



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

Date: April 20, 2022

Taxpayer ID number:

Person to contact:

Name:

ID number:

Telephone:

Number: **202228018**

Release Date: 7/15/2022

LEGEND

X = Name

Y = Name

z dollars = Amount

UIL: 4945.04-04

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 a grant making program. Your purpose is to provide opportunities for doctors, nurse practitioners, physician assistants, and pharmacists to conceive and implement charitable projects to improve health, with a particular focus on the underserved, and to share the results of their projects with fellow healthcare professionals and the larger healthcare community to inspire others to do the same.

Through your grant making program, you will support proposals among verified healthcare professionals for projects related to health improvement that benefit the underserved. Specifically, you will help clinicians reach underserved communities by funding flights for medical mission trips. You don't market the program but depend on word-of-mouth referrals from existing and previous grantees.

There is no set number of grants made each year; the only limitation is availability of funds. The amount of funding per grantee may also vary, depending on the cost of the flights to various locations, but will not exceed z dollars for any given mission. You only will support economy travel on regularly scheduled air travel.

To be eligible for a grant, the potential recipient must be a physician, nurse practitioner, physician assistant or certified registered nurse anesthetist and a member of X, which is free to join and use for all healthcare professionals.

To apply for a grant, the applicant must complete your application and provide a description of the proposed trip including their detailed plans during the trip, the expected impact, and the population served. Applications are reviewed monthly.

Recipients will be chosen by a Selection committee composed of your Executive Directors. Grants are not available to members of the Selection Committee or any of your officers, directors, or substantial contributors. Selection committee members are chosen and approved by the majority of your Board of Directors.

The Selection Committee will select the recipients based on the merits of their proposal. Further, the specific criteria the Selection Committee will use to select recipients include the quality of the medical mission, number of people potentially served by their mission program, the previous track record of success with a similar medical mission, the clarity, and the transparency of the application and the proposal.

Grants are not renewable. They are one-time grants to support travel for a medical mission. Grantees are welcome to reapply for further grant support once they have completed their medical mission.

Grants are administered by you and travel is booked through your trusted 3rd party, Y. All grantees are required to complete a report at the end of the mission and provide associated photos, if available. If terms are violated, grantees are asked to pay back the cost of their supported air travel.

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

- 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.

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,

Stephan A. Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:
Letter 437

cc: