



**Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities**

Date:
08/04/2025
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202551050
Release Date: 12/19/2025

LEGEND

C = Location
D = Number Range
n dollars= Dollars
p dollars= Dollars
o dollars= Dollars
q dollars= Dollars

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 scholarship program. You will provide scholarships for financial assistance to high school and college students who wish to continue their education in pursuit of a bachelor's degree. Your scholarships are intended to relieve the financial burden of those attending a four-year college, including tuition, fees, and room and board. Your scholarship grants made under IRC Section 4945(g)(1) are for courses at schools or accepted for credit at schools under IRC Sections 509(a)(1) and 170(b)(1)(A)(ii).

Letter 4792 (Rev. 1-2022)
Catalog Number 58263T

You will award D scholarships of approximately n dollars annually with the rights to alter the approximate number of awards based on the required annual payout from year to year. Your average award is p dollars. You publicize the scholarship on your website and announced at high schools and colleges. Applications are submitted online through your website.

To be eligible for consideration the applicant must be:

- A United States citizen,
- A non-citizen with lawful presence in the United States with a work permit,
- A noncitizen filing a personal income tax return in the United States, or
- A noncitizen who is claimed as a dependent by a parent or legal guardian filing a personal income tax return in the United States.

Applicants also must:

- Be an entering or returning full-time student at an accredited undergraduate institution in the United States,
- Be a permanent resident of C,
- Submit documentation demonstrating financial need,
- Have a GPA of 3.0 or higher.

Specific Criteria you use to select applicants:

- Academic achievement
- Involvement in a balance of community, school, and work activities,
- Strong work ethic,
- Leadership qualities,
- Ability to pursue goals and aspirations with integrity, resolution, self-discipline and judgment
- Willing to or currently working part-time
- A student Aid Index (SAI) from the Free Application For Federal Student Aid (FAFSA) showing o dollars or less. An applicant with a SAI of more than o dollars must show extenuating financial circumstances
- Unmet financial need of q dollars or more at the college of their choice as determined by your Financial Eligibility Calculator,
- A low to moderate parent adjusted gross income

Your executive director and a group of employees will provide a list of recommended applicants to your trustees based on the selection criteria. Your trustees will then make the final selections.

Recipients renewing scholarships must submit a renewal application. a copy of a their most recent semester with a GPA at least 2.5 and maintain continued enrollment in a four-year program. The GPA and enrollment is reviewed annually. In the event an applicant fails to maintain the grade/eligibility requirements, the scholarship will be on hold until the GPA has reached the required average. If a recipient no longer meets the financial criteria, they will not be awarded a renewal scholarship.

Awards will be sent directly to the institution of higher education on behalf of the recipient receiving the scholarship, which award is to be applied to the student's overall financial aid package.

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.

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