

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

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**Date: January 26, 2009**

**Department of the Treasury**

**Employer Identification Number:**

**Contact Person - ID Number:**

**Contact Telephone Number:**

**LEGEND**

**UIL 4945.04-04**

**X= Foundation  
Y= Fellowships  
Z= Universities**

**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 April 28, 2008.

Our records indicate that X was recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that it is classified as a private foundation as defined in section 509(a).

Your letter indicates that X will operate a grant-making program to make fellowship grants to individuals for study at educational institutions that normally maintain a regular faculty and curriculum and normally has a regular organized body of students in attendance at the place where educational activities are carried on. The fellowship program is intended to enhance the educational opportunities for individuals in Z who will research some aspect of the natural sciences or natural history in the region of southern

X is best suited for 4945(g)(3) since Y will fund a type of project to facilitate the integral element of the advanced degree programs in natural sciences of Z.

The eligible group will consist of all individuals who attend Z who would like to conduct research on natural sciences or natural history. It is expected that X will limit the fellowship grants for study research on natural sciences or natural history. The applicant from Z must have a faculty sponsor from Z.

A faculty committee will be established at each of the participating colleges. The committee, made up of instructors from appropriate areas of interest, will be the liaison between X and Z. The faculty committee will be responsible for advertisement, application review, award selection and notification, and disbursement of the fellowship grant to the recipient. The guidelines the faculty committee will follow are set forth by

X. The faculty committee must also comply with the guidelines set forth by Z. Z will use the grant process guidelines from X when choosing the candidates for Y to be submitted to X.

Interested individuals who wish to be considered for a grant will need to submit an application to the appropriate faculty committee at Z. The application must include: a written proposal describing field work, books, travel, research equipment, research expenses, nature and scope of project, budget, and support letter from a faculty sponsor.

Each Faculty Committee will then select a maximum of three finalists from the applicants which will be forwarded to the selection committee of X. The sponsor must sign off on the applicant's project. The faculty sponsor will be required to assist in the supervision of the project should the applicant receive the fellowship.

Selection criteria will include:

- Interest of the Natural Science or Natural History Project.
- Potential importance of the project and relevance to the
- Financial need of the applicant.

X will establish a Fellowship Committee consisting of at least two members with expertise in the natural science and natural history possibilities for Y to assist them in determining a winner of Y. The Fellowship Committee will review all applications from Z. The Fellowship Committee will then provide the Board of Directors their recommendation along with a synopsis of the recommended project. The Board of Directors will make the final decision based on recommendations from the Fellowship Committee. The winner will then be announced to each Faculty Committee.

No family member of X, Z, Faculty Committee, or Fellowship Committee is eligible for the fellowship grant.

The number and amount of fellowships given by X will be determined by the evaluation of the applications and available grant monies available for the year. The hope is to give at least one fellowship per year.

The fellowship grant will be given to Z in which X will work with the financial aid or other departments to get the fellowship grant to the applicant in a timely manner. Progress on the research of the project is required in order to receive the full amount of the fellowship grant. The progress reports should be given to the faculty committee every six months the projected is being researched. The faculty committee will then forward the progress to X. When the project has been completed, a final report on the findings should be sent to the faculty committee within 60 days after completion. The faculty committee will forward the results to X. If the reports are not completed the fellowship may be terminated.

X agrees 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 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
- (2) 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(j)(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,

Robert Choi  
Director, Exempt Organizations  
Rulings and Agreements