



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

Date:
01/16/2024
Taxpayer ID number:

Person to contact:

Release Number: 202415005
Release Date: 4/12/2024

LEGEND

B = number
C = Name
D = Name
x dollars=amount
y dollars = amount
z dollars=amount

UIL: 4945.04-04

Dear :

You asked for advance approval of your scholarship procedures under Internal Revenue Code (IRC) Section 4945(g)(1) and advance approval of your educational grant procedures under 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 scholarships. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships meet the requirements of IRC Section 4945(g)(1). As a result, expenditures you make under these procedures won't be taxable.

Awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provide in IRC Section 117(b)).

We also 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 a scholarship program for students enrolled, or who intend to enroll in an institute of higher education described in IRC Section 170(b)(1)(A)(ii). Your scholarship grant will enable the recipients to complete an undergraduate or graduate education in the field of their choice at the college or graduate school of their choice.

The scholarship will be awarded on an objective and non-discriminatory basis. You will not discriminate on the basis of race, gender, sexual orientation, ethnicity, nationality, or religion.

The purpose of your program to underwrite their artistic endeavors and projects that advance the "society building powers" of the Word of God.

To be eligible for a scholarship the student must:

- Must be a United States citizen, permanent legal resident, O-1 visa holder or Tribal ID holder.
- Must be at least 18 years old.
- Must be a working artist(s) with at least one year of professional artistic practice.
- May not be (or have a family member who is) affiliated with the Foundation.

You intend to award between B scholarship grants per year. You anticipate each scholarship grant will range between x dollars and y dollars annually. Additionally, there will be a few grants that may exceed y dollars annually, but no grant will exceed z dollars annually.

You will consider prior academic performance, test results which measure the ability and aptitude for educational work, and recommendations from instructors and others who have knowledge of the applicant's capabilities. There is no minimum GPA requirements.

You will appoint all members of the selection committee. Appointments will be made by the board of directors. Every member of the selection committee shall adhere to the relevant policies of the foundation as they may be adopted and amended from time to time. Every member shall be obligated to disclose any personal knowledge or relationship with any potential grantee and to refrain from participation in the award process. No grant may be awarded to any member of the foundation. No grant shall be awarded for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Internal Revenue Code.

You will supervise your scholarship program by paying funds directly to the educational institution. Your scholarship grants will ordinarily be awarded for a one-year period but may be for a shorter or longer period. A scholarship grant may be renewable for a period appropriate to the purpose for which the award is established.

4945(g)(3) Program

Your letter indicates that you will operate an educational grant program. The purpose of your grant program is to support achievement in objectives that are consistent with your foundation, and to support deserving individuals in their efforts to develop their skills or abilities. The educational grant will be awarded on an objective and non-discriminatory basis.

You provided two specific examples of the type of grants you will fund. The first example is a grant for performers to tour local schools to enrich the understanding of Native American culture. The performer will provide these services free of charge - as school systems do not have funds for these kinds of learning opportunities. The performer will be traveling to schools throughout a region. You intend for a grant of this nature to fund the following:

- hiring of an assistant to schedule the tours
- travel to the locations of the performances

- repair any of the tools used in the performances
- preparing handouts to educate the audience about the meaning of the hoop dance.

The performer's proposal will outline the scope and duration of the project, targeted age groups and the criteria for evaluating the effect of the program.

The second example you provided is a grant for a visual artist that has created a strength-based diversity program for young people. The selected candidate will produce and write a play that was well received and now will have the opportunity to create an animated production for wider distribution. The artist has produced and written a play that was well-received and now wants to create an animated video for wider distribution. You intend for the grant to be used to fund the following activities:

- Procurement of tools to animate the play
- Distribution costs
- Travel costs

Artists are invited to submit creative demonstration projects that respond to your selected spiritual statement and themes. You will be guided by the following statement that was issued by the C:

We seek entitled souls who:

- Are committed to the prosperity of all, recognizing that the welfare of individuals rests in the welfare of society at large.
- Are loyal citizens who eschew partisanship and the contest for worldly power and instead are focused on transcending differences, harmonizing perspectives, and promoting the use of consultation for making decisions.
- Emphasize qualities and attitudes - such as trustworthiness, cooperation, and forbearance - that are building blocks of a stable social order.
- Champion rationality and science as essential for human progress.
- Advocate tolerance and understanding, and with the inherent oneness of humanity uppermost in their minds, they view everyone as a potential partner to collaborate with strive to foster fellow feeling even among groups who may traditionally have been hostile to one another.
- Are conscious of how the forces of materialism are at work around them, and their eyes are wide open to the many injustices that persist in the world, yet they are equally clear sighted about the creative power of unity and humanity's capacity for altruism.
- See the power that true religion possesses to transform hearts and overcome distrust, and so, with confidence in what the future holds, they labor to cultivate the conditions in which progress can occur.
- Share their beliefs liberally with others, remaining respectful of the freedom of conscience of every soul, and they never impose their own standards on anyone.

Your selection process includes three rounds. Throughout the process you will make a concerted effort to select a roster of projects that reflects work from across the nation and diversity in all its forms: art forms and creative

processes, gender, ability, race, ethnicity, geographic distribution, age, and experience.

In Round I, artists will be asked to provide demographic information; a project title, description; answers to several questions about the project and their creative process; and a resume and artist website (if applicable). Projects are to be completed within the grant year.

In Round II, artists selected to advance will be required to submit a project itemized budget, a project timeline, and work samples. You will evaluate the difference between the cost of the project and the ability of the recipient to fund such project. You will review the proposed budget for the project and evaluate the ability of the applicant to fund such project.

An impartial panel of experienced reviewers will evaluate the intent statements from Round I based upon a rubric adapted from the Aesthetic Perspectives framework developed by the D (which serves, advances, and leads the network of organizations and individuals who cultivate, promote, sustain, and support the arts in America). The panel will then make recommendations in Round II based on the points received in the rubric, alignment with the purpose statement and feasibility of budgets, project descriptions and support documents.

Finally, In Round III, artists selected to advance to the final review will be required to submit any final documentation as required.

You will distribute the funds directly to the participant and will be completely responsible for any tax implications. Any funds not used on the proposed activities shall be returned to the foundation.

You will require grant recipients provide a report describing the accomplishments toward the grant's purposes and a closing reflection statement and participate in a showcase event.

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.

IRC Section 4945(g)(1) Requirements:

- 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 the provisions of IRC Section 117(a).
- The grant is to be used for study at an educational organization described in IRC Section 170(b)(1)(A)(ii).

IRC Section 4945(g)(3) Requirements:

- 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 IRC Section 117(a) and is to be used for study at an educational organization described in IRC Section 170(b)(1)(A)(ii).
 - 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.
 - 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.

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 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