

Internal Revenue Service  
District Director

Department of the Treasury  
P.O. Box 2508 - Room 4522  
Cincinnati, Ohio 45201

Date: APR 14 1999

Carl and Eloise Pohlada Family  
Foundation  
60 South Sixth St., Suite 3800  
Minneapolis, MN 55402

Employer Identification  
Number:

41-1768558

Person to Contact:

Ms. R. Railey - ID# 31-03115

Contact Telephone Number:

513-684-3957 - 3578

Refer Reply to:

EP/EO

LEGEND:

X = Carl and Eloise Pohlada Family Foundation

Dear Sir or Madam:

We have considered your request, dated February 12, 1999, for advance approval of your grant making procedures pursuant to section 4945(g)(3) of the Internal Revenue Code of 1986.

Our records indicate, according to a determination letter issued in June, 1994, that you are exempt from Federal income tax under section 501(c)(3) of the Code. Your organization is currently classified as a private foundation within the meaning of section 509(a).

X will award scholarships to individuals, ages 9 to 13, from Minnesota so they may attend summer camp.

The selection committee selects recipients on the basis of information on an application, a letter from the nominee's school confirming that they have satisfactory attendance, satisfactory academic performance, and the financial need, a parental or legal guardian consent and release form, and a letter of recommendation from the nominator. No grants will be made to officers, directors or substantial contributors to X or to their family members.

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 states that an individual grant will not constitute "taxable expenditures" if awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance.

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Section 53.4945-4(c)(1) of the Regulations states that to secure approval of a grant-making procedure, a private foundation must demonstrate that:

- (a) The grant procedure includes an objective and nondiscriminatory selection process;
- (b) The procedure is designed to result in performance of the activities intended to be financed; and
- (c) The foundation will obtain reports to determine whether the grant funds are being used properly.

Based on the information submitted and assuming your scholarship program will be conducted as proposed with objectivity and nondiscrimination in awarding grants, we determined that your procedures in awarding scholarship grants comply with the requirements of section 4945(g)(1), and that scholarships granted according to these procedures will not be "taxable expenditures" within the meaning of section 4945(d)(3).

The approval of your grant-making procedures herein is a one time approval of your system of standards and procedures that will result in grants that meet the requirements of section 4945(g)(1) of the Code. Thus, approval will apply to succeeding grant programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

This ruling 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, trustees, or members of the selection committee, or for a purpose that is inconsistent with the purposes described in section 170(c)(2)(E) of the Code.

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 grant distributions can be substantiated upon request by the Internal Revenue Service.

You must report any future changes in your grant-making procedures. Please keep a copy of this letter in your permanent records.

Sincerely yours,

C. Ashley Bullard  
District Director