

INTERNAL REVENUE SERVICE

DEPARTMENT OF THE TREASURY

Date: SEP 23 1986

EIN: 77-0108124

The Grove Foundation
c/o Ware & Friedenrich
400 Hamilton Avenue
Palo Alto, CA 94301

Accounting Period Ending:
September 30
Person to contact: Taxpayer
Service Representative

Contact Telephone Number:
(800) 424-1040

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

We have further determined that, as indicated in your application, you are a private foundation within the meaning of section 509(a) of the Code. In this letter, we are not determining whether you are an operating foundation as defined in section 4942 (j)(3).

If your purposes, character, or method of operation change, please let us know so we can consider the effect of the change on your exempt status. Also, you should inform us of all changes in your name or address.

As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA). However, since you are a private foundation, you are subject to excise taxes under Chapter 42 of the Code. You also may be subject to other Federal excise taxes. If you have any questions about excise, employment, or other Federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

You are required to file Form 990-PF, Return of Private Foundation or Section 4947 (a)(1) Trust treated as a Private Foundation. Form 990-PF must be filed by the 15th day of the fifth month after the end of your annual accounting period. The law imposes a penalty of \$10 a day, up to a maximum of \$5,000, for each return unless there is reasonable cause for the delay.

You are not required to file Federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your present or

proposed activities are unrelated trade or business as defined in section 513 of the Code.

This determination letter is effective from February 6, 1986, the date your organization was incorporated.

Since you propose making grants to organizations, your attention is directed to Code section 4945(d)(4), which provides that grants to organizations (other than organizations described in sections 509(a)(1), (2), or (3) of the Code) are taxable expenditures unless expenditure responsibility under Code section 4945(h) is exercised.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

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

Sincerely yours,



District Director