



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

Date:
01/28/2026
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202617014
Release Date: 4/24/26

LEGEND

B = Country
C = Program
D = Number
E = Number
f dollars = Amount
G = Application
H = GPA
J = Number
K = Number
L = Language

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 to provide financial assistance to students from B who are looking to further their education through C. Grants will be made annually to students from B who will be

attending undergraduate or graduate programs at an accredited university or college in the United States as a full-time student in furtherance of a degree. The grants have the potential to be automatically renewed by the applicant for the duration of their degree or program. Through C you expect to award up to D new scholarship recipients approximately every E years. You estimate that each grant made under C will be approximately f dollars per student annually. When determining the number and amount of grants to award in a particular year you will consider among other factors:

- The volume and quality of applications received
- The potential impact of your support
- The availability of your assets

You do not plan to make any loans under C at this time. You plan to publicize the availability of grants through multiple channels to ensure there is sufficient opportunity for broad participation in C.

You will maintain detailed case histories for C by retaining a copy of all applications, together with the required supporting documents submitted for consideration. You will also include in such case histories a record of names and addresses of the applicants selected to receive grants, the name of the school the recipient attends, and the total amount of C grant awarded to each grantee. The case histories will record the information relied upon by the selection committee to determine eligibility and the criteria reference to select grant recipients. Additionally, it will include the annual reports, transcripts submitted by grant recipients and/or educational institutions, the results of your comparison of the grant recipient's name to the names of known terrorists. To accomplish this, you will check the name of each applicant against consolidated terror watch lists using software that aggregates numerous continually updated terror and watch lists, including the Specially Designated Nationals and Blocked Persons database maintained by the Office of Foreign Assets Control (OFAC). Finally, case histories will record confirmation that the applicant bears no relationship to the officers, directors, selection committee members, or substantial contributors to you.

You expect to maintain these records for a period of at least E years after the date of the last payment made to a grant recipient under C. You will periodically review its case histories to evaluate the effectiveness of C.

In order to be considered for a grant under C an applicant must:

1. Come from B, come from B is inclusive of applicants who were born in B and live elsewhere as well as individuals who have permanent residences and/or citizenship in B
2. Be seeking a full-time undergraduate or graduate degree at an accredited college or university in the United States
3. Provide proof of financial need via submission of a G application
4. Achieve at least a H cumulative grade point average equivalent for prior degree earned, and have scored in the top J percentile on an internationally recognized standardized admissions test

Children, grandchildren, or other close relatives of your officers, directors, substantial contributors, and other individuals considered disqualified persons are not eligible for scholarships. Further selection committee members and their close relatives are not eligible for scholarships or grants under C.

The selection committee will use the following criteria to select grant recipients under C:

- Financial need: Each student's need will be determined by evaluating the G application (including the student's household income) and any other awarded aid
- Academic merit: As demonstrated by high school or college transcripts provided as well as by submission of an international recognized standardized admissions test score
- Character of the applicant as determined through a personal statement describing themselves, their special interests, achievements, activities in and out of school and community service, and an interview conducted by

the selection committee.

In awarding grants under C there will be no discrimination on the basis of race, gender, sexual orientation, or religion.

Scholarship grants made under C are renewable for the duration of a student's degree. To obtain, maintain, or qualify for renewal of grants, applicants are required to be enrolled full time in an accredited college or university and located in the United States. Renewal is conditioned on the grant recipient's maintaining a minimum of k grade point average, submission of their most recent transcript, and proof of enrollment for the following year. If a grant recipient fails to remain in good standing with their educational institution, your board of directors may accommodate a grant recipient if such poor status is a result of extenuating circumstances. Such accommodation will be granted at the sole discretion of your board of directors on a case-by-case basis.

You will disburse scholarship award funds directly to grant recipients. You will require each recipient to sign and return an acceptance letter agreeing to the requirements and conditions of the grant before the funds are awarded. Those requirements and conditions will include:

1. Proof of enrollment at a qualified educational institution as evidenced by providing an official college/university acceptance letter
2. A commitment to remaining in compliance with such institution's enrollment requirements during the academic year pertaining to the grant award
3. Providing you with a written narrative report at least once per year describing the recipient's experiences and accomplishments over the pertaining academic year
4. Providing you with a verified annual transcript from the educational institution
5. Providing you with a written narrative final report upon completion of study at the educational institution

In cases of grant recipients who study at an educational institution does not involve the taking of courses but only the preparation of research papers or projects, such as the writing of a doctoral thesis, you will require a brief report on the progress of the paper or project at least once a year. Such a report must be approved by the faculty member supervising the grantee or by another appropriate university official. Upon completion of a scholarship recipient's study at an educational institution, a final report must be provided.

Upon failure to submit the required reports described above, or where such reports, or other information, that indicate that all or any part of a grant is not being used in furtherance of the grant's intended purposes, you will withhold further payments, to the extent possible, during its investigation of the jeopardized grant. In the event of misuse of funds, you will determine if the situation is a mistake and whether it can be corrected. If you discover that grant funds have been misappropriated, all reasonable steps will be taken to recover any diverted funds or to ensure that any unused portion is either returned or used for the intended purpose of the grant. Further, in any case where you have determined that grant funds have been misused, you will refrain from making additional disbursements and take further appropriate action as necessary.

You will form a selection committee which will be composed of three members, including your sole officer and director. In the future, additional members may be added to the selection committee. The selection committee will always include at least one member of your board as well as individuals selected by your board to serve. Committee members will be required to have lived in the United States for at least three years; speak both English and L fluently; and have earned at least a bachelor's degree.

Your board in its sole discretion, may add or remove members of the selection committee and will replace members upon their resignation, removal, or inability to serve. New members of the selection committee will be individuals who are determined by the board to possess the requisite knowledge, experience, commitment, and

abilities to serve on the selection committee. Each member of the selection committee is obligated to disclose the existence of a relationship that he or she has any potential grantee under consideration. Further, selection committee members will refrain from participating in the award process if such member could derive, directly or indirectly, a tangible private benefit from any potential grantee's selection over other potential grantees.

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