



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

Date:
12/22/2025
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202612011
Release Date: 3/20/26

LEGEND

B = City
C = Number
d dollars = Dollars
E = Number
F = Number
G = Name
H = Number
J = Number

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 granting scholarships to qualifying students pursuing college degrees. You will primarily focus on students from the B area. Your scholarships will provide assistance to qualifying students to cover tuition and books.

You will determine the number of scholarship awards that will be made each year based on a determination of the number of qualified students that apply as well as available funds. The community college scholarships will be an amount equal to C consecutive semesters if requirements for each semester are met. For students transferring to a four-year university, the amount is d dollars per academic year for up to E years.

You will publicize and promote the opportunity to receive scholarship grants in the local communities that you wish to serve with the goal of attracting a diverse applicant pool. You will implement procedures to ensure the scholarship is widely publicized and you engage with the public, including, but not limited to local school counselors, college professors, and public educators in target communities to help publicize the scholarship program.

You have established eligibility criteria for the qualified students eligible to receive scholarships. You will give particular focus to students that meet the following criteria:

- Must be in good academic standing with a minimum cumulative GPA of F
- Must exemplify outstanding leadership demonstrated by involvement in academic church and/or community based activities
- Must answer the following supplemental questions as follows:
 - Why do you want to be a G
 - Describe why you want to be a G, include your leadership and academic qualifications and state why you are applying for this scholarship?
 - What are your academic and career goals? Explain in detail.
 - Describe in detail, 3 important leadership accomplishments.
 - Describe in detail, 3 honors that reflect outstanding academic achievement.
 - Include the name of the honor, when received and why you received this honor
- Scholarship is open to all students, however, preference will be given to graduating high school seniors who are United States citizens or college students who are United States citizens so long as such preference does not significantly detract from the college's nondiscriminatory policies.
- Applicant may be asked to participate in a face to face interview with the selection committee
- For community college scholarships, must have completed less than H hours prior to the period of the award
- For community college transfer scholarships, must have complete more than H hours prior to the period of the award

To obtain a scholarship award, a program participant must apply to you and present information relating to their eligibility and educational institution. Such information must include evidence that the scholarship participant is in good standing at his or her education institution and otherwise meets the eligibility criteria. A scholarship recipient must remain in good standing at his or her educational institution, earn a total of J hours, and have a F GPA or higher for fall and spring semester to meet requirements. To receive the subsequent semester awards, the recipient must maintain the scholarship requirements each semester.

You will award grants on an objective and nondiscriminatory basis to individual students to facilitate their attendance at colleges and universities. Applicants will be required to demonstrate previous and future academic success in accordance with the scholarship program. You will use a combination of selection criteria to determine which applicants will receive scholarship awards, which may include character, demonstrated work ethic, academic performance, and responses to the eligibility questions.

Your trustees will review each scholarship application and determine each student's eligibility for receiving a grant. Any student may be awarded a scholarship award if he or she meets the eligibility criteria as determined

by your trustees. In addition, your trustees or a spouse or any lineal descendant of your trustee are ineligible to receive scholarship.

You and your trustees will supervise the award by reviewing transcripts received from students, confirming each student's enrollment in an educational institution, and receiving and reviewing reports annually and upon completion of the purpose for which the scholarship was awarded. In addition, grants from you will be paid directly to the academic institution attended by the student to ensure that the payments are correctly applied. Any scholarship amounts that are not payable directly to an institution will require reporting by the student to you as the application of the payments. You will only pay such scholarship awards if the recipient is enrolled at such educational institution, the recipient's standing at such educational institution is consistent with the purpose and conditions of the grant, and such recipient maintain the minimum level of academic achievement as established by your trustees.

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 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.

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