



**Date:**  
 08/01/2022  
**Taxpayer ID number:**

**Person to contact:**  
**Name:**  
**ID number:**  
**Telephone:**

**LEGEND**

UIL: 4945.04.04

X = Program Name  
 y dollars = Amount

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 operate X. X will provide a package of support and opportunity to individuals pursuing a career in professional dance. X will offer financial and other support, making it possible for a dance artist to face the realities of building a career while increasing their exposure to the legacy of a certain \_\_\_\_\_ . X is only available to dancers who are \_\_\_\_\_ , \_\_\_\_\_ , and \_\_\_\_\_ (BIPOC).

X will be a \_\_\_\_\_ -month package of support. \_\_\_\_\_ , a financial grant of y dollars will be distributed to an aspiring dance artist who has recently completed their education. In addition to the financial award, which is intended for the grantee to help defray expenses of living and building a dance career in a particular city, the award offers free classes, mentoring, and access to a professional network.

You have determined that there will be \_\_\_\_\_ or \_\_\_\_\_ packages that each include a grant of y dollars. Each award is a \_\_\_\_\_ package of support to aid in transition and stability for the candidate to \_\_\_\_\_ their training and \_\_\_\_\_ the professional world. Awardees \_\_\_\_\_ reapply. The purpose of X is to offer stabilization

and transition support to dancers of \_\_\_\_\_ in order to improve or enhance their artistic skills and capacities as they prepare to enter the professional world.

The design of X is for a graduating dancer who has had exposure to a certain choreographer to use the grant and resources you offer to further their access and exposure to the choreographer and the diversity of the dance field at large. X will be publicized through educational and dance institutions. In addition, you will publicize X through your mailing list, with alumni of a certain school, in your monthly newsletter, and with selected dance companies. You intend to cast as wide a net as possible in soliciting applications in order to have as open and diverse a pool of candidates for X as possible.

You will maintain case histories showing recipients of X, including names, addresses, purposes of their award, the amount of each grant, the manner of selection, and the relationship (if any) to officers, trustees, or donors. The program is open to students who are completing (or have recently completed) their educational training and are looking to build a professional practice in a certain geographic area. The awardee must also commit to residing in this area for the \_\_\_\_\_ month period of the award. Candidates must be a United States citizen or permanent resident of the United States.

Applicants will need to submit a biography, a resume, a statement supporting their desire and need for the award that describes their plans for further developing their skills and artistic experience, a video work sample, and at least two references. You will have regularly scheduled meetings to ensure the grantee is pursuing the program for which the grant was awarded. Through this ongoing regular interaction, you will be able to guide the awardee, if necessary, and ensure that the terms of the grant are met.

The successful award recipient will have to demonstrate the following:

- clear artistic goals and a vision for how this award will advance those goals
- why this award, and its exposure to your legacy, builds artistic capacity
- Academic excellence in the field of dance
- completion of their academic training
- capacity to be successful through their transition

Determination of the successful awardee will be made on an objective basis that will not discriminate on the bases of gender, sexual orientation, nationality, or religion. Your grant and program is targeted to applicants from certain back grounds ( \_\_\_\_\_ , \_\_\_\_\_ , or \_\_\_\_\_ ) who have faced barriers. Disqualified persons, defined in Code Section 4946, including among others foundation managers and their family members are not eligible for a grant.

The X award is a one-time non-renewable award, awardees are not eligible for renewal of a grant.

You will provide the grantee with the terms and conditions of the use of the grant. Each recipient will provide you with a report documenting their progress with respect to the grant's objective and accounting for the use of grant funds in a final report at the completion of the six-month grant period. The final report will detail the grant recipient's experience, the progress they made, and their compliance with the terms of the grant. The grantee will need to provide a summary of how the funds were expended and that these expenditures were in furtherance of the grant purposes.

The selection committee for X is a group of \_\_\_\_\_ professionals. This group was put together with a goal of having a diverse set of voices and professional experiences in order to oversee the richest, most valuable award program possible. Relatives of members of the selection committee, your officers, trustees and substantial contributors are not eligible for awards made under X.

As committee members rotate off, new members will be invited through a consensus of remaining members that a new member continues to fulfill the guidelines and intentions of you and the group.

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 grantee 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

- 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

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