

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

**Department of the Treasury**

**Date: September 28, 2016**

**Employer Identification Number:**

**Contact person - ID number:**

Number: **201652024**  
Release Date: 12/23/2016

**Contact telephone number:**

**LEGEND**

UIL: 4945.04-04

W= Company Name  
X= Location  
y = Number

z dollars= Amount

Dear :

You asked for advance approval of your scholarship grant procedures and education 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.

**Our determination**

We approved your procedures for awarding scholarships and educational grants. 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 requirement of Code Section 4945(g)(1) and that your procedures for awarding educational grants meet the requirements of Code section 4945(g)(3). 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 provided in Code section 117(b)).

**Description of your request**

Your letter indicates you will operate a grant making program.

Your purpose is to foster and promote scientific research, education and other charitable programs and initiatives in the areas of canine and feline health.

The purpose of your program is to support the education or research of deserving candidates who have a proven interest in advancing the health of canine and feline pets. The grants cover a fixed amount of the recipient's veterinary school tuition and related

costs at educational institutions described in Section 170(b)(1)(A)(ii), and/or costs related to specific educational or research projects in canine and feline health. All grant recipients will be required to perform a research or clinical project during the term of the grant. You currently anticipate awarding approximately y grants per year for z dollars per year for three years but the exact number of grants as well as the exact amount and term of each award will vary depending on the availability of funds and will be determined by your board.

Information about the grant program will be included on your website, and may be publicized through a brochure or similar materials produced by you as well as sent directly to accredited veterinary schools and other educational institutions.

Eligible candidates will be United States citizens who are full-time students and are entering their second year of study at an accredited veterinary school. Special consideration may be given to eligible candidates who graduated from a high school or college located in X.

Eligible individuals must apply directly to you and will be required to submit a personal resume, veterinary school and college transcripts, recommendations from two veterinary school professors, an essay on a topic you designate, and a description of a research or clinical project proposed and designed by the applicant, which will be performed while receiving the grant.

The selection of recipients may be carried out through a multiple step process but all grants will be subject to final approval by your board. In some cases, your board may directly review applications and select the grant recipients based on its review. In other cases, the board may delegate the initial review process to your officers or staff members or a committee designated by them comprised of members with relevant expertise, who will review the grant applications and select finalists. The finalists' names will then be submitted to your board for final review and approval.

Grants will be awarded on the basis of (i) the interest of the students in canine and feline (pet) health, including without limitation nutrition and the prevention, diagnosis and treatment of disease, (ii) the student's academic and professional achievements to date, and (iii) the student's proposed research or clinical project to be performed while receiving the grant, and that project's potential to enhance the student's education and training in veterinary medicine or contribute to the field.

You may expand or modify these selection criteria as you gain experience with the grant program. Grants will be available without regard to race, color, religion, creed, national or ethnic origin, age, sex, gender, sexual orientation, veteran's status, disability, or any other legally recognized classification. Grant recipients may not be "disqualified persons" with respect to you, within the meaning of Code Section 4946. Grant recipients furthermore may not be, or be related to, any officer, director, employee or substantial contributor of yours or your principal sponsor, W, or a member of your scholarship committee, nor may they be persons whose selection would result in private benefit to

any officer, director, employee or substantial contributor of, or a member of your scholarship committee.

Grants will be made pursuant to written commitments from the recipients to abide by the grant program guidelines, including reporting obligations. Grants will be generally distributed in annual installments during each of the recipient's second, third and fourth years of veterinary school. The grant payments for the second and third years of the grant will be dependent on a recipient meeting certain academic performance criteria established by you and adequately reporting to you on the progress of the recipient's grant-funded activities.

For scholarship and fellowship grants described in 4945(g)(1), funds will be paid directly to the recipient's veterinary school for tuition. For scholarship and fellowship grants, the recipient will be required to make arrangements for you to receive a report, at least annually and verified by the educational institution attended by the recipient showing the recipient's courses taken (if any) and grades received (if any) in each academic period. If a recipient's grant-funded activities do not include taking courses, the recipient must submit a report to you on the progress of his or her research or clinical project, as applicable, at least annually, and such report must be approved by a supervising faculty member or other school official. All scholarship and fellowship recipients must submit a final report upon conclusion of their studies or research or clinical activities.

For all grants, you will promptly investigate any apparent misuse of grant funds or failure to provide required reports. While a matter is being investigated, you will withhold further grant payments to the extent possible until you have determined that no part of a grant has been misused and until missing reports have been submitted. If you discover that funds have been misused, you will take all reasonable and appropriate steps to secure the repayment of the diverted funds. In addition, if such a diversion occurs and you are making installment payments on a grant, you will withhold any further payments until you have received assurances from the grant recipient that future diversions will not occur and has required the individual to take extraordinary precautions to prevent future diversions from occurring.

You will maintain accurate records relating to all grants, including names of and contact information for grantees, purposes and amount of each award, manner of selection, and relationship (if any) to officers, directors or other disqualified persons.

#### **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 section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii); or
  - A prize or award subject to the provisions of section 74(b), if the recipient of the prize or award is selected from the general public; or
  - To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

To receive approval of its educational grant procedures, Treasury Regulations section 53.4945-4(c)(1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

**Other conditions that apply to this determination**

- This determination covers only 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 precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes in 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 make 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 must 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.

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

Please keep a copy of this letter in your records.

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

Sincerely,

Jeffrey I. Cooper  
Director, Exempt Organizations  
Rulings and Agreements