

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

**Department of the Treasury**

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**Employer Identification Number:**

**Contact Person - ID Number:**

**Contact Telephone Number:**

**LEGEND**

UIL 4945.04-04

W= school  
X= individual  
Y= library  
Z = organization

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 December 21, 2011.

Our records indicate that you are 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 provide grants to students and scholars who wish to research and produce written manuscripts or books that contribute to and expand upon the body of scholarly work related to the career and contributions of the late Senator X, and the times in which X lived and served in the U. S. Congress.

Grants are awarded to fund research that address gaps in existing scholarly works related to X. Grants will be given to defray costs of travel and research at various repositories of historical materials, resources and information germane to the project being undertaken, and to help defray the recipient's general living expenses while working on the approved project.

You will publicize the grant program in conjunction with Y, and Z, located at W, which has assumed responsibility for administering Y. Promising students and scholars will be made aware of the grant program through Y and Z. Y attracts a wide array of researchers who may have interest in seeking a grant to further their work. The number of scholars seeking research grants is expected to vary from year to year.

In order to apply for the grant, applicants provide a letter describing the work they propose to undertake, the primary sources they plan to research and investigate, the scope of the work they plan to produce, and how it will contribute to and/or enhance the scholarly work related to X that already exists. The applications must also include a budget, timeline and milestones used for evaluation of progress.

Applicants will consist of undergraduate college students, masters degree candidates, Ph. D. candidates, historians, academics and scholars with a demonstrated interest in the career of X or an aspect of U. S. history that relates in some significant way to X. Applicants must demonstrate excellent researching, analytic and writing skills. All applications are reviewed on an objective and nondiscriminatory basis.

Although an applicant's financial status and requirements may be considered, grants are awarded primarily based on scholastic merit. The criteria used in determining the grant of awards include the following:

- a. The originality of the proposed research topic and degree to which it addresses an aspect of X's life, career and times not yet duly developed by the existing scholarly studies and works;
- b. The grant seeker's scholastic record and demonstrated knowledge and expertise in the chosen topic to be researched and written about;
- c. The grant seeker's demonstrated interest and background in historical events related to X's career and times; and
- d. The depth and breadth of historical resources to be examined and researched in connection with the proposed project.

Grant awards, based upon the above criteria, are determined by your board of directors, after reviewing detailed written proposals from grant seekers, meeting with grant seekers in many cases, and receiving responses to all questions related to the proposed project. Grant recipients are selected based on their educational background and achievement, and the novelty of their proposals. All applications are reviewed on an objective and nondiscriminatory basis.

The number of grants made will be based on how compelling grant requests are in a given year and the availability of funds for such purposes. It is unlikely that more than one new grant will be awarded in any year. In the event grant requests are received from more applicants than can be funded in a given year, the decision to award grants will depend upon the degree to which proposal best addresses an identified subject area needing further development, and the grant seeker's demonstrated ability to successfully research, write and complete the proposed project.

The amount of each grant award will be determined on a case by case basis, and will depend upon the nature and extent of the project to be undertaken, the time it will likely take to complete, and the expenses likely to be incurred in pursuing the project.

For grants that will extend more than one year in duration, you will make installment payments of the award, conditioned upon the recipient's demonstrated satisfactory progress and attaining milestones established in conjunction with the grant award.

The written letter awarding research grants will clearly spell out the terms and conditions of the grant, and you will require written confirmation from the grant seeker that the terms and conditions are acceptable before any funds are actually disbursed.

Your board of directors will serve as your selection committee. In the event any individual applying for a research grant has a personal, financial or professional connection with a member of your board of directors, your Conflict of Interest Policy requires that director to disclose his/her connection and to recuse him/herself from consideration of the grant request, and not participate in the decision making process.

Through your support and operation of Y, you and your board of directors, in consultation with the director of Y, are positioned to assess the qualifications and credentials of scholars seeking research grants from you, and to ensure the works to be undertaken and funded by you serve to further your exempt purposes.

Grant disbursements will typically be made in stages, with subsequent disbursement dependant upon satisfactory achievement of specified objective milestones agreed to by the grant recipient ahead of time.

The proposals for grant awards must state how the funds will be used. A recipient of a research grant is required to report to your board on a regular basis with respect to progress made on the funded project, and to report specifically on how grant funds have been expended and utilized. This will entail a written report and possibly a personal appearance from the grant recipient at your board meetings, depending on your determination as to the sufficiency of progress made toward completion of the project, and the appropriate use of funds provided.

Your board of directors will review drafts of work product and other materials submitted by grant recipients in order to monitor the progress made toward finishing the work. They will also determine whether the milestones measuring progress have been satisfactorily achieved before disbursing subsequent grant payments to the recipient.

At least annually, your board will receive written reports on the use of funds and progress made toward achieving the purposes for which the grant was made. These reports will likely include samples of the work done to date, so you will have objective evidence that the grant recipient is making appropriate progress toward meeting expectations with respect to the work. Upon completion of the project, the grant recipient will be required to submit a final report describing his/her accomplishments and accounting for the expenditure of funds received

under such grant. The grant seeker will also be required to submit the final completed work to you.

In the event a grant recipient fails to continue to work on a funded project, all future payments to the recipient will stop and your board of directors will determine what steps may reasonably be taken to recoup any funds disbursed that have not yet been expended by the grant recipient to cover expenses related to the funded project.

Your board will investigate any suspected diversion of grant funds for inappropriate expenditures. If your board were to become aware of a misuse of grant funds, it obviously would cease all future payments to the recipient. Further, depending upon the nature and severity of the misuse, and the degree of cooperation from the grant recipient to rectify the misuse, you might seek legal (civil or possibly even criminal) redress against the recipient.

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)(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,

Holly O. Paz  
Director, Exempt Organizations  
Rulings and Agreements

Enclosures:  
Notice 437  
A copy of the redacted letter