SIN: 4945.00-00

Internal Revenue Service

199936050

Department of the Treasury

Washington, DC 20224

Contact Person:

Telephone Number:

In Reference to:

Date: JUN 10 1999

Legend:

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C=

Dear Sir or Madam:

This is in reference to your letter of May 21, 1999, requesting advance approval of your grant-making procedures under section 4945(g) of the Internal Revenue Code.

You were originally recognized as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954 and classified as other than a private foundation under section 509(a), in a letter dated August 12, 1980. In a letter dated February 5, 1999, you were notified that you have been reclassified as a private foundation within the meaning of section 509(a).

In furtherance of your exempt purposes, you propose to make grants (including scholarships, awards or loans) to assist individuals who are enrolled in a conservation or environmental related field of study in an accredited college or university.

Selection of scholarship grant recipients will be by majority vote of your Board of Trustees. The Trustees will solicit nominations from accredited colleges and universities in B, as well as referrals from other conservation groups. Relatives, employees and children of the Trustees will not be eligible for the grants. Your current unpaid student interns and volunteers are eligible recipients. The applicants must be enrolled full time in a conservation or environmental related course of study and in good standing at the college or university they attend at the time the grant is awarded. The applicants must demonstrate to the Trustees a plan to pursue a career in a conservation or environmental field, need for financial assistance, academic excellence and a history of extracurricular activities. In addition, through personal interview, written or

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verbal references, and other investigations deemed appropriate by the Trustees, the applicants must exhibit high standards of character and honesty and demonstrate the potential for hard work in a conservation or environmental field, as well as leadership and good citizenship. The Trustees are prohibited from discriminating on the basis of race, gender, national origin or religion.

The Trustees will make arrangements to receive reports of the courses taken and grades received (or progress on papers or projects) for each recipient in each academic period. These reports will be verified by the educational institution at least once a year. The Trustees will investigate any reports that indicate that funds are not being used as intended and will seek recovery of any misused funds. The Trustees also will retain records pertaining to the grants, including qualification information, identification of the grantees, specification of the amount and purpose of each loan, scholarship, grant or award, and follow-up information.

You will also co-sponsor an annual lecture known as the C. The lecture will be sponsored by several exempt organizations each year. The guest lecturers will be noted conservationists. The sponsoring exempt organizations will circulate a list of the potential speakers. The organizations will then choose and contact the selected lecturer(s). You will reimburse the lecturer for his or her travel expenses and also provide an honorarium as a token of appreciation for the lecturer's time.

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(g)(1) of the Code provides that section 4945(d)(3) shall not apply to an individual grant awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance by the Secretary, if it is demonstrated to the satisfaction of the Secretary that 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 institution described in section 170(b)(1)(A)(ii) of the Code.

Section 53.4945-4(c)(1) of the Foundation and Similar Excise Taxes Regulations provides that, in order to secure the advance approval required by section 4945(g), a private foundation must demonstrate to the satisfaction of the Commissioner that (1) its grant procedures include an objective and non-discriminatory selection process; (2) this procedure is reasonably calculated to result in performance by grantees of the activities that the grants were intended to finance; and, (3) the foundation plans to obtain reports to determine whether the grantees have performed the activities that the grants are intended to finance. No single procedure or set of procedures is required.

Section 53.4945-4(a)(2) of the regulations provides that "grants" do not ordinarily include payments (including salaries, consultants fees and reimbursement for travel expenses such as transportation, board, and lodging) to persons (regardless of whether such persons are individuals) for personal services in assisting a foundation in planning, evaluating or developing projects or areas of program activity by consulting, advising, or participating in conferences organized by the foundation.

Based upon the information submitted, and assuming your program will be conducted as proposed, with a view to providing objectivity and nondiscrimination in the awarding of scholarship grants, we rule that your procedures for the awarding of scholarship grants comply with the requirements of section 4945(g)(1) of the Code. Thus, expenditures made in accordance with these procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3) of the Code, and as such are eligible for the exclusion from income provided for in section 117(a) of the Code to the extent that such grants are actually used for qualified tuition and related expenses within the meaning of section 117(b)(2) of the Code.

Furthermore, your reimbursement of travel expenses and payment of an honorarium are not grants to an individual for travel, study or other similar purposes, and therefore do not come within the meaning of section 4945(d)(3). Those expenditures are not taxable expenditures but are expenditures in furtherance of your educational and charitable purposes, in that the annual lectures are a program conducted by you in conjunction with other exempt organizations that serves the purpose of educating the public about conservation and natural resource protection.

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 premise that no grants will be awarded to 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.

Please note that this ruling is only applicable to grants awarded under your program as outlined above. Before you enter into any other scholarship programs you should submit a request for advance approval of that program.

We are informing the EP/EO key district office of this action. Please keep a copy of this ruling with your permanent records.

This ruling 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 precedent.

Sincerely yours,

Gerald V. Sack

Gerald V. Sack
Chief, Exempt Organizations
Technical Branch 4