Grant Guidelines

Disclosure of Potential Conflicts of Interest
The Organization maintains a Conflict of Interest Policy, which can be found here. As part of the grant application process, all key study personnel are required to disclose in writing, among other potential conflicts, any direct or indirect ownership or investment interest in, or any past or present financial relationship, including, but not limited to, salary or wages, remuneration, consulting fees, honoraria, expert testimony fees or speaking engagement fees received from, a tobacco company or any commercial entity involved in the development and/or commercialization of nicotine-containing products or the tobacco reduction or smoking cessation field or that otherwise may be affected by the scientific research conducted or funded by the Organization. All key study personnel are also required to report other potential conflicts as required by the Policy.

Expenditure Responsibility and Equivalency Determinations
The Organization, as a private foundation under U.S. tax laws, exercises “expenditure responsibility” in accordance with Section 4945(h) of the Internal Revenue Code of 1986, as amended (the “Code”), with respect to grants to organizations, domestic or foreign, that are not public charities recognized as tax exempt under Section 501(c)(3) of the Code. Alternatively, with respect to the making of a grant to a foreign organization that is the equivalent of a public charity under U.S. law, in lieu of exercising expenditure responsibility, the Organization may make an “equivalency determination.” A grant applicant’s organizational status will not affect the consideration of its application. However, successful grant applicants may be asked to provide the Organization with additional information about the grantee organization prior to execution of a grant award to ensure that the Organization can meet its tax law obligations.

Expenditure responsibility requires a private foundation to exert all reasonable efforts and establish adequate procedures to see that a grant is spent solely for the purpose for which it was made, obtain full and complete reports from the grantee on how funds were spent and make full and detailed reports with respect to such expenditures on an annual basis on the private foundation’s Form 990-PF filed with the U.S. Internal Revenue Service.

The general requirements for expenditure responsibility are: (i) a pre-grant inquiry regarding the grantee; (ii) a written agreement specifying the charitable purposes the grantee intends to accomplish and containing certain limitations (such as prohibiting the use of grant funds for lobbying) and (iii) providing that the grantee establish a separate account for the grant funds; (iv) regular reports from the grantee; and (iv) annual reporting by the Organization to the IRS on its Form 990-PF indicating that expenditure responsibility payments were made, including a brief description of each grant. The grant-making procedures the Organization has established, including the application process, the terms of the grant agreement, and the required reporting and recordkeeping by the grantee, are designed to ensure compliance with the requirements of “expenditure responsibility.”

To fulfill the requirements of equivalency determination, the Organization must make a good faith determination based on an affidavit and analysis of financial, programmatic, governance, and other documents from the potential grantee or an opinion of legal counsel that the grantee is the equivalent to a U.S. public charity.