



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

Date:
02/10/2026
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202619020
Release Date: 5/8/26

LEGEND

B = Scholarship Program
C = Religion
D = County, State
E = County, State
F = Number
g dollars = dollar amount
h percent = percentage

UIL: 4945.04-04

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.

Description of your request

Your letter indicates you will operate an educational grant program called B. The purpose of B is to provide funding to educators currently employed in C day schools located in D or E to encourage their professional and

personal growth by enabling them to pursue advanced degrees and certificates, deepen their expertise, and amplify their social impact to elevate the quality of C educational institutions throughout the region.

To be eligible for B, applicants must:

- have at least one year of experience teaching in a C day school located in D or E and commit to teaching in such schools for two years following completion of their courses of study;
- pursue a degree or certificate-granting program of study in education or in a field directly related to the subject matter currently taught by applicants; and
- attend at least three teacher workshops in the D area throughout each academic year.

Eligible applicants must submit a completed application that includes a letter of recommendation from their current supervisor and answers to several short-form essay questions. Your selection committee, which will include your chief executive officer and members from your board of directors, will use the application and supporting materials to select grant recipients.

Applicants will be selected based on the quality of their responses to your essay questions, the strength of their recommendation, relevant teaching experience, the specific skills or knowledge to be gained from the degree or certificate, and the relevance of the educational program to their current or future teaching aspirations.

You will award approximately F grants worth g dollars per year. You will cover up to h percent of a recipient's tuition and related fees for up to two years, subject to renewal, provided that the amount awarded per year to each recipient does not exceed g dollars. Depending on your available funds and the success of your program, you may increase or decrease the number and amount of your grants awarded annually.

You will publicize B on your website and send fliers to C day schools in D and E to encourage them to notify their educators about B. You will also provide application information through your website.

Your grants are paid directly to your recipients. To receive payment, the recipient must first submit proof of payment of expenses incurred in connection with the educational program or, on a case by case basis, a copy of a current invoice for such expenses. You will ensure all funds are used solely for their intended purposes.

Recipients may use funds to attend a variety of educational programs at organizations including:

- (a) accredited universities described under IRC Sections 509(a)(1) and 170(b)(1)(A)(ii),
- (b) institutions of higher learning, or
- (c) reputable professional development organizations.

Grants awarded to recipients attending organizations in item (a) above will be described under IRC Section 4945(g)(1). Grants awarded to recipients attending programs at organizations listed in items (b) or (c) above will be described under IRC Section 4945(g)(3).

Depending on your eligible pool of candidates each year, you may award more grants under IRC Section 4945(g)(1) or IRC Section 4945(g)(3), or an equal number under each provision; however, you will still award a total of approximately F grants annually. All other components of B, including its purposes, eligibility criteria, selection criteria, publicity, administration of funds, and recordkeeping and oversight procedures, will be applied uniformly to all applicants as described within this letter on an objective and nondiscriminatory basis.

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.

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: