

**Internal Revenue Service**  
**P.O. Box 2508**  
**Cincinnati, OH 45201**

**Department of the Treasury**

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**Date:** March 20, 2012

**Employer Identification Number:**

**Contact Person - ID Number:**

**Contact Telephone Number:**

**LEGEND**

UIL: 4945.04-04

U = individual  
x = dollar amount  
y = dollar amount

Dear \_\_\_\_\_ :

We have considered your request for advance approval of your grant-making program under section 4945(g)(3) of the Internal Revenue Code, dated August 31, 2011.

Our records indicate that you were recognized as exempt from federal income tax under section 501(c)(3) of the Code and that you are classified as a private foundation as defined in section 509(a).

You will award grants to individuals in furthering your purpose to catalyze, fund, and disseminate scientific research to further the understanding of those aspects of consciousness and related subjects, now poorly supported by the mainstream research community.

Applicants who are eligible to apply for grants are all individuals who have expertise in, or the aptitude to conduct research in, the field of consciousness research. They must also have a demonstrated financial need.

Most qualified researchers operate within universities, research institutions, or other organizations. You estimate that only a handful of individuals operating on their own are qualified to conduct research that is consistent with your exempt purpose. Most of these individuals are retired but may maintain a continued interest in your area of study; namely, the field of consciousness and mind-matter interaction and its use as an instrument of "subtle energy".

You anticipate making one to two research grants both this and next year and one to three grants each year thereafter. The grant amounts will range from x dollars to y dollars per year of research. You anticipate funds will be used for equipment and supplies necessary to conduct research.

Grant funds may not be used to compensate recipients for performing personal services for you. No grant may be awarded to any "disqualified person", namely,

any founder, director, officer, employee, or substantial contributor to you, nor any family member of any such person.

You will advertise the grants on a website run by you and send solicitations for applicants to universities and other research institutions. You will also ask colleagues and associates of the selection committee members to forward applicant solicitations to candidates who may be interested and qualified. You expect to eventually form a scientific committee of acknowledged experts in the field of consciousness research to solicit additional candidates for grants.

Potential recipients are required to submit (i) written research proposals describing the purpose and significance of the proposed research, and the specific objectives, methods, work schedules, deliverables, and expenditures expected in the carrying out of such research; and (ii) a biographical record and supporting material, and other evidence of the potential recipient's qualifications and commitment to conduct the proposed research.

The selection committee will consist of three persons and will be responsible for identifying candidates and selecting recipients of the grants. Your president, U, and two other individuals unrelated to U, will make up the committee. U has been studying the nature of consciousness for the last 20 years. The two other committee members will be required to have backgrounds and experience, such as scientific expertise in the field of consciousness, to enable them to evaluate and select candidates. Potential recipients will be selected only to effectuate the exempt purpose of the grant and not to benefit particular persons.

You will select recipients based on the criteria related to the purposes of the grant including the merits of the proposal, credentials of the potential recipient, the relationship of the proposal to your purpose, and its priority in relation to other demands on your funds.

The key criteria will be the candidate's qualifications, experience, and expertise in the field of consciousness research, and the candidate's commitment to conduct further research in this field. You will consider candidates who have already published valuable research.

You will enter into a grant agreement with each recipient of funds. The agreement must (i) specify the responsibilities of both you and the recipient, (ii) obligate the recipient to use the grant funds only for the purposes for which the grant is made, (iii) provide for periodic reports, at least annually, concerning the results achieved and the use of the funds, and (iv) require a final written report with an accounting of how grant funds were used. The agreement must also authorize you to withhold or recover grant funds in case such funds are misused.

Grants may be renewed if, after a review of reports submitted by the researcher, you conclude that additional research is warranted and that requirements for you to make a grant to an individual under your procedures and the grant agreement are satisfied.

You will obtain from the recipients progress reports, at least annually, and final reports detailing the research conducted, any accomplishments, and the use of funds. Your president or his designee has the responsibility to monitor the

progress of each individual grant, namely, to review each report submitted by the recipient, to determine whether the grant purposes are being or have been fulfilled, and to further investigate any matters that warrant additional scrutiny or inquiry.

Where reports to you or other information (including failure to submit reports after a reasonable time has elapsed from their due date) indicates that all or any part of grant funds are not being used for the purposes of such grant, you will initiate an investigation. While conducting the investigation, you will withhold further payments to the extent possible until it has been determined that no part of the grant has been used for improper purposes, and until any delinquent reports have been submitted.

If you determine that any part of a grant has been used for improper purposes, you will take all reasonable and appropriate steps to recover diverted grant funds or to ensure the restoration of diverted funds and the dedication of other grant funds held by the recipient to the purposes being financed by the grant. These steps will include legal action unless such action would in all probability not result in the satisfaction or execution of a judgment.

If you determine that any part of the grant has been used for improper purposes, and the recipient has not previously diverted grant funds to any use not in furtherance of a purpose specified in the grant, you will withhold further payments on the particular grant until (i) you have received the recipient's assurances that future diversions will not occur, (ii) any delinquent reports have been submitted, and (iii) you have required the recipient to take extraordinary precaution to prevent future diversions from occurring.

If you determine that any part of the grant has been used for improper purposes, and the recipient has previously diverted your grant funds, you will withhold further payment until the three previous conditions are met and the diverted funds are in fact recovered or restored.

If a grant recipient discontinues or is unable to proceed with a research project, you expect to: review the status of the research and obtain any appropriate interim reports on the research to seek assurance that the grant agreement has otherwise been complied with, particularly as to use of grant funds; obtain any appropriate accounting of funds used in the research; require the return of the unused funds; in appropriate circumstances require the return of equipment and other supplies procured by the grant funds; and in appropriate circumstances seek another researcher to continue or complete the research, which may include using the unused funds and making a new grant to the new researcher, following the procedures for the grant.

Neither U, nor any member of your board of directors or selection committee, may be in a position to derive a private benefit, directly or indirectly, if certain potential recipients are selected over others.

You agree to maintain records that include the following:

- (i) Information used to evaluate the qualification of potential grantees;

- (ii) Identification of the grantees (including any relationship of any grantee to the private foundation);
- (iii) The amount and purpose of each grant; and
- (iv) All grantee reports and other follow-up data obtained in administering the private foundation's grant program.

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).

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)(3) 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.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

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

Sincerely yours,

Lois G. Lerner  
Director, Exempt Organizations

Enclosures:  
Notice 437  
A copy of the redacted letter