

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Number: 201937020
Release Date: 9/13/2019

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

Date: June 19, 2019

LEGEND

UIL: 4945.04-04

B = Specialty
C= Science
D= Organization
x dollars= Amount
y dollars = Amount

Dear :

You asked for advance approval of your educational grant procedures under Internal Revenue Code Section 4945(g)(3). This approval is required because you are a private foundation that is exempt from federal income tax.

Our determination

We approved your procedures for awarding educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grants meet the requirements of Code Section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

Description of your request

Your letter indicates that you will operate an educational grant program.

Your purpose is to support students who study the epidemiology, phenomenology, and the environmental, cultural and clinical contexts of B and to develop a collaboration of students, scientists, and community members who are passionate about C.

The purpose of your program is to provide educational research grants to students enrolled in institutions of higher education in the United State in an academic degree program in order to enhance their academic research skills as well as assist them in completing a research study.

Furthermore, the grants are designed to directly support the student's research project in order to produce an academic presentation or report and will fund such items as travel expenses to conduct the research study, incentives to pay participants in the research study, office supplies, and needed materials and the dissemination of the research project. A portion of the grant must also be used to offset travel costs to present their findings at a meeting or conference.

You will advertise your program through academic listservs, social media, email distributions, and through announcements at other non-profit educational organizations. In addition, you especially will encourage those students who identify as a member of a diverse sexual, ethnic, racial, gender, religious, or sexual orientation group to apply as well as encourage applicants whose research studies are designed to address the understanding of ways in which the experience of diversity provides insight into your mission.

To be eligible to apply, the student must:

1. Be enrolled in a college/university in the United States;
2. Be involved in the study of epidemiology, phenomenology, or the environmental, cultural or clinical contexts of B;
3. Have a member of their academic faculty as a supportive mentor;
4. Have approval of their institution or a faculty committee who is overseeing the project;

Under your grant program, all applicants must provide an application package consisting of numerous items including a resume, a study proposal, a budget, and their planned dissemination of findings. All applicants must also submit an approval document from the D which shows that their educational institution has also reviewed and approved the research project on ethical grounds and that the research project follows state and federal laws. Furthermore, even with the approval of the professor and the D at the applicant's university, your application reviewers are also trained extensively in research and academic ethics and will independently determine whether the project is ethically and legally sound prior to awarding a grant. Moreover, various other documents are required which is dependent on whether the applicant is in the proposal stage of the study, the active data collection stage, the data analysis manuscript writing stage, or whether the applicant is seeking funding for a completed study within one year of the application deadline.

Once an application has been submitted, the president of your board will review the application to determine completeness. Each complete application will then be reviewed by no fewer than two individuals with experience in research methodology as well as reviewed by one or more scientists in training. Each reviewer will then rate and score the application using a standard form. Ratings are based on the quality and innovation of the study design, the merit of the applicant and their academic mentors, the research study's relevance to your mission, and the likelihood of successful completion of the study. Ratings will be submitted to your president or their designee. Once ratings are compiled,

the Board of Directors will meet to discuss the merits of the highly rated applications and vote on which should be selected for an award and determine the amount of the award.

Furthermore, you plan to award approximately x dollars per year in total grants, which may vary in future years depending on budgetary conditions. The maximum individual grant amount is y dollars. Therefore, the number of awards you give will depend on the applications that you receive, and the amounts requested by the applicants. In addition, the grant amounts may vary in the future depending on your budgetary conditions.

Once recipients are identified, you require that they agree in writing to the following:

- All funds will be used in accordance with the approved budget and any changes to the budget must be approved by your president;
- Progress reports must be submitted every six months after the award notification until the project is completed (and future reimbursement of funds is conditional upon timely submission of progress reports);
- The recipient must provide a summary of the findings to you upon completion of the project;
- The recipient must present their findings through either a research conference or scientific meeting, peer reviewed publication, or editorial publication as well as list you as a funding source;
- The recipient must agree to uphold the ethical obligations of the institution where they are enrolled and from where the project has been approved.

Concerning monitoring the grants, you award them on a reimbursement basis, meaning that no funds are given to the recipient without evidence of the approved expenditure. Once a budget is approved for a grant recipient, the student can submit a receipt for an item in their budget your representative. Upon receipt, the item will be compared with the approved budget and a check will be drafted and sent to the grant recipient.

Regarding supervising the grant, you will obtain a progress report via electronic survey every six months until the project is completed. Once completed, the recipient will complete a final progress report and submit the final product to you. You will monitor responses to ongoing progress reports and address any progress issues as they arise. Furthermore, satisfactory completion of progress reports and any other communications with you are required for continued reimbursement for approved expenses. If any term of the award is violated, then you will withhold future reimbursement of funds. Moreover, you maintain contact information of the faculty mentor with whom the student works and will be able to contact them to resolve any problems with violations of the award agreement.

You represent that you will complete the following: (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversion of funds from their intended purposes, and (3) take all reasonable and appropriate steps to recover the diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and (4) withhold further payments

to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversion from occurring.

You represent that you will maintain the following: (1) all records relating to individual grants including information obtained to evaluate grantees, (2) identify whether a grantee is a disqualified person, (3) establish the amount and purpose of each grant, and (4) establish that you undertook the supervision and investigation of grants described above.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code Section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code Section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is:
 - A scholarship or fellowship subject to Section 117(a) and is to be used for study at an educational organization described in Section 170(b)(1)(A)(ii); or
 - A prize or award subject to the provisions of Section 74(b), if the recipient of the prize or award is selected from the general public; or
 - To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

To receive approval of its educational grant procedures, Treasury Regulations Section 53.4945-4(c)(1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

Other conditions that apply to this determination

- This determination covers only the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as precedent.

- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes in your program to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot make grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and must further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code Section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

We've sent a copy of this letter to your representative as indicated in your power of attorney.

Please keep a copy of this letter in your records.

If you have any questions, please contact the person listed at the top of this letter.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements