



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

Date:  
02/11/2026  
Taxpayer ID number:

Person to contact:

Release Number: 202619022  
Release Date: 5/8/26

LEGEND

T = Scholarship  
U = Degree Program  
V = Number  
W = Number  
x dollars = Amount  
y dollars = Amount  
Z = Field of Study

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 called T. The purpose of the program is to assist undergraduate college students enrolled in accredited institutions with degree programs in U with a focus on Z. The scholarships are intended to help defray the cost of tuition, fees, books, and other related educational

expenses necessary for obtaining an undergraduate degree in the field.

You plan to award between V and W scholarships annually in the amount of x dollars to y dollars. You will publicize the scholarships through outreach to high schools, colleges, and universities with U programs, as well as through youth and industry organizations.

To be eligible for a scholarship, students must be pursuing college degrees in U with an emphasis on Z. Eligible candidates must have a minimum 3.0 grade point average and be either entering college or currently enrolled as an undergraduate student. There is no income level requirement for applicants. From time to time, you may impose additional restrictions (e.g. geographic limitations targeting recipients from disadvantaged rural or urban areas). The number of potentially eligible individuals is uncertain and may vary over time.

Scholarship awards may be renewed for up to two years based on the recipient's continued enrollment in an accredited college program in U with an emphasis on Z, satisfactory academic progress (maintaining a minimum 3.0 GPA), and compliance with any reporting requirements you have established.

The selection criteria includes factors such as academic achievement, demonstrated interest in U and Z, financial need, and potential for future contribution to the field. Recipients of T are selected through a rigorous review process. The Committee will consider the following criteria when evaluating candidates:

- The accomplishments of the candidate and perceived potential of the candidate;
- Academic achievement, demonstrated by a minimum 3.0 grade point average;
- Commitment to the field, as evidenced by relevant experience, personal statements, and extracurricular involvement;
- Any additional priorities you establish, such as geographic considerations or community involvement.

Your selection committee is composed of two to three members of your board. Relatives of members of your selection committee, officers, directors, or substantial contributors are not eligible to apply for scholarships. The members of the group selecting the scholarship recipients (whether your Board or the Committee) will not be in a position to derive a benefit, directly or indirectly, if certain potential grantees are selected over others. The Board retains ultimate authority whether to grant a scholarship to the candidates recommended by the Committee. In general, the Board expects to approve all grantees recommended by the Committee, provided that the Board retains the right to decline a recommendation if the Board determines in good faith that selection of a scholarship recipient will not advance your philanthropic priorities, as set by the Board from time to time.

You will require each recipient to sign a scholarship agreement before any funds are disbursed. Each scholarship recipient must send you a brief report at the end of the academic year (June 30 of the year following the award year) summarizing the scholarship experience. Using the reports required by the scholarship agreement, you will monitor and evaluate the expenditure of scholarship funds and the progress made by each recipient. Any apparent misuse of scholarship funds will be promptly investigated. If you discover that scholarship funds have, in fact, been misused, you will require the scholarship recipient to return the funds immediately, and you will make no further distributions to that recipient.

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  
Letter 4792 - Redacted