

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

**Department of the Treasury**

Number: **201414030**  
Release Date: 4/4/2014

**Employer Identification Number:**

**Contact person - ID number:**

**Date: January 9, 2014**

**Contact telephone number:**

**LEGEND:**

X=  
x dollars =  
y dollars =

**UIL:**

4545.04-04

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 called X.

Your mission is to help communities worldwide address the psychosocial effects of terrorism, armed conflicts and disasters.

The purpose of X is to support research and service projects that advance your mission.

You will award a minimum of one and a maximum of two annually. Funding will range from x dollars to y dollars. The actual number and amount of the award(s) depends on the available funds for each year. Specific award amounts are based on the proposed budget for each project. You will not renew awards or make repeated grants to the same grantee. Application information and details are available for download on your website.

The General Criteria for the awards are projects that fit into the following four areas.

- a. Repetitive Exposure to disaster: Including research and service projects investigating the effects of repeated exposure and specific intervention methods for repeatedly exposed populations.
- b. Preparedness: Including research and service projects designed to teach and evaluate programs to prepare people for disasters.
- c. Resilience: including research and service projects designed to further understand the risk and resilience profile of potentially vulnerable communities and societies and developing effective means for building societal resilience in the face of disasters, armed conflict and terrorism.
- d. Prevention: Including research and service programs aimed at peace building and nonviolent conflict resolution.

The specific criteria are as follows:

- a. Is there a recognized university institutional review board approval/ethics procedure in place? Passing of minimal ethical requirements of the host university/research institution.
- b. The applicant affiliated with a university or non-profit organization.
- c. The proposal involves characteristics of rigorous research design. The research is theory driven or has theoretical underpinnings.
- d. The research contributes to the body of knowledge about best practices in psychosocial preparedness, prevention and response in the face of disasters, armed conflict and terrorism.
- e. It could lead to policy recommendations to assist in individual, family, organizational or community preparedness, response and recovery that may be a consequence of collective distressing events.
- f. A likelihood that the research is of a quality to be published in a mainstream psychology/social work/psychiatry/family therapy/disaster response journal.
- g. Have you funded work in this geographic area of focus before
- h. Feasible budget.
- i. The overall likelihood that the project will succeed.

Relatives of selection committee board or substantial contributors are not eligible for awards. Review Committee members must declare any conflict of interest with any proposal and subsequently be removed from the review process and the final vote. The Review Process of your program is as follows:

- a. You will have a review committee of four to five individuals. They will consist of volunteers from your board of directors and Staff.
- b. You will review all incoming applications and eliminate proposals that do not meet the general criteria.
- c. All proposals are then split between the reviewers for Round 1, reviewers read each proposal and eliminate those that are weak when set against the specific selection criteria.
- d. Remaining proposals are split between the reviewers for Round 2. Each reviewer receives proposals that had not looked at in Round 1 and each proposal is reviewed by at least two people in Round 2.
- e. Semi-finalist are identified based on consensus from at least two reviewers in Round 2 to move those proposals forward.
- f. The Review Committee identifies the Finalists to present to the Board for decision. It is typical for the Review Committee to nominate three to five individual finalists.
- g. The Board of Directors are then sent each finalist proposal for detailed review. Staff conduct due diligence on the final proposals.
- h. A board meeting is then held to deliberate and vote on the recipients for that given year.

Funding is always distributed to the recipients Institution/organization which is always a 501(c)(3) organization. Grantees are required to provide detailed budgets prior to grant award distribution and status reports are required which include detailed reports on how grant funds are utilized.

Recipients must provide a mid-project report and a final report. You will ensure reporting matched the intended goals of the initial proposal and review all periodic reports. Funds will be withheld if at any stage there is evidence that the funds are being misused and/or terms and conditions of the grant agreement have been breached, including not providing requested and accurate reports in a timely manner. In addition you will investigate any misuse of funds and take all reasonable and appropriate steps to recover diverted funds.

Outside the United States, due diligence is undertaken as part of the pre-grant review to ensure that funds will be used only for program specific purposes. Additionally, grantees must submit a signed contract with specific terms about regular reporting required to detail how grant funds are spent to ensure their use for exempt purposes.

You have adopted the following practices and safeguards to ensure that grants to foreign recipients are not diverted for nonexempt purposes.

- Grants to foreign recipients are always awarded to an institution/organization and not an individual. As part of the grant award contract, regular reports including financial detail on how grant funds are spent are to be included in the mid-year and final reports as a condition of funding.
- You will check the Treasury Department's Office of Foreign Assets Control (OFAC) list for names or persons with whom you are dealing with. If necessary, you will acquire the appropriate registration and licenses. In addition the institutions affiliated with recipient will have internal checks and balances to ensure compliance with OFAC guidelines.

You will maintain case histories showing name, address, purpose of awards, amount of each grant, manner of selection and relationship (if any) to officers, trustees, or donors of funds to you. In addition you will maintain all records relating to individual grants, including information obtained to evaluate grantees, establish the amount and purpose of each grant and establish that you undertook supervision and investigation of awards.

#### **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,

Kenneth Corbin  
Acting Director, Exempt Organizations

Enclosure