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

Date:
04/27/2026

Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202630022
Release Date: 7/24/26

UIL: 4945.04-04

LEGEND
B = Program
C = Program
D = Number
e dollars = Dollars
F = Entity
G = Number
H dollars = Dollars

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 two programs awarding fellowship grants, the B and C. Both programs will be publicized through your website, social media, and via email to your mailing list, which includes past grantees, primary research mentors, university department chairs and development staff, and other similar individuals. Applicants cannot apply for both the B program and C program in the same year.

The B
The purpose of the B is to support individuals who are investigating the causes, prevention, and treatment of attention-deficit/hyperactivity disorder (ADHD) and depression in children and adolescents, especially those from low-income families and under-resourced communities, or other minoritized populations that may have limited support and resources. You plan to award D grants under this program for e dollars per year over a two-year period.

To be eligible, applicants must:

- Work in a department of psychology, psychiatry, developmental pediatrics, social work, public health, or education and also have a primary mentor for their research project.
- Be nominated by their university department chair (department chairs may only nominate one candidate each for the focus areas of ADHD and depression).
- Hold a Doctor of Philosophy degree and/or a Doctor of Medicine degree.
- Have completed all clinical training in their field
- Be at the postdoctoral or junior faculty level on a trajectory for attaining faculty status.
- Be in a designated research training program.
- Reside within an institution based in the United States, where all research on the project will be completed.
- Demonstrate evidence of strong research promise and ability and a commitment to the field of children's mental health.
- Have not already received major research awards. However, individuals that have been awarded or applied for F career development awards may be considered as long as the award does not overlap with the B funding.
- Submit an application on your website.

Applications are expected to include a one-page research abstract, brief synopsis of the proposed research, detailed research project proposal, proposed research project budget, and optional professional references. In addition, candidates must provide a professional biography (including research projects), a personal statement, and an overview of all other sources of current and pending funding. Finally, each candidate must provide a letter of nomination from their university department chair and a letter of support from their primary research project mentor.

<u>The C</u>

The purpose of the C is to support individuals performing research that improves access to high quality mental health care for children and adolescents, especially those from low-income families and under-resourced communities, or other minoritized populations that may have limited support and resources, including families that come from diverse racial and ethnic backgrounds and families that live in poverty. The C will focus on the use of novel models or promising approaches leveraging the latest science from mental health services research and implementation science. You plan to award G grants under this program for h dollars per year over a two-year period.

To be eligible, applicants must:

- Be an academic researcher or investigator from universities, research institutions, health systems, or other settings based in the United States that is positioned to provide rigorous, high-quality research focused on transforming mental and behavioral health care that improves outcomes for children and adolescents.
- Submit a proposal for research that builds upon pilot work for the potential to lead to a larger demonstration project.
- Be at any stage in their career but must have collected sufficient pilot data to inform the development of the proposed project and be well enough established to lead the proposed research effort.
- Submit an application on your website. Co-applicants/principal investigators may apply for the program if they reside at the same institution.

Applications are expected to include a one-page description of the nature and scope of the proposed research project, a brief synopsis of the proposed research, a detailed research project proposal, a research project budget and timeline, background information regarding the site(s) where the research will take place, the applicant's professional biography, and letters of support and professional biographies from other key research project personnel. The application must also indicate the level of institution and faculty support of the project, including letters of support from the institution's Department Chair or Division Director, and identify additional sources of potential funding for larger scaling.

Both Programs

You plan to utilize a selection committee to review and discuss applications, make selections, and then present those selections to your Board for review. The selection committee is composed of individuals with professional experience within the field of children's mental health, including deep knowledge of and expertise in child and adolescent ADHD, depression, and transformative models of mental health care and prevention. No member of the selection committee will be one of your trustees, officers, or other Disqualified Persons with respect to you. Applications will be evaluated by the selection committee based on originality, methodological rigor, potential contribution to progress within the field, quality of institutional support, feasibility of completion of the project within the allotted time and budget, and the mentoring and training plan (as applicable). The committee will also prioritize career development and the role the application plays in furthering the applicant's professional aspirations, including a project's potential to lead to federal funding and other national research awards for the applicant.

The terms and conditions of each grant will be contained in a written grant agreement signed by the recipient, a representative of their academic institution, and their primary research project mentor (if applicable). You will issue awards to the recipient's academic institution in two installments. The first installment will be issued upon receipt of a fully executed copy of the grant agreement. The payment of the second year of funding is contingent on the recipients' compliance with reporting requirements and making progress on their projects during the first year.

The grant agreement will require recipients to provide:

- A mid-year report during each year of the grant
- A first-year annual report, including a financial statement accounting for the funds received during the first year of the grant
- A one-page evaluation from the recipient's primary research project mentor (for B recipients), following the first year of the grant, and
- A final report, including a financial statement accounting for the funds received over the course of the entire grant, following the second year of the grant.

All reports must describe the recipients' use of the funds and progress in achieving the purpose of the grant. B recipients must also have the report reviewed and signed by their primary research project mentor.

Grantees are also required to attend your biennial scientific meeting that you will hold for the purpose of encouraging learning, networking, and collaboration among fellow grantees. You will pay or reimburse reasonable travel and lodging expenses for grantees to attend this scientific meeting based on actual expenses supported by receipts.

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.

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

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:
Letter 437