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Internal Revenue Service

Department of the Treasury

P. O. Box 2508  
Cincinnati, OH 45201

1007-01-100

Date: October 4, 2001

Person to Contact:  
Kathy Masters #31-04015  
Customer Service Representative  
Toll Free Telephone Number:  
8:00 A.M. to 9:30 P.M. EST  
877-829-5500  
Fax Number:  
513-263-3756  
Federal Identification Number:  
39-6006492

University of Wisconsin  
% Debra Holm  
750 University Ave. Room 49  
Madison, WI 53706-1411

Dear Sir or Madam:

This responds to your request for information concerning your organization's federal tax status.

Our records indicate that your organization may be a governmental instrumentality or a political subdivision of a state.

No provision of the Internal Revenue Code imposes a tax on the income of governmental units (such as states and their political subdivisions). Therefore, it has been the position of the Service that income of governmental units is not generally subject to federal income taxation. If, however, an entity is not itself a governmental unit (or an "integral part" thereof), its income will be subject to tax unless an exclusion or exemption applies.

One exclusion is provided by section 115(1) of the Code, which excludes from gross income:

- (A) Income derived from the exercise of any essential governmental function, and
- (B) Income accruing to a state or political subdivision.

Your organization's income may not be subject to tax, either because the organization is a governmental unit (or an "integral part" thereof), or because the income is excluded under section 115. In addition, your organization may also be eligible to receive charitable contributions, which are deductible for federal income, estate, and gift tax purposes. Also, your organization is probably exempt from many federal excise taxes.

Your organization may obtain a letter ruling on its status under section 115, following the procedures specified in Rev. Proc. 2000-4 or its successor. Your organization must also pay a user fee as described in Rev. Proc. 2000-8 or its successor.

Your organization may also qualify for exemption from federal income tax as an organization described in section 501(c)(3) of the Code. If the organization is an entity separate from the state, county, or municipal government, and if it does not have powers or purposes inconsistent with exemption (such as the power to tax or to exercise enforcement of regulatory powers), your organization would qualify under section 501(c)(3). To apply for exemption, complete Form 1023 and pay the required user fee.

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University of Wisconsin  
39-6006492

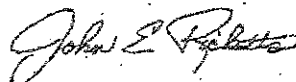
Sometimes governmental units are asked to provide proof of their status as part of a grant application. If your organization is applying for a grant from a private foundation, the foundation may be requesting certain information from your organization because of the restrictions imposed by the Code on such foundations. One such restriction imposes a tax on private foundations that make any "taxable expenditures." Under section 4945(d) and (h) of the Code, "taxable expenditures" include (1) any grant to an organization (unless excepted), unless the foundation exercises "expenditure responsibility" with respect to the grant, and (2) any expenditure for non-charitable purposes. Under section 4942 of the Code, private foundations must also distribute certain amounts for charitable purposes each year--"qualifying distributions"--or incur a tax on the undistributed amount. "Qualifying distributions" include certain amounts paid to accomplish charitable purposes.

Private foundation grants to governmental units for public or charitable purposes are not taxable expenditures under these provisions, regardless of whether the foundation exercises "expenditure responsibility." Under section 53.4945-5(a)(4)(ii) of the Foundation and Similar Excise Tax Regulations, expenditure responsibility is not required for grants for charitable purposes to governmental units (as defined in section 170(c)(1) of the code). Similarly, grants to governmental units for public purposes are "qualifying distributions", under section 53.4942(a)-3(a) of the regulations; and, if they are for charitable purposes, will not be taxable expenditures, under section 53.4945-6(a) of the regulations. Most grants to governmental units will qualify as being for charitable (as well as public) purposes.

Because of these restrictions, some private foundations require grant applicants to submit a letter from the Service determining them to be exempt under section 501(c)(3) and classified as a non-private foundation. Such a letter, or an underlying requirement that a grantee be a public charity, is not legally required to be relieved from the restrictions described above, when the prospective grantee is a governmental unit and the grant is for qualifying (public or charitable) purposes.

We believe this general information will be of assistance to your organization. This letter, however, is not a ruling and may not be relied on as such. If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,



John E. Ricketts, Director, TE/GE  
Customer Account Services

## Department of the Treasury

Entered in PCG

Internal Revenue Service  
Washington, DC 20224

Date:

In reply refer to:

12-26-70

THE UNIVERSITY OF WISCONSIN  
1955 VAN HISE HALL 1220 LINDEN DR  
MADISON, WI

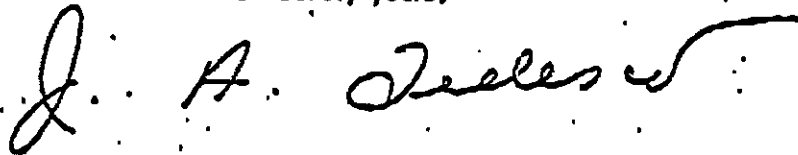
53706

Gentlemen:

Based on the information you recently submitted, we have classified you as an organization that is not a private foundation as defined in section 509(a) of the Internal Revenue Code.

Your classification is based on the assumption that your operations will be as stated in your notification. Any changes in your purposes, character, or method of operation must be reported to your District Director so he may consider the effect on your status.

Sincerely yours,

Chief, Rulings Section  
Exempt Organizations Branch

FORM M-0714 (8-70) (CONTINUOUS)

Form <b>4653</b> (June 1976) Department of the Treasury Internal Revenue Service	<b>Notification Concerning Foundation Status</b>		Do not write in this space (For IRS use only) <input type="checkbox"/> Classification code <input type="checkbox"/> Letter code
Please print or	Name of organization <b>The University of Wisconsin</b>	Employer Identification Number <b>39-6006492W</b>	
	Number and street <b>1856 Van Hise Hall, 1220 Linden Drive</b>		
	City or town, State and ZIP code <b>Madison, Wisconsin 53706</b>		

Please place an "X" in the one numbered block that applies to your organization, provide any additional information called for, and return the form promptly to the Internal Revenue Service Center, 11601 Roosevelt Boulevard, Philadelphia, Pennsylvania 19155. Do not check a block until you have read the instructions and Code definitions applicable to that block. Section references are to the Internal Revenue Code of 1954.

- 1 ☐ We are a private foundation within the meaning of section 509(c). (If you are a private foundation, are you claiming status as an operating foundation within the meaning of section 4942(j)(3)? ☐ Yes ☐ No If "Yes," attach a statement setting forth all the facts upon which you base your answer including an identification of the clause of section 4942(j)(3)(B) that is applicable.)

We are not a private foundation because we are:

- 2 ☐ A church. Section 170(b)(1)(A)(i).
- 3 ☒ A school. Section 170(b)(1)(A)(ii).
- 4 ☐ A hospital. Section 170(b)(1)(A)(iii).
- ☐ A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii).
- 6 ☐ A Governmental unit. Section 170(b)(1)(A)(v).
- 7 ☐ An organization operated for the benefit of a college or university owned or operated by a Governmental unit. Section 170(b)(1)(A)(iv).
- 8 ☐ An organization that normally receives a substantial part of its support from a Governmental unit or from the general public. Section 170(b)(1)(A)(vi).

(Complete the Financial Schedule on page 2.)

(Complete the Financial Schedule on page 2.)

- 9 ☐ An organization that normally receives no more than 1/3 of its support from gross investment income and more than 1/3 of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions. Section 509(a)(2).

(Complete the Financial Schedule on page 2.)

- 10 ☐ An organization operated solely for the benefit of and in connection with one or more of the organizations described in 2 through 9 (or for the benefit of one or more organizations described in section 501(c)(4), (5), or (6) and also described in 9 (above), but not controlled by disqualified persons other than foundation managers. Section 509(a)(3). (Attach a statement identifying and describing the organization(s) for whose benefit you are operated and the relationship between you and the organization(s).)

- 11 ☐ An organization organized and operated to test for public safety. Section 509(a)(4).

- 12 ☐ We are not sure of our classification. (Attach a copy of your most recently filed information return, Form 990-A, if you filed one, and a statement describing your operations and explaining why you are not sure of your classification. If you think you may be described in 7, 8, or 9, complete the Financial Schedule on page 2.)

I declare that I have examined the information entered on this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. (Must be signed by a principal officer, manager, or authorized trustee of the organization.)

R. H. Lorenz

(Signature)

October 23, 1970

(Date)

Vice President for Business and Finance