



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

Date:
01/03/2024
Taxpayer ID number:

Person to contact:

Release Number: 202413014
Release Date: 3/29/2024

LEGEND

B = Name
C = Name
D = Name
E = Name
F = Names
G = Name
H = Number
U = Number
V = Number
W = Number
x dollars = Amount
y dollars = Amount
z dollars = Amount

UIL: 4945.04-04

Dear :

You asked for advance approval of your scholarship procedures under Internal Revenue Code (IRC) Section 4945(g)(1). You requested approval of your scholarship program to fund the education of certain qualifying students.

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 scholarships. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships meet the requirements of IRC Section 4945(g)(1). As a result, expenditures you make under these procedures won't be taxable.

Additionally, awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provided in IRC Section 117(b)).

Description of your request

Your letter indicates you will operate a grant program where you will award scholarships and grants consisting of B, C, D, and E. Your purpose is to foster and support aviation artifacts to enable interested persons and the general public to learn more about aviation history and heritage.

Scholarships and grants under your grant program will be awarded to interested and motivated young people who are pursuing education and training in aviation, aeronautics, aircraft mechanics and science, technology, engineering, and math (STEM) fields. These scholarships and grants will cover tuition and related expenses at a qualified educational institution that has a regular faculty, a curriculum, and an organized body of students in attendance at the place where the educational activities are held, including flight training schools. No part of the scholarships and grants is to be used as payment for teaching, research, or other services by the recipient required as a condition for receiving the scholarship.

To publicize the availability of your scholarships and grants, you will contact high school, college, and graduate school administrators as well as managers of other relevant institutions such as flight schools to advertise their availability. You will also publish the availability of such scholarships and grants on your website as well as in aviation publications and websites.

Recipients of all your scholarships and grants will be selected by a selection committee consisting of your Board of Directors or conversely your Board will appoint all members of any selection committee charged with the evaluation of candidates. Every member of the selection committee must adhere to your relevant policies as they may be adopted and amended from time to time, including without limitation to your conflict of interest and confidentiality policy. Each member of any selection committee covered by this policy must disclose any personal knowledge of and relationship with any potential grantee under consideration and refrain from participation in the award process in a circumstance where he or she would derive, directly or indirectly, a private benefit if any potential grantee or grantees are selected over others.

Scholarships and grants may not be awarded to any member of Board of Directors, any substantial contributor, any employee of yours, or any other disqualified person with respect to you. Scholarships and grants also may not be awarded to any donor/advisor or substantial contributor making the award, to any member of a selection committee for such award, or to any members of their families. Finally scholarships and grants covered by this policy may not be made for a purpose that is not charitable.

Specifics of B

The purpose of B is to provide scholarships to individuals, including high school, college, and graduate school students to enable them to complete an undergraduate or graduate education in the fields of aviation and engineering or a degree related to STEM at a college or graduate school of their choice within the continental United States. Under B, you anticipate awarding up to U scholarships for up to z dollars each year. To be eligible to receive a scholarship under B, recipients must be:

- In the eleventh grade or higher
- Pursuing studies or conducting research to meet the requirements for an academic or professional degree in aviation, engineering, or STEM related field
- Accepted and enrolled as full-time undergraduate or graduate students at an accredited college or university within the continental United States

To apply for B, the applicants are required to submit application forms and supporting materials as you may

deem appropriate on a schedule to be determined by you.

The aforementioned selection committee will use the following criteria to select recipients:

- Prior academic performance,
- Performance on tests designed to measure ability and aptitude for educational work,
- Recommendations from instructors and any others who have knowledge of the applicant's capabilities,
- Biographical information regarding an applicant's career, academic and other relevant experiences, community involvement, extracurricular activities, leadership abilities, entrepreneurial spirit, financial need,
- An essay describing the applicant's interest in aviation, engineering, or STEM fields.
- An interview with the grant selection committee; and
- Currently in the eleventh grade or higher.

The selection committee will forward its recommendations to your Board who will approve each scholarship. These scholarships will ordinarily be awarded for a four-year period and may be renewable under special circumstances.

Specifics of C

The purpose of C is to provide funds to individuals who demonstrate a need for financial assistance in pursuing their education and show a passion for aviation. To be eligible for C, an individual must be accepted and enrolled as undergraduate or graduate students at an accredited college or university or flight school, within the continental United States, and pursuing studies or conducting research to meet the requirements for an academic or professional degree in aviation or a related field.

Eligible individuals are nominated for these awards by an educator or someone in the aviation field. Individuals and organizations wishing to nominate persons for C will also be required to submit nomination forms and supporting materials as you may deem appropriate on a schedule to be determined by you. Under C, you anticipate awarding up to U renewable scholarships for up to x dollars each year. The aforementioned selection committee will use the following criteria (but not limited to) to select recipients:

- Prior academic performance
- Performance on tests designed to measure ability and aptitude for educational work
- Recommendations from instructors and any others who have knowledge of the applicant's capabilities
- Biographical information regarding an applicant's career, academic and other relevant experiences, community involvement, extracurricular activities, leadership abilities, entrepreneurial spirit, financial need.
- An essay describing the applicant's interest in aviation, engineering, or STEM fields
- An interview with the grant selection committee

The selection committee will forward its recommendations to your Board who will approve each scholarship, which will ordinarily be awarded for a four-year period, and may be renewable under special circumstances.

Specifics of D

The purpose of D is to provide scholarships and grants to individuals to attend a qualifying flight training institution to acquire a private pilot's license or an advanced rating. For D, you anticipate awarding up to V renewable scholarships for up to y dollars each year.

To be eligible for D, applicants must be: (1) at least 16 years of age; and (2) accepted and enrolled as students at

a qualifying flight training school.

The aforementioned selection committee will use the following criteria (but not limited to) to select recipients:

- Prior academic performance.
- Performance on tests designed to measure ability and aptitude for educational work
- Recommendations from instructors and any others who have knowledge of the applicant's capabilities
- Biographical information regarding an applicant's career, academic and other relevant experiences, community involvement, extracurricular activities, leadership abilities, entrepreneurial spirit, financial need
- An essay describing the applicant's interest in aviation, engineering, or STEM fields
- An interview with the grant selection committee

The selection committee will forward its recommendations to your Board who will approve each award. D may be renewed annually.

Specifics of E

The purpose of E is to fund the recipient's course of study at a qualified educational institution to become an FAA-certificated _____ and/or _____. For E you anticipate awarding up to W renewable scholarships for up to z dollars each year.

To be eligible for E, individuals must:

- 1) Be accepted and enrolled as students at an F.
- 2) Demonstrate completion of the requisite on-the-job training through military service or civilian experience required by G to be eligible to take the airman knowledge written, oral, and practical tests.

The aforementioned selection committee will use the following criteria (but not limited to) to select qualified recipients of for E:

- Prior academic performance
- Performance on tests designed to measure ability and aptitude for educational work
- Recommendations from instructors and any others who have knowledge of the applicant's capabilities
- Biographical information regarding an applicant's career, academic and other relevant experiences, community involvement, extracurricular activities, leadership abilities, entrepreneurial spirit, financial need
- An essay describing the applicant's interest in aviation, engineering, or STEM fields
- An interview with the grant selection committee

The selection committee will forward its recommendations to your Board who will approve each award. These scholarships may be renewed annually.

Specifics that apply to all scholarship and grants

Scholarship and grants must be used for qualified expenses at a qualified educational institution. The recipients will be required to maintain an overall grade point average of H, its equivalent, or other minimum satisfaction progress. You reserve the right to impose additional, minor reasonable restrictions and/or requirements upon the awarding and the administration of all scholarships and grants and the administration of such grants. Any substantial or material changes will be made only with approval of your Board of Directors.

Generally, you will pay scholarship and grants directly to the educational institution for the use of the recipient. The educational institution must agree in writing to use the funds to defray the recipient's qualified expenses or to pay the funds (or a portion thereof) to the recipient only if the recipient is enrolled at such educational institution and his or her standing at such educational institution is consistent with the purposes and conditions of the grant. Violations of the institution's Honor Code, or other code of conduct, resulting in discipline or other conduct that would reflect poorly on you are cause for suspension of funds from any grant. Likewise, failure to maintain the requisite grade point average or other academic requirements are cause for suspension of funds from any grant.

If for any reason, an award is paid directly to the recipient or anyone other than the educational institution, you must receive a report on the progress of each recipient of such award at least once each year. This report must include a summary of the use of the funds awarded, and the grantee's courses taken (if any) and grades received (if any) in each academic period. This report must be verified by the educational institution. A final report is also required.

Where the reports submitted or other information (including the failure to submit reports), indicate that such a grant is not being used for its intended purpose, you are under a duty to investigate. While conducting its investigation, you will withhold further payments to the extent possible until any delinquent reports required under these procedures have been.

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 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 the provisions of IRC Section 117(a).
- The grant is to be used for study at an educational organization described in IRC Section 170(b)(1)(A)(ii).

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 scholarships 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 scholarship 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

Enclosures:
Letter 437

cc: