

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Number: **201450031**
Release Date: 12/12/2014

Employer Identification Number:**Contact person - ID number:****Contact telephone number:****Date:** September 15, 2014

UIL: 4945.04-04

Dear _____ :

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code section 4945(g). This approval is required because you are a private foundation that is exempt from federal income tax. You requested approval of your scholarship program to fund the education of certain qualifying students.

Our determination

We approved your procedures for awarding scholarships. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships meet the requirements of Code section 4945(g)(1). As a result, expenditures you make under these procedures won't be taxable.

Also, awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provide in Code section 117(c)).

Description of your request

You will provide financial assistance to students having an interest in or participating in the study of plant pathology and/ or sustainable agriculture at or in commendation with a university. The number of scholarship that will be awarded each year and the amount of each scholarship will vary depending on the amount of funds available to be distributed.

The availability of the fellowship will be publicized through one or more prominent scientific journals, on the internet and through national conferences and seminars.

The grant funds will be used to support a two-year post-doctoral fellowship for support of post-doctoral research. One two-year fellowship will be awarded every three years. You will make the grants to the university in each year one and year two of each fellowship

cycle. The specific timing of each payment shall be determined by mutual agreement between you and the university. The university may choose to supplement your grant with funds from other sources.

To be eligible for a fellowship, a candidate must have completed a doctoral program which would allow him or her to do extended research in plant pathology and sustainable agriculture. The candidate is required to identify a faculty sponsor, provide a three page description of the research he or she hopes pursue, provide three letters of recommendation and provide a curriculum vitae which includes publications in scholarly journals.

Three top candidates for each fellowship will be selected by the university, and one of the three candidates will be recommended as the fellowship recipient. The recommendation will be submitted to you for consideration.

You will not be required to take into account the financial needs or academic or professional accomplishments of any grantee. You may approve the recommended candidate or select one of the other two candidates to receive the fellowship. The recipient will be selected based on his or her apparent potential to make a significant contribution in the fields of plant pathology or sustainable agriculture.

All fellowships are awarded on an objective and non-discriminatory basis. No fellowship may be awarded to any disqualified person as defined in Code Section 4946.

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

You will:

- arrange to receive and review grantee reports annually,
- investigate diversions of funds from their intended purposes,
- take all reasonable and appropriate steps to recover diverted funds,
- ensure other grants funds held by the grantee are used for their intended purposes, and
- withhold further payments to grantee until you obtain grantees assurances that future diversions will not occur and the 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, identify whether grantee is a disqualified person, establish the amount and purpose of each grant, and establish that you undertook the supervision and investigation of grants.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). 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 of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant 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 the provisions of Code section 117(a).
- The grant is to be used for study at an educational organization described in Code section 170(b)(1)(A)(ii).

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 Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot 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 Code 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.

Please keep a copy of this letter in your records.

If you have questions, please contact the person listed at the top of this letter.

Sincerely,

Director, Exempt Organizations