



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

Date:
05/02/2025
Taxpayer ID number:

Person to contact:

Release Number: 202530025

Release Date: 7/25/2025

LEGEND

B= Month

C= Month

D= Month

E= Month

F= Number

y dollars = 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 operate two grant programs. The first grant will be given in odd years to an artist for the creation of a sculpture. The second grant will be given in even years to a writer who generates fresh writing and thinking on the history, aesthetics, purposes, imagination, or situation of sculpture. Applications will be submitted between B and C each year. Applicants will be notified in D if they have advanced to the interview process. Recipients will be notified in E. Each grant will be y dollars.

Sculpture Grant

To be eligible for the grant the applicant must be a citizen or permanent resident of the United States or hold an

O-1 Visa and is not currently enrolled in a degree granting program. Applicants will submit an application and a project proposal including curriculum vitae and work samples. Your employees, consultants, board members or an immediate family member of such a person are not eligible to apply for the grant.

The selection process is two-tiered. First, evaluators will determine eligibility. Second, three panelists, chosen by you, will review the proposals in a closed session. The evaluation is based on the potential of the project proposal to contribute to the field of sculpture, appropriateness of the project to your mission and confidence in the sculptor's ability to complete the project.

The three person selection committee will be nominated annually by your artistic director. The criteria to be nominated includes professional accomplishment in their receptive fields, knowledge of sculpture, awareness of your mission and a proven track record of impartiality and curiosity.

Once an recipient has been selected and the grant awarded, they have one year to complete the project. They are required to give a progress report after six months. Then a final report after the full year. If the project is not finished by the end of the full year, the final report should summarize the progress on the project. The final report will be reviewed by the director. The director and recipient will have a conversation about the project that will be live streamed, recorded, and posted on-line.

Writer Grant

To be eligible for the grant the applicant must be a citizen or permanent resident of the United States or hold an O-1 Visa. They must also have had writings that have been published within the last 5 years. Applicants will submit an application and two letters of recommendation supporting them as a writer and thinker. Your employees, consultants, board members or an immediate family member of such a person are not eligible to apply for the grant.

The selection process is two-tiered. First, evaluators will determine eligibility. Second, three panelists, chosen by you, will review the proposals in a closed session. The evaluation is based on the vitality of the writing, the potential of the project proposal to contribute to the field of sculpture, appropriateness of the project to your mission and confidence in the writer's ability to complete the project.

The three person selection committee will be nominated annually by your artistic director. The criteria to be nominated includes professional accomplishment in their receptive fields, knowledge of sculpture, awareness of your mission and a proven track record of impartiality and curiosity.

Once an recipient has been selected and the grant awarded, they have one year to complete the project. They are required to give a progress report after six months. Then a final report after the full year. If the project is not finished by the end of the full year, the final report should summarize the progress on the project. The final report will be reviewed by your director. The director and recipient will have a conversation about the project that will be live streamed, recorded, and posted on-line.

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. Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:
Letter 437