance your objectives, grantees will contribute to V through methods including educational workshops, community engagements with local nonprofits, schools or the general public, and production of podcasts, videos, or other media that can be captured and distributed to the larger community, as well as through mentorships or similar collaborations.

U will be publicized through the Internet and other means of broad dissemination. To qualify for a grant, applicants should be collaborative and community-minded musicians. Applicants must submit a statement describing themselves and the trajectory of their music careers, a residency proposal, including a proposal for their intended contribution to V, and samples of their work. Selections will be made at least twice annually. Applicants are screened by Z based on a predetermined criteria of artistic excellence, community contribution and context.

Your procedures ensure that grants are awarded on an objective and nondiscriminatory basis; that grants are awarded and administered on a basis that is reasonably calculated to result in performance by the grantees of the activities covered by the grant; and that you receive adequate records to determine whether grant funds have been so used.

Any person who participates in the evaluation and selection process must adhere to the policies you have adopted and amended from time to time, including without limitation a conflict of interest and confidentiality policy. Such persons are obligated to disclose any personal knowledge of and relationship with any potential grantee under consideration and to refrain from participation in the award process in a circumstance where they would derive, directly or indirectly, a private benefit if any potential candidate is selected over others.

As a condition of the grant, grantees will be required to submit a report to you upon completion of their residencies describing the grantee's accomplishments with respect to the grant and accounting for the grant funds. You anticipate awarding up to residency grants annually.

You will maintain records pertaining to all grants made. Such records will include: all information you have obtained to evaluate potential grantees; identification of grantees and any information sufficient to establish that they are not disqualified persons; all progress reports and final reports submitted by grantees; any follow-up information regarding the investigation of jeopardized grants; and the amount, purpose and distribution of each grant. Records will be kept for no less than three years after the filing

of your annual tax return for the period in which the last installment of such grant was paid.

Should a grantee not turn in a required report or if there is indication that grant funds are not being used for permitted grant purposes, you will conduct an investigation. While conducting the investigation, you will withhold further payments to the grantee until any delinquent reports have been submitted, or as required to recover and restore misused funds.

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