

Internal Revenue Service

P.O. Box 2508

Cincinnati, OH 45201

Department of the Treasury

Release Number: **201850025**

Release Date: 12/14/2018

Date: **September 20, 2018**

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

B = Name of grant

C = State

D dollars = Maximum award

E = Business league

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 B to

development and implementation of the project described in the grant proposal.

The number of grants made annually is dependent upon funding available. The maximum award for an individual proposal may not exceed D dollars per year. You may issue only one grant a year or several grants for small budgets, not to exceed the funding available.

B will be publicized to E's members (pharmacists, pharmacy technicians, student pharmacists and associates) through E's publications, including electronic newsletters, periodicals and its social media accounts.

A qualifying applicant must be a pharmacist currently licensed in C, or a researcher based in C working with innovative pharmacy practice by C pharmacists. It must be an active member of E. All applicants are required to complete an application and to present in person their grant proposal to your Board of Directors.

A proposal must include description of the innovation, its significance to the future pharmacy practice in C, detailed project objectives, project methodology and outcome measures, role of grantee and others in completing the project, evaluation strategy to determine value/outcome of the project, project timetable from implementation to completion, grant budget, and adequacy of the resources available to complete the project. Grant budgets must include all costs, any matching funds or in-kind support and tables referencing budgeted line items, total cost, and any source outside the grant (e.g. in-kind or other funding).

The review committee, comprised of six of your board members, reviews each submitted application, completes a scoring rubric while ranking the applications. The top three applications present their proposals to your Board of Directors meeting. Your full board votes on which projects they wish to fund and at what level.

Grant application scoring is ranked based on significance of innovation to the future pharmacy practice in C, clarity of project objectives, project design, adequacy of the resources available to complete the project, key personnel qualifications, evaluation strategy to determine value/outcome of the project and budget.

All grant recipients are required to submit an interim and a final report to you. Reports include goals, objectives, outcomes, and detailed use of funds.

If terms of the grant are violated, the final 10% of funding will not be provided to grantee

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