

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

**Department of the Treasury**

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**Employer Identification Number:**

**Date: July 26, 2012**

**Contact Person - ID Number:**

**Contact Telephone Number:**

**UIL: 4945.04-04**

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 May 3, 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 were established to support research on pediatric and anal cancer treatments. Your Board of Directors ("Board") would like to make grants to individual doctors and scientists in furtherance of your charitable purpose.

Your grants will be awarded in an objective and nondiscriminatory manner. Any physician or scientist engaged in research on alternative cancer treatments, including clinical trials, prevention and awareness, with an emphasis on anal and pediatric cancers, will be eligible to apply. The amount of the grants will be based on your available resources and the research needs of the applicant. Grant applicants will be solicited on your website.

You will maintain case histories showing recipients of the grants, including names, addresses, purposes of awards, amount of each grant, manner of selection, and relationship (if any) to your officers, directors, or donors of funds.

Criteria that will be used to select recipients will include, but not be limited to, demonstrated commitment to research on cancer treatment with an emphasis on anal and pediatric cancers, professional qualifications, and financial need.

The number of grants that will be made annually, and the amount of each grant, will depend on the number of qualified applicants and your available resources.

Any applicant awarded a grant must submit periodic reports not less than annually detailing the use of the grant funds and the research progress made. Grant recipients who do not submit such reports will not be eligible for grant renewal. If an applicant fails to fulfill the terms of a grant, the remaining grant funds, if any, shall be subject to immediate return to you.

Your Board shall select the grant recipients. Relatives of board members or officers of your organization shall not be eligible for grants.

You represent that you will (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversions and/or suspected diversions of funds from their intended purposes, and (3) take all reasonable and appropriate steps to recover diverted funds, 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 diversions from occurring.

You will maintain all records relating to individual grants, including information obtained to evaluate grantees, purposes of awards, identify whether a grantee is a disqualified person, establish the amount and purpose of each grant, and establish that it undertook the supervision and investigation of grants.

#### Law and Analysis

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.

Revenue Ruling 77-434, 1977-2 C.B. 420 provides that long-term loans by private foundations for educational purposes may be considered grants within the meaning of IRC 4945(g)(3).

Based on the information submitted and assuming your grant program will be conducted as proposed with objectivity and nondiscrimination in making grants, we determined that your procedures in awarding of grants comply with the requirements of section 4945(g)(3) of the Code, and that grants made according to these procedures will not be "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 grant making procedures is a one-time approval of your system standards and procedures that will result in loans which meet the requirements of section 4945(g)(3) of the Code. This determination only covers the loan programs described above. Thus, approval shall apply to subsequent grant 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 grant 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.

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,

Holly Paz  
Director, Exempt Organizations  
Rulings and Agreements

Enclosures: Redacted Letter  
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