Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities

Date:
05/15/2026

Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202632026
Release Date: 8/7/26

LEGEND
B = Name
c dollars = Dollars
D = Event
E = Number

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 operate the B to recognize exceptional emerging craft artists who show significant potential for contributing to the field and who would benefit from the comprehensive support the B provides. Your program will be publicized through various means, including on your website, social media, and word of mouth. You also expect to partner with leading American museums that will publicize the program.

Your program will consider a broad range of artists eligible to receive a grant under the B. Eligible disciplines include, ceramics, woodworking, glass, textiles, paper arts, basketry, metalwork, and all other craft disciplines that demonstrate technical mastery and innovation. Eligibility is not conditioned on an artist having a minimum level of education or formal training. Eligible applicants are those who:

- Are U.S. residents or citizens
- Are 21 years of age or older at the time of application

- Have never been selected to receive a grant under the B
- Self-identify as an "emerging" craft artist
- Are within the first seven years of their professional craft practice in the ceramics, woodworking, glass, textile, paper arts, basketry, metalwork, or other craft discipline demonstrating technical mastery and innovation.
- Have created at least one artistic work within the last three years to submit for consideration
- Are the sole creator of that submitted work.
- Are not a child, grandchild, or other close relative of the foundation's officers, directors, substantial contributors, or other individual disqualified under IRC Section 4946
- Are not a part of the Selection Committee or their close relatives.

Applicants must submit the application, a short artistic statement, a short description of the submitted work, a short biography, two to five high-resolution images of submitted work, and a copy of government issued photo identification for compliance with the Patriot Act of 2001 or Executive Order 13224.

Applicants will be rated on:

1. Artistic excellence, demonstrating technical mastery, innovative vision, and aesthetic achievement
2. Cultural significance, based on contribution to American craft traditions and contemporary relevance
3. Growth potential, including demonstrated trajectory and potential for significant future impact
4. Alignment to your mission and a commitment to strengthening their craft's role in American culture.

Your selection committee will be a rotating pool of judges including craft professionals, historians, curators, artists with experience in varying disciplines, and/or social entrepreneurs with experience evaluating candidates for grants. There will be a robust and diverse group of potential judges in the rotating pool to ensure that the appropriate experts are chosen to assess the potential and talent of every applicant.

While you anticipate the applicant pool will be modest in the first few years, you anticipate the pool will expand considerably with the B's establishment. You will initially award E grants annually. The exact number of grants will vary based on the number of qualified applicants identified and the quality of submissions received. Unsuccessful applicants can reapply indefinitely, provided they submit a new original work with each application.

Selected artists will receive:

- c dollars to support artistic practice, which may be reasonably adjusted over time due to varying factors, such as general economic conditions, inflation, or program reserves
- Participation in the D, including workshops, seminars and networking sessions with emerging artists and other American craft professionals
- Reasonable travel and accommodation for attending the D
- Mentorship opportunities with established craft artists and curators

Applicants will be required to:

- Use the c dollars to support their artistic practice
- Attend D

- Engage professionally in mentorship and networking opportunities.
- Submit appropriate reports/paperwork for tax compliance and reporting purposes
- Participate in promotional activities related to the B, potentially including irrevocable, nonexclusive, royalty-free license to reproduce images of their work for promotional purposes, participation in promotional videos or clips, use of name, image, and likeness for promotional purposes.

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.

- The effective date of our approval is , which is the date your request was submitted.
- 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