



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

Date:
 02/20/2024
 Taxpayer ID number:
 Person to contact:

Release Number: 202420033
 Release Date: 5/17/2024

UIL: 4945.04-04

LEGEND

B= number
 C= number
 y dollars =

Dear _____ :

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

Description of your request

Your letter indicates you will operate a grant program to provide scholarships to post high school students pursuing higher education at an accredited college or university. The purpose of your program is to assist needy individuals who would not be able to experience college without a scholarship, and whose college education will assist them in obtaining employment.

Your program will emphasize Science, Technology, Engineering, Mathematics (STEM); education; nursing; etc., with the ultimate goal of ensuring individuals become successful, financially independent members of society.

You anticipate awarding approximately B grants per year, each worth in between y dollars depending students' need.

You will publicize your program by informing various schools and other 501(c)(3) organizations that you have funding available for needy students.

To be eligible for your program, applicants must:

- complete your grant application,
- demonstrate a financial/family need for assistance,
- have achieved academic success, which generally includes holding at least a 3.5 Grade Point Average (GPA),
- participate in extracurricular activities or volunteer work, and
- show a desire to succeed.

You require each student to provide their schedule before the start of the semester to ensure they maintain a full academic load. Students must also provide their grades within C days of receiving them. While you don't

require students maintain a specific GPA, you do require the grades to indicate the student is applying themselves fully to their endeavors.

Grants are renewable, with the criteria the same as the original grant. In addition, the recipient must show satisfactory grades that indicate adequate effort and show that the recipient is on the path to graduation.

Your selection committee consists of two of your directors, appointed by members of your board. Members of your selection committee and their relatives are not eligible to apply for a scholarship. Applicants will first be interviewed by one of your board members, then by your selection committee. You and your independent auditors review every grant and ensure that each recipient who receives funding uses the funds for the intended purpose.

If there are more applicants than available scholarships, the student who has the superior academic record and has demonstrated the greatest need will receive a scholarship.

Funds will be paid directly to the educational institution at which the recipient will be attending. You may assign an individual to continue communication with the recipient throughout the grant process to ensure compliance. Any violation of your procedures, such as failure to provide class schedules or grades, will result in a warning, followed by termination of the grant if non-compliance continues.

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.

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.

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.

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