



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities
P.O. Box 2508
Cincinnati, OH 45201

Date:
07/22/2024
Taxpayer ID number:

Person to contact:

Release Number: 202442011
Release Date: 10/18/2024

UIL: 4945.04.04

LEGEND

B = Name
C = Name
D = Numbers
E = Numbers
F = Name
G = Name
H = Name
J = Number
x dollars = Amounts
y dollars = Amounts

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 grant making programs under IRC Section 4945(g)(3) in the form of fellowships called B and F.

Your long-term goals are to support translational research that will result in effective preventions and treatments for children with psychiatric disorders, to address the growing shortage of child and adolescent psychiatrists

who are pursuing academic research careers, and to cultivate mentors to succeeding generations of child psychiatrists.

Details of B

The purpose of B is to support translational research that will result in effective preventions and treatments for children with psychiatric disorders as well as to train recipients to become established investigators. The long-term goal of B is to position recipients to be among the most highly respected investigators in child and adolescent psychiatry and to serve as mentors to succeeding generations of child psychiatrists. B was established for early career clinician-scientists who are conducting innovative research in child and adolescent psychiatry.

Your fellowships may be awarded at selected accredited medical schools in the State of C and will be awarded on a competitive, peer-reviewed basis as well as be funded up to a maximum of J years based on scientific review and progress. You expect to make in the range of D new grants every year in the range of x dollars per year for a grant term of E years per fellow.

B is promoted on your website. Additionally, members of your scientific advisory committee conduct outreach to their personal and professional contacts in academic communities to encourage medical students and residents, along with research fellows and colleagues to apply. Further, you coordinate with participating universities who share information regarding your fellowships with potential applicants.

To be eligible for B, candidates will be required to already hold or have completed an MD or MD/PhD before they will be eligible to receive funds under B. You will encourage child psychiatry residents in years four and five of their training, as well as child psychiatrists who have just completed their residency to apply for B.

Postdoctoral researchers are also eligible to apply to the upcoming year's grant program if they have identified a mentor who holds a full-time faculty or primary appointment at the applicant's sponsoring medical school. These applicants must obtain a letter of support from their mentor. Applicants/candidates with tenure-track research positions or faculty appointments are ineligible for B.

To apply for B, prospective fellowship candidates must complete and submit an application form with documentation such as any research proposals, sealed transcripts, a certified copy of their degree, or board medical certification, which confirms that they already hold or have completed an MD or MD/PhD. Additionally, candidates must indicate on their application form whether they seek funding for one, two, or three years.

For the selection process, you have appointed a scientific advisory committee to review and evaluate fellowship applications, advise your board on the quality and competitiveness of candidates, and recommend fellowship applicants to your board for selection. The members of your board or scientific advisory committee will not be in a position to derive a direct or indirect benefit if certain potential grantees are selected over others.

Candidates for B will be evaluated by the scientific advisory committee based on the following criteria:

- The accomplishments of the candidate and perceived potential of the candidate;
- The commitment of the candidate to a career in child and adolescent psychiatry;
- The relevance of the proposed research into the prevention of/or treatment for psychiatric disorders among children and/or adolescents;
- The commitment of the principal investigator to provide significant and personalized leadership to mentor the candidate and support his/her career development; and

- The accomplishments of the principal investigator in the candidate's field of inquiry.

You generally expect that your board will approve all grantees recommended by your advisory committee, but your board retains ultimate authority whether to grant a fellowship to the candidates recommended by your advisory committee.

You will place no limitations or restrictions in the selection procedures based upon race, religion, national or ethnic origin, or other illegally discriminatory criteria. You may impose other restrictions from time to time such as additional geographical limitations, such as limited to recipients from disadvantaged rural and urban areas. The number of potentially eligible individuals is uncertain and may vary.

Fellowships may be renewed for up to J years based on scientific review and progress. Fellowship recipients are required to sign an agreement before funds are disbursed and must submit a brief report at the end of the academic year to summarize the progress of the research project and fellowship experience.

Details of F

The purpose of F is to award fellowships to support clinician-scientists as they transition from their fellowship training to junior faculty positions as well as to support junior faculty in their first J years who are seeking permanent, tenure-track positions at specific accredited medical schools in C. The fellowships will be used by the medical school employing the fellow to pay their salary and benefits while they work on the research funded by the grant. Funding may also be used to pay for any hard costs associated directly with the research. Your fellowship grants will be awarded on a competitive, peer-reviewed basis. You expect to make C new grant awards per year for y dollars in annual funding for a maximum of J years based on scientific review and progress.

F is promoted on your website. Additionally, members of your scientific advisory committee conduct outreach to their personal and professional contacts in academic communities to encourage medical students and residents, along with research fellows and colleagues to apply. Further, you coordinate with participating universities who share information regarding your fellowships with potential applicants.

To be eligible for F, the applicants must hold an MD or MD/PhD as well as have completed their CAP training or be a post-graduate year ("PGY") 4, PGY-5, or PGY-6 trainee. Junior faculty in their first J years are also eligible. Further, applicants may hold a G Award from H, but this award cannot serve as the institutional commitment to the G Award. Awards under F would supplement other sources of funding.

Eligible applicants must also:

- Have a mentor who holds a full-time faculty or primary appointment at the applicant's sponsoring medical school;
- Obtain a letter of support from their mentor

The application process for F consists of multiple components. Applicants must submit documents including but not limited to their bio and bibliography of relevant publications, a personal statement, and a technical statement of proposed research, as well as submit their completed application and mentor's letter by the due date on your website.

For the selection process, you have appointed a scientific advisory committee to review and evaluate fellowship applications, advise your board on the quality and competitiveness of candidates, and make recommendations to your board. Your board of directors then has the final authority to consider these recommendations and either approve or reject the applicant. The members of your fellowship advisory committee will not be in a position to

derive a direct or indirect benefit if certain potential grantees are selected over others.

Candidates for your fellowships will be evaluated by the scientific advisory committee based on the following criteria:

- The accomplishments of the candidate and perceived potential of the candidate;
- The commitment of the candidate to a career in child and adolescent psychiatry;
- The relevance of the proposed research into the prevention of /or treatment for psychiatric disorders among children and/or adolescents;
- The commitment of the principal investigator to provide significant and personalized leadership to mentor the candidate and support his/her career development; and
- The accomplishments of the principal investigator in the candidate's field of inquiry.

After receipt of candidate applications, you will notify candidates of their status and your scientific advisory committee will conduct interviews with finalists. Award decisions will be made following these interviews.

You will place no limitations or restrictions in the selection procedures based upon race, religion, national or ethnic origin, or other illegally discriminatory criteria. The number of potentially eligible individuals is uncertain and may vary.

Fellowships may be renewed for up to J years based on scientific review and progress. Fellowship recipients are required to sign an agreement before funds are disbursed and must submit a brief report at the end of the academic year to summarize the progress of the research project and fellowship experience.

Oversight Procedures for both B and F:

You will send fellowship award payments directly to the sponsoring medical school which can be applied toward salary and benefits, or to support a specific research project. Each fellowship recipient must promptly notify you if plans change and the recipient is unable to continue the fellowship. The fellowship cannot be transferred to a different institution or mentor.

Fellowship recipients must acknowledge your support on curriculum vitae and in all published papers resulting from their research project and provide you with one reprint of each publication. Further, fellowship recipients must provide a final report describing their accomplishments with respect to the fellowship and an accounting for the funds received under the fellowship. Any apparent misuse of fellowship funds will be promptly investigated. If you discover that fellowship funds have been misused, you require the fellowship recipient to immediately return the fellowship funds and you will make no further distributions to that recipient.

You will maintain case histories with the following information regarding each recipient:

1. The information that you secured to evaluate the qualification of potential recipients
2. The identification of recipients and any relationships with your board of directors, officers, or substantial contributors
3. The amount and purpose of each fellowship awarded
4. The follow-up reports and other information from each fellowship recipient.

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