DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

200318075

Date: FEB 10 2003

Contact Person:

Identification Number:

Telephone Number:

SIN: 4945.00-00

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Dear Sir or Madam:

This is in reference to a letter dated October 28, 2002, requesting advance approval of your grant-making procedures under section 4945(g) of the Internal Revenue Code.

You are exempt under section 501(c)(3) of the Code and have been classified as a private foundation under section 509(a).

Your charitable purposes focuses on educational institutions, medical research, hospitals and healthcare for children. In furtherance of your exempt purposes, you propose to implement the B program.

Your B program will recognize the past accomplishments of individuals in the areas of medicine and science. Under your procedures for awarding grants in the B program, your Board of Directors has selected twelve nominators from the medical and science communities geographically spread throughout the United States to nominate individuals. The nominators will work independently and anonymously in recommending potential recipients of the awards. The nominators are requested to submit two nominations each year to a selection committee. If a nominated individual is not selected as a recipient in any year, a nominator may again nominate that individual in a subsequent year. Applications from potential recipients or from individuals or organizations to nominate potential recipients will not be accepted by you. The nominators for the first year will be appointed for one or two year terms, and all nominators thereafter will be appointed for a one year term.

The selection criteria for potential recipients relates to the past services and accomplishments of the individuals in the areas of medicine and science. The nominators are to select those outstanding individuals who have demonstrated success in mentoring the next generation of physicians and scientists and have the highest reputation for integrity and ethics. The individuals must be United States citizens and not currently holding elected or appointed office in federal, state or local government.

The nominations are submitted to a selection committee comprised of six nationally recognized individuals in the medical and scientific communities. The selection committee will meet each year to screen the nominations and make recommendations to the Board of Directors. The Board will then choose the recipients from those recommended by the selection committee.

In your first year you intend to make up to four monetary awards to those selected for the B program. The Board will select the recipients and make monetary awards to those selected individuals in the amount of x for a one year commitment to be used at the discretion of the recipient to further his or her career or his or her pursuits. The only future requirement for the recipient is to provide a year-end letter outlining the effect of the award on his or her life or career. No future services are required of any recipient as part of the award process.

Section 4945 of the Code provides for the imposition of taxes on each taxable expenditure of 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 section 4945(g).

Section 4945(d)(5) of the Code provides that the term "taxable expenditure" includes any amount paid or incurred by a private foundation for any purpose other than one specified in section 170(c)(2)(B), that is, other than for an exclusively religious, charitable, scientific, literary, or educational purpose, or to foster national of international amateur sports competition (not involving the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals.

Section 53.4945-4(a)(3)(i) of the Foundation and Similar Excise Taxes Regulations provides that a grant to an individual for purposes other than those described in section 4945(d)(3) of the Code is not a taxable expenditure within the meaning of that section even if the requirements of section 4945(g) are not met.

Rev. Rul. 77-380, 1977-2 C.B. 419, holds that grants made by a private foundation primarily in recognition of past achievement, with the funds being unrestricted and not earmarked for subsequent travel or study are not taxable expenditures within the meaning of section 4945(d)(3) of the Code.

Information provided by you indicates that grants to be awarded in your B program are for

past achievement and are not intended to finance any future activity of the recipient. As in Rev. Rul. 77-380, there are no conditions or requirements to be met subsequent to receiving the awards. Thus, the awards are not grants to individuals for travel, study or similar purposes by such individuals. Accordingly, your awards for past achievement are made for purposes other than stated in section 4945(d)(3). Therefore, these grants are not subject to advance approval under section 4945(g).

Moreover, the grants to be awarded in your B program would not be taxable expenditures within the meaning of section 4945(d)(5) of the Code. The grants in question will be made to further educational purposes within the meaning of section 170(c)(2)(B) of the Code.

This ruling is conditioned on the understanding that there will be no material changes in the facts upon which it is based. It is further conditioned on the understanding that no grants will be awarded to your organization's creators, officers, directors, trustees, or members of the selection committee, or for a purpose inconsistent with the purposes described in section 170(c)(2)(B) of the Code.

We are informing the . TE/GE office of this action. Please keep a copy of this ruling with your organization's permanent records.

This ruling 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 precedent.

If you have any questions about this ruling, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

Gerald V. Sack

Gerald V. Sack
Manager, Exempt Organizations
Technical Group 4