

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

Department of the Treasury

Number: **202122014**
Release Date: 6/4/2021

Employer Identification Number:

Date: March 9, 2021

Contact person - ID number:

Contact telephone number:

LEGEND:

B = number
C = number
D = number
E = number
f dollars= amount
g dollars = amount

UIL:

4945.04-04

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

You will provide fellowship or other research grants to qualified individuals to improve or enhance the scientific, teaching, or other similar capacity or skill of the grantee to promote your exempt purpose. You expect to award grants to mid-career tenured faculty members in chemistry and physics departments.

To be eligible for an award the applicant must:

- Have expertise in a field of study that is important to your charitable purposes
- Possess a strong record of academic or professional achievement in their scientific field of physics or chemistry
- Have clearly articulated curiosity-based research plans and hypothesis

- Possess a “restless mind” that by its nature seeks out new and creative lines of research.

The number and amount of grants you award will depend on the philanthropic priorities of your board of directors and available funds. Initially, B universities will be invited to participate, with the objective of supporting C awards. As your process is refined, you expect to increase this to D universities and support E awards. Initially, awards will range from f to g dollars, depending on the recipient’s work as an experimentalist or theorist, respectively, to be funded over a number of years. The grants will be awarded on an objective and non-discriminatory basis.

You intend to renew grants over multiple years, assuming the recipient continues to use the funds appropriately and for the intended purpose. If a recipient continues to meet the eligibility criteria, you may allow for an extension or make additional awards to or on behalf of a recipient.

The funds may be used for any reasonable expense that will fulfill the charitable purposes of the award, including but not limited to:

- Post-doctoral research staff
- Graduate student stipends
- Non-faculty technical staff compensation
- Supplies and equipment
- User fees and administrative costs up to 10% of the award amount

You will publicize your award program by first targeting universities with strong chemistry and physics departments. You will invite universities by letter to participate in the program and nominate individuals for the award.

Your Science Advisory Board will be heavily involved in reviewing applications and recommending finalists to your board of directors. Your Science Advisory Board is made up of experts in chemistry, physics, and other basic scientific research fields.

You represent that you will arrange to receive, and review grantee reports annually and upon completion of the purpose for which the grant was awarded. Payments will not be made to recipients until the reports are received and found to be valid.

You will investigate diversions of funds from their intended purposes. You will take reasonable steps to recover the diverted funds. You will maintain all records relating to individual grants.

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