



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

Date: February 8, 2022

Taxpayer ID number:

Person to contact:

Name:

ID number:

Telephone:

Number: 202218032
Release Date: 5/6/2022

UIL: 4945.04-04

LEGEND

B – Program

C – Programs

d dollars – Amount

f number = Number

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 financial support in the form of grants for alumni of B to participate in summer study program and/or young artist programs, whether abroad or in the United States. Typical examples of proposals the grants will fund are:

- Tuition for vocal study or education opportunity
- Housing/living expenses for vocal study opportunity
- Travel for vocal study opportunity
- Individual study with a voice teacher, vocal coach, language tutor, etc.

You will provide f number grants for study, up to d dollars per person. Grants will be awarded based on merit/ talent, with a priority towards singers who demonstrate financial need.

Grants will be publicized through your website, direct emails through your mailing list, sponsored emails through a teachers' association, advertisements, and social media posts.

Requirements to apply include the following:

- Singer must be an alum of a B program (C).
- Singer must have a valid United States Social Security Number and must be a United States citizen, a permanent resident or have DACA approved status.
- Singers may only receive a grant twice in their career.

To apply, singers must include the following in their application:

- Proposal of study, including detailed information about the chosen program, total costs, roles offered, other performance opportunities, faculty, etc., including thoughts on how this opportunity can help further their vocal learning and career.
- Short description of experience with B
- Up to date performance resume
- Video links to 2 arias/songs
- Letter of recommendation from current voice teacher, emailed directly to B
- Basic financial information (Financial Aid Award Letter, Tax return, etc.)

In their proposals, singers must indicate the amount of funding they are requesting. Generally, the grants are capped at d dollars per person; however, a singer may request a lesser amount. In unusual circumstances, you may award more than d dollars.

After submitting their application, a committee of vocal experts will rank the proposals in two categories: career potential and strength of proposal. A basic financial assessment will also be completed so that proposals can be ranked by need as well.

Selection committee members must be experts in the field of opera/vocal music and they are selected by your Executive Director. Members must not have any current or former students applying for a grant in the calendar year they are on the committee. Relatives of members of the selection committee, your officers, directors, or substantial contributors are not eligible for awards. You will not award scholarships to attend an educational institution based on the status of an individual being an employee of a particular employer.

Once grant recipients are selected, they will receive an award letter which lays out the requirements of the grant, including, but not limited to, deadlines for reporting, publicity requirements, and restrictions associated with the funds. Grant monies may only be used for the designated purpose of the grant in their proposal. Any changes must be approved in writing by you.

You require grant recipients to maintain records to show and account for uses of the grant funds and allow you access to such records. Recipient is also required to submit a final report on fund use at a specified date. You will pay grant monies directly to the participating program or school where possible and comply with all OFAC requirements.

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 the 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 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 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. Mattin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:
Letter 437