



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities
P.O. Box 2508
Cincinnati, OH 45201

Number: 202218027
Release Date: 5/6/2022

Date: 02/08/2022

Taxpayer ID number:

Person to contact:

ID number:

Telephone:

LEGEND

B = Online Application
C = Language
D = Number of Scholarships
E = Age of Participant
F = Age of Participant
g dollars = Grant Amount

UIL: 4945.04-04

Dear _____ :

You asked for advance approval of your educational grant procedures under Internal Revenue Code (IRC) Section 4945(g)(3).

This approval is required because IRC Section 4945 provides for the imposition of taxes on each taxable expenditure of a private foundation. IRC Section 4945(d)(3) provides that the term "taxable expenditure" includes any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or similar purposes by the individual, unless the grant satisfies the advance approval requirement of IRC Section 4945(g).

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 IRC Section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

Description of your request

Your letter indicates you will provide grants to individuals selected to participate in a training and coaching

program that want to enhance their opera singing careers. The purpose is to provide additional training to singers after they graduate from music conservatories and before they become full-fledged singers in opera houses and symphony orchestras. You will provide housing, food per diem, and training from various coaching professionals from opera houses and other music organizations. You will advertise the program in print and online media widely circulated in the opera industry. Your application is online at B.

Your training will be a month-long program. Your curriculum includes individual coaching and voice sessions in various standard styles of vocal and modern operatic repertoire, rehearsals and various performances. You will also include a general introduction and background to performing in C, discussions on career building and development, and a variety of other related topics focused on advancing in this style of music and performance. Your training will culminate into a performance at an arts festival, where participants will ultimately be judged on their performance.

You plan to award up to D grants, estimated to be about g dollars per singer. Eligibility requirements for the applicants are men who are E years of age or younger or women F years of age or younger by the program start date. To qualify a panel of opera professionals will listen to a live audition for each potential recipient to demonstrate their merit and potential. The number of singers accepted into the program will be determined by the amount of funds available. Participants can be eligible to renew the grant by continuing to participate in the program.

Your selection committee is made up of your artistic director and other faculty members who are experts in the opera industry. No funds are paid to the students to provide this training. All grants will be paid directly to the vendor providing the service.

You represent that you will complete the following:

- Arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded,
- Investigate diversion of funds from their intended purposes,
- Take all reasonable and appropriate steps to recover the diverted funds and ensure other grant funds held by a grantee are used for their intended purposes, and
- 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 also represent that you will:

- Maintain all records relating to individual grants including information obtained to evaluate grantees,
- Identify 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 described above.

Basis for our determination

IRC Section 4945 imposes excise taxes on the taxable expenditures of private foundations. 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 the following requirements of IRC Section 4945(g) is not a taxable expenditure.

- The foundation awards grants 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 IRC Section 117(a) and is to be used for study at an educational organization described in IRC Section 170(b)(1)(A)(ii); or
 - A prize or award subject to the provisions of IRC Section 170(b)(1)(A)(ii), 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 Regulation 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 only covers 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 a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially.

You must report any significant changes to your program to the IRS at:

Internal Revenue Service
 Exempt Organizations Determinations
 TE/GE Stop 31A Team 105
 P.O. Box 12192
 Covington, KY 41012-0192

- You can't award 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 further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with IRC 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'll make this determination letter available for public inspection after deleting personally identifiable information, as required by IRC Section 6110. We've enclosed Letter 437, Notice of Intention to Disclose - Rulings, and a copy of the letter that shows our proposed deletions.

- If you disagree with our proposed deletions, follow the instructions in the Letter 437 on how to notify us.
- If you agree with our deletions, you don't need to take any further action

Please keep a copy of this letter in your records.

If you have questions, you can contact the person shown at the top of this letter.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:

Letter 437

cc: