

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Release Number: **201627003**

Release Date: 7/1/2016

Date: 4/8/2016

Employer Identification Number:

Contact person - ID number:

Contact Number:

Legend:

UIL: 4945.04-04

B = program vision

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 grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding specific purpose grants meets 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

The purpose of your programs is to achieve a specific objective, produce a report or other similar product, or improve or enhance scientific, teaching or other similar capacity, skill or talent in accordance with section 4945(g)(3).

Your overall goal is to build the nation's health and healthcare workforce. In the past you have focused on professionals, faculty, and scholars. You have requested and already received approval for those grant making procedures. You are now expanding your programs to support a larger effort beyond traditional healthcare influence.

Your new programs are intended to build a healthy society by providing evidence based initiatives to affect education and prevention in the healthcare system.

You will support selected fellows for the purposes of:

- improving or developing clear, accessible evidence to advance informed development and refinement of current knowledge;
- advance new research projects; and

- disseminate knowledge while developing the leadership and various skills individuals will need to contribute to building a B.

The grants are designed to encourage and further the recipients' personal and intellectual involvement in their given field and in cross-sector collaborations.

The primary criteria for awarding grants include experience, academic or leadership qualifications and an applicant's potential to make a significant contribution to your vision of building a B. Criteria for each program are tailored to the goals of the specific program.

The number of fellows will be determined based on the needs and capacity of the particular program. Therefore, the number of grants will vary from year to year.

Your process for selecting fellows is administered by your organization's staff, frequently with input and advice from an administering organization and an advisory committee of content experts and others who can add insight into the particular program area.

You administer your programs with the assistance of various national program offices which are generally universities or other educational institutions. Because you need to reach fellows across all types of settings, you will provide support to individuals regardless of the type of institution with which they are currently affiliated.

The amount of the fellowships will vary by program based on the support necessary to achieve the program's goals. The types of activities funded will include faculty, facilities, and institutional costs of maintaining the program, tuition, stipends, leadership development, research expenses, travel, and other costs attributable to individual fellows. In addition, you or an administering organization may provide services directly or through consultants to support the fellow's activities.

You will publish your programs using calls for proposals. The calls will be announced through your website, social media, academic and medical institutions, professional societies, your alumni and grantees, and direct outreach.

You will maintain all required information contained in the grant applications such as letters of agreement, grantee reports, and other documentation. When you provide support through non-charitable host institutions, safeguards will be included to ensure the grant does not provide more than an incidental benefit to the institution with which the fellow is affiliated. These safeguards include sharing the outcome with the public, publishing the results in journals, or releasing the results to the public without charge. You would also prohibit any provisions requiring the fellow to remain at the host institution after participating in the program.

Grant recipients must submit periodic financial and narrative reports to receive additional payments on, or renewal of funding. The reports must demonstrate consistent program

participation such as regular participation in meetings, trainings, and group projects and discussions, and progress toward program goals.

In the cases where funding to support tuition is provided, a minimum grade point average will be required.

Fellowship grants are distributed to the host organization with which the fellow is affiliated. At this time, you do not make any grant distributions directly to individuals. The host institutions are required under the grant agreements to maintain oversight over the use of grant funds.

Fellows are required to submit reports to you at least annually describing the progress of their particular project or activities and accounting for the grant funds. Copies of papers, manuscripts and other materials produced under the grant must also be provided. Grantees are also expected to submit a final report within 30-60 days following the end of the grant period.

Narrative reports on the progress of the fellows and their projects or activities are reviewed by the administering organization (if applicable) or the granting organization program staff. Deviations from the grant budget of more than 10 percent require prior approval from you.

If the grantee submits an unsatisfactory report, fails to submit a required report, or if you learn that all or any part of the grant funds awarded are being diverted from the intended purposes, you will withhold any further payments to the grantee. You will take all reasonable and appropriate steps to recover any grant funds not properly accounted for or to ensure restoration of the diverted funds to the purposes of the grant. This would include legal action if deemed appropriate under the circumstances. Any grantee deemed to have diverted grant funds shall be eligible to receive further payments only if such grantee:

- (1) Voluntarily returns the diverted funds;
- (2) Gives you his or her written assurances that future diversions shall not occur; and
- (3) Agrees to provide additional progress reports, on a bi-weekly, monthly, quarterly, or semi-annual basis as determined appropriate, during the duration of the grant period.

Unused funds are required to be transferred back to you.

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,

Jeffrey I. Cooper
Director, Exempt Organizations
Rulings and Agreements