

Internal Revenue Service  
Director, Exempt Organizations  
Rulings and Agreements  
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Department of the Treasury  
P.O. Box 2508 - Room  
Cincinnati, Ohio 45201

Employer Identification Number:  
"C"

Person to Contact - ID#:

Contact Telephone Numbers:

Phone

Fax

LEGEND

A=  
B=  
C=

Dear

We have considered your request for advance approval of your grant-making program under section 4945(g)(1) of the Internal Revenue Code, dated

Our records indicate that A is recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that it is classified as a private foundation as defined in section 509(a).

Your letter indicates that A will operate a grant-making program called B.

The purpose of A is to provide charitable, scientific, and educational benefit to the people of the City of , and the surrounding area:

- (a) The administration for charitable purposes of property donated to the Corporation.
- (b) The distribution of property for such purposes and to such beneficiaries in accordance with the terms of gifts, bequests or devises to the Corporation for charitable purposes or in accordance with determinations by the Board of Directors pursuant to the Articles of Incorporation.
- (c) The distribution of property to qualified charitable organization.
- (d) The disposition from time to time of property held by the Corporation in such manner that its charitable purposes

will be effectively served notwithstanding changed conditions that may have arisen or will arise in the charitable needs of the area to be served by the Corporation from a donor.

- (e) To provide a perpetual source of income to help meet the community needs in \_\_\_\_\_ and the surrounding area.
- (f) To provide grant funds for special studies, surveys, research, and demonstration projects which may be exploratory or pioneering in purpose, which do not necessarily commit the Corporation to recurring expenses.
- (g) To administer funds as designated by any person in any particular field of interest, and to distribute such funds to carry out that person's wishes.
- (h) To have the power, among others, as reflected in Chapter 14 of Title 18 of the \_\_\_\_\_ Statutes, as now enacted or as later amended, and to perform any other act which may lawfully be performed by or on behalf of Non Profit Corporations under the laws of the State of \_\_\_\_\_ but only in conformity with the purposes allowed pursuant to Section 501(c)(3) of the Internal Revenue Code.

The purpose of B is to honor the memory of \_\_\_\_\_ and to assist worthy students in their pursuit of educational endeavors after graduation from \_\_\_\_\_ high school who are planning to further their educations beyond the high school level at an educational organization described in 26 USCS § 170(b)(1)(A)(ii).

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);

- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are excludable from the gross income of the recipients subject to the limitations provided by section 117 of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. **This determination only covers the grant programs described above.** Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized.

Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Director, Exempt Organizations  
Rulings and Agreements

Enclosure:  
Notice 441 Notice of Intent to Disclose