



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities

Date:
10/24/2025
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202603006
Release Date: 1/16/2026

LEGEND

E = Number
f dollars = Dollar
g dollars = Dollar
h dollars = Dollar
J = Range
k dollars = Dollar

UIL: 4945.04-04

Dear :

You asked for advance approval of your educational grant procedures under Internal Revenue Code (IRC) Section 4945(g)(3).

This approval is required because IRC Section 4945 provides for the imposition of taxes on each taxable expenditure of a private foundation. IRC Section 4945(d)(3) provides that the term "taxable expenditure" includes any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or similar purposes by the individual, unless the grant satisfies the advance approval requirement of IRC Section 4945(g).

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 IRC Section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

Description of your request

Your letter indicates you will operate a grant program to provide funding for research projects, financial assistance for clinical research participants, and awards recognizing researchers who go beyond their regular roles in support of your mission. You publicize this program through your website, email, professional meetings as well as outreach to research and education leaders.

You will provide up to E research project grants annually typically f dollars or less, but up to g dollars for larger projects. Research project grants can be granted for up to E years. You also provide up to E financial assistance grants under h dollars and J awards of h dollars every six months recognizing researchers, up to k dollars annually. You hope to increase the dollar amount of your grants in the future.

You will accept research project grant applications to support activities aligned with your mission. This includes research projects aimed at understanding the causes and treatment of human genetic disease, to develop technologies that can be translated into cures for human genetic diseases, and to elucidate basic biological mechanisms that may lead to transformative applications in biomedical sciences. Applications should be from established investigators at well-recognized nonprofit academic centers of excellence and institutions of higher learning including universities, colleges, and medical schools.

To be eligible for a research project grant, applicants must submit a letter of intent with the project title, specific aims, significance, approach, and proposed budget. Applicants will be notified if declined or invited to submit a full application. If invited, required materials include an abstract, budget and justification, research strategy and literature cited.

Your financial assistance grants are available for individuals engaged in clinical research and are available to offset costs of travel, housing, meals, and uncovered clinical expenses. To be eligible for a financial assistance grant, applicants must submit a letter of support from the Principal Investigator, their study title and contact information, total financial need, itemized costs, and an income attestation.

You also accept nominations for researchers who exceed job responsibilities to receive an award grant.

Your Board of Trustees will appoint a Research Advisory Committee. This committee, along with your executive director, will determine the grant amount to be awarded to each recipient. Your executive director, employees, and president will review and provide feedback on grant applications and award nominations. If needed, volunteer external peer reviewers unaffiliated with the applicant may also provide additional input. Final acceptance will be determined by a vote of your employees and President.

All current grants are subject to competitive renewal upon reapplication by the Principal Investigator. Your renewal process follows the same procedure as for new grants.

An 18-month interim progress report is required for grants with a 5 year duration. If the Principal Investigator applies for competitive renewal, the report will serve as a key component of the application. A final progress report is required at the end of the grant. Grantees must submit quarterly accounting of expenditures with copies of receipts. A detailed final accounting report, including receipts, is due within 90 days of the grant's termination. All unexpended funds must be returned to B with the final accounting. Your grant payments may be paid directly to recipients or to sponsoring institutions, though they are most often paid to recipients. If the Principal Investigator is unable to complete the research approved because of illness, departure from the institution, or other major cause, this matter must be brought immediately to the attention of your Executive Director.

You represent that you will complete the following:

- Arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded,
- Investigate diversion of funds from their intended purposes,
- Take all reasonable and appropriate steps to recover the diverted funds and ensure other grant funds held by a grantee are used for their intended purposes, and
- 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 also represent that you will:

- Maintain all records relating to individual grants including information obtained to evaluate grantees,
- Identify a grantee is a disqualified person,
- Establish the amount and purpose of each grant, and
- Establish that you undertook the supervision and investigation of grants described above.

Basis for our determination

IRC Section 4945 imposes excise taxes on the taxable expenditures of private foundations. 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 the following requirements of IRC Section 4945(g) is not a taxable expenditure.

- The foundation awards the grants 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 IRC Section 117(a) and is to be used for study at an educational organization described in IRC Section 170(b)(1)(A)(ii); or
 - A prize or award subject to the provisions of IRC 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 Regulation 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 only covers 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 a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to your program to the IRS at:

Internal Revenue Service
Exempt Organizations Determinations
TE/GE Stop 31A Team 105
P.O. Box 12192
Covington, KY 41012-0192

- You can't award 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 further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with IRC 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'll make this determination letter available for public inspection after deleting personally identifiable information, as required by IRC Section 6110. We've enclosed Letter 437, Notice of Intention to Disclose - Rulings, and a copy of the letter that shows our proposed deletions.

- If you disagree with our proposed deletions, follow the instructions in the Letter 437 on how to notify us.
- If you agree with our deletions, you don't need to take any further action.

Please keep a copy of this letter in your records.

If you have questions, you can contact the person shown at the top of this letter.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements