

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

B = Program

C = Program

D = Award

F = Award

G = Award

H = Program

J = Committee

K = Committee

l = number

m = number

n = number

p dollars = dollar amount

q dollars = dollar amount

r dollars = dollar amount

s dollars = dollar 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 mission is to provide a platform for scientific studies that will shape the future of regenerative medicine and educate and support the next generation of clinicians. To achieve this mission, you have developed the B. The first component of the B is the C, where you award grants to fund innovative research proposals addressing questions related to the field of hard and soft tissue regeneration in oral, cranial, and maxillofacial surgery. Such grants will be made through three separate tracks: D, F and G. The second component of the B is the H, where you provide oral surgery residents and fellows with an opportunity to participate in an intensive, individualized training program with leading practitioners in the field.

Information about each grant program will be included on your website and publicized through various contacts within the medical community and professional groups affiliated with regenerative medicine and oral, cranial, and maxillofacial surgery. Further, you will provide information about the B to schools with an Oral and Maxillofacial Surgery (OMS) Department, conduct meetings with individual department chairs and program directors at schools with an OMS department, and distribute promotional flyers presenting information about the B to contacts in the academic community.

The D is available exclusively for individuals who are currently a resident or a fellow in an OMS program. The F is available exclusively for faculty members who are within the first five years of the applicant's first faculty appointment at the time they apply. To be eligible for either of the aforementioned awards, applicants must have a senior mentor associated with his or her proposed project. The G is available to clinicians and medical researchers.

To be eligible to receive a grant under the H, each applicant must be admitted to an oral surgery residency program and must be in his or her last two years of training (i.e., the third or fourth year of a four year program or the fifth or sixth year of a six year program) during the time of the observership. A letter of support from the program director is required, and each applicant must also disclose any disciplinary action he or she may have been subject to and whether he or she has ever been convicted of a felony.

Your officers, directors, substantial contributors, and the children or close relatives of such persons are not eligible for grants.

The maximum amount of each grant will be p dollars per year for the D, q dollars per year for the F, and r dollars per award cycle for the G, which has two award cycles per year. Grants may be extended for an additional year of funding, for a maximum total of two years.

Each grant made under the H will be approximately s dollars, depending on the actual length of the observership, the geographic location of the mentoring clinician's practice, and the nature of the expenses required in connection with any given observership (requisite insurance, licenses, etc.).

There are no restrictions as to the number of times an individual, including past applicants and grant recipients, may apply for funding under the C. However, such individuals must continue to meet all applicable requirements and complete the full application process each time.

An applicant who is not selected to receive a grant under the H may continue to apply indefinitely, provided he or she continues to meet all of the requirements. However, once an applicant is selected to receive a grant under such program, he or she may not apply for any further grants under the H. Selection to receive a grant under the H does not preclude the recipient from applying for future grants under the C.

A J Committee and a K Committee will review applications and recommend the most qualified applicants to your Board. Committee members will consist primarily of scientists who have expertise in relevant scientific disciplines and current research areas. Your Board appoints members of the selection committees for one two-year term, which is renewable at the discretion of the Board.

The number and amount of grants to be awarded annually is determined by your Board and may vary from year to year. Initially, you expect to make approximately l grants under the C and the number of grants awarded is anticipated to increase over a five year period. You expect to make m grant under the H in its first year and expand to n grants each year, starting in the H's second year.

For grants made under the C, annual reports are required and are a prerequisite for continuing payments in multi-year projects. Status reports will include an update of the progress for each portion/aim of the project, funds spent to date, funds remaining at that time, anticipated timeline for the remaining term of the project and funding required to complete the project. A final report including an expenditure report will be required at the end of the project term.

Grantees under the H will be required to submit a narrative report at the end of the observership to provide you with information about the efficacy of the observership. A final budget and accounting must be submitted with this report, along with receipts documenting any expenses associated with the observership that will be reimbursed as part of the grant, rather than paid directly by you. Your Board will review the report, final budget, and accounting to ensure appropriate use of the grant funds. You will also ask the mentoring clinicians to complete a brief survey about the experience in general and the participating resident in particular.

In the event of a misuse of funds, you will determine if the situation is a mistake and whether it can be corrected. If you discover that grant funds have been misappropriated, all reasonable steps will be taken to recover any diverted funds or to ensure that any unused portion is either returned or used for the intended purpose of the grant. Further, in any case where you have determined that grant funds have been misused, you will refrain from making additional disbursements and take further appropriate action as necessary.

You will maintain detailed case histories recording the name and address of the applicant and the amount of the grant. You will maintain complete records regarding the applications, selection process, expenditures, and reports submitted by the grantees.

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