



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

Date:
01/23/2026
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202616008
Release Date: 4/17/26

LEGEND

UIL: 4945.04-04

B = Individuals
C = Entity
D = Range
E = Range
f dollars = Dollars
G = Program
H = Scholarship
J = Associations
K = Scholarship
L = Scholarship

Dear :

You asked for advance approval of your scholarship procedures under Internal Revenue Code (IRC) Section 4945(g)(1) and advance approval of your educational grant procedures under IRC Section 4945(g)(3).

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.

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 provide in IRC Section 117(b)).

We also approved your procedures for awarding educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grants meet the requirements of IRC Section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

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

Description of your request

Your letter indicates you will operate scholarship programs under IRC Section 4945(g)(1) and a grant program under IRC Section 4945(g)(3). Your grants are available to B who originally enrolled to C, or lineal descendants of B. Your grants are intended to support education, cultural preservation, language revitalization, and professional or artistic development.

You anticipate approximately D individuals will be eligible to apply for your programs annually. You plan to award approximately E scholarships and grants annually, depending on the volume of qualified applicants and availability of funds. You anticipate your average annual award amount to be f dollars per recipient.

You publicize your scholarship and grant programs through:

- Website and Online presence
- Social Media platforms and digital newsletters
- Direct email communication with past applicants, partner organizations, and C entities
- Printed brochures and flyers distributed at community events, career fairs, and schools
- Educational presentations and webinars about scholarship and grant opportunities
- Announcements through the C region and village corporation networks to ensure information is given to as many shareholders as possible

Your selection committee members are appointed by your staff based on relevant expertise, experience, and alignment with your mission. All reviewers must complete conflict of interest disclosures and may not participate if a potential conflict exists. Your board members will not serve on selection committees for individual awards. Your selection committee composition is reviewed periodically to ensure fairness, diversity of perspective, and alignment with program goals are met.

IRC Section 4945(g)(1) Programs

Your scholarship programs include:

- G for current high school students also enrolled in postsecondary courses
- H open to original shareholders of J and their direct descendants.
- K designed for voting shareholders who aren't descendants
- L for individuals enrolled in accredited technical skill training programs that lead to certificates, certifications, or professional licenses.

You will provide scholarship grants for high schoolers currently enrolled in postsecondary courses, undergraduates, graduates, and individuals enrolled in accredited technical skill training programs. These scholarships will be granted to individuals for tuition and related expenses to qualified recipients who attend an educational institution described in IRC Section 170(b)(1)(A)(ii) or other accredited institutions for L recipients. Your scholarships can be generally used for:

- Tuition and fees required for enrollment or attendance of the student at a qualifying institution.
- Fees, books, supplies, and equipment required for courses of instruction at such an educational institution; and
- Room and board.

Moreover, no part of the scholarship may be used as payment for teaching, research, or other services by the scholarship recipient as a condition for receiving the scholarship.

To be eligible to apply for a scholarship, applicants generally must:

- Submit a Registered Descendant Card or proof of descentance from an original C shareholder.
- Have a high school diploma or GED, or be a current high school student if applying for G.
- Be enrolled in a degree program or pre-requisite courses before entering a degree program.
- Currently hold a 2.0 grade point average (GPA) or higher, or a 2.5 GPA if applying for L.

Specific criteria you use to select recipients are mission-aligned and include:

- Academic achievement
- Clarity and relevance of goals
- Financial need
- Community involvement and recommendations

You will disburse funds directly to accredited institutions or under a signed grant agreement for approved expenses.

To be eligible to have a scholarship renewed, the recipient must remain enrolled in an eligible program, maintain the required GPA, and submit required documentation, including transcripts, proof of enrollment, or final project reports. Failure to meet may result in suspension of funding, repayment, or loss of eligibility for future awards. Renewal applications are reviewed with the same standards applied to new applications to ensure fairness and compliance.

IRC Section 4945(g)(3) Program

You will award cultural grants for cultural events, educational training, artistic development, and heritage-based projects to preserve cultural knowledge, enhance skills, or produce deliverables. Your cultural grants program will be awarded to B artists and other artists or culture bearers who teach, share, or preserve B arts and traditions, including passing knowledge between generations.

Applicants are also required to submit a registered descendant card or proof of descentance from a C shareholder.

You will disburse funds directly to accredited institutions or under a signed grant agreement for approved expenses.

To be eligible to have a cultural grant renewed, the recipient must complete the project as proposed and demonstrate community benefit, such as teaching, workshops, or performances and submit required documentation including final project reports. Failure to provide documentation may result in suspension of funding, repayment, or loss of eligibility for future awards.

You will disburse funds directly to accredited institutions or under a signed grant agreement for approved expenses.

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.

IRC Section 4945(g)(1) Requirements:

- 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).

IRC Section 4945(g)(3) Requirements:

- 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 IRC Section 117(a) and is to be used for study at an educational organization described in IRC Section 170(b)(1)(A)(ii).
 - A prize or award subject to the provisions of IRC Section 74(b), if the recipient of the prize or award is selected from the general public.
 - To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

To receive approval of its educational grant procedures, Treasury Regulation Section 53.4945-4(c)(1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

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,

Steven A Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:
Letter 437, Letter 4792-Redacted