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TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

T:EO: B4

Date: APR 7 2003

Contact Person:

Identification Number:

SIN: 4945.00-00

Telephone Number:

Employer Identification Number:

Dear Sir or Madam:

This is in reference to a letter dated January 14, 2003, 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 within the meaning of section 509(a).

In furtherance of your exempt purposes, you have established a grant program that will award grants to basketball coaches and their schools.

Under your grant program, you will accept applications from basketball coaches after the completion of each basketball season. Based on overall win/loss record, unweighted grade point average of the team, and total community service hours of the players, your trustee will determine the recipient boys and girls basketball teams and coaches (maximum of six). Once the teams and their coaches are selected, one check is written (maximum of $1,000) to the coach and another to the school.

There is no requirement that the selected individuals perform any further activity, such as prepare a report, attend school, etc. There is no restriction as to the use to which the individuals may put the grants.

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 individuals, unless such grant satisfies the requirements of section 4945(g).

Rev. Rul. 77-380, 1977-2 C.B. 419, holds that grants made by a private foundation 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.

Your awards to coaches are made at the end of the basketball season and, thus, are awards for past achievement. The selected coaches are not required to perform any further activity such as prepare a report, travel or attend school. As was the case in Rev. Rul. 77-380, there are no conditions or requirements to be met subsequent to receiving the awards. Accordingly, your awards for past achievement are for purposes other than stated in section 4945(d) and, thus, are not subject to advance approval.

Based upon the above, we rule that your grants are not taxable expenditures within the meaning of section 4945 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