



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

Date:
02/20/2026
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202620009
Release Date: 5/15/26

LEGEND

B = Number
C = City, State
D = City, State
E = Entity
f dollars = Dollars
G = Number
H = Number
J = Number

UIL: 4945.04-04

Dear :

You asked for advance approval of your educational grant procedures under Internal Revenue Code (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 educational grant. 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 a summer internship program supporting B engineering students in C and B engineering students in D. For all internships, the openings will be posted on your website, the E company website, and relevant university postings. The program will allow students attending a number of named unrelated universities located within the proximity of C and D to participate in an internship. Each intern will be paid f dollars per hour, G hours/week, for H weeks. Your program will continue each successive summer with new interns.

Eligible summer internship participants include engineering students from applicable universities who have

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completed at least B years of college work. The program will be of most benefit to juniors or seniors that have completed much of their basic engineering work. The program is open to all engineers, but you believe civil engineering students will find the project work of greatest interest. The criteria that will be used to determine eligibility includes graduation from an accredited high school, enrollment in one of the named accredited colleges in an engineering or construction management program, ability to pass a drug test, possess a valid driver's license, and has a current GPA of 3.50. All interested students should be referred by their University Career Advisor (UCA).

The UCA will assist you with identifying and recruiting the interns. You will provide the universities with announcements for internship positions, and interested students will submit their resumes to you. Your team members will review the resumes received, interview the top candidates, and make the final selection. Ideal candidates will be rising college seniors in engineering or construction management programs and will be able to work in person in C or D. Rising juniors will also be considered. Following the close of applications, a neutral panel of members, selected by you, will use predetermined criteria and an evaluation scorecard to screen through the resumes and conduct interviews. The criteria will include academic performance, past experience in the relevant field, professional and academic recommendations, and the conclusions the selection committee might draw from personal interviews.

The internship positions will operate as on-the-job training experiences for the students. To expose the students to the broadest range of project activities and to promote as much skill and professional growth as the H week time frame permits. You will identify job competencies for the training areas. The competencies will focus on the various means the construction management team employs to monitor the activities of project contractors as they relate to cost, schedule, and budget. Throughout the internship, your staff will monitor the progress of the interns. Formal assessments will be conducted after B weeks, J weeks, and at the conclusion of the internship to ensure that the interns are receiving adequate instruction and are making satisfactory progress. If the intern is found unsatisfactory or voluntarily abandons the internship, the intern will not be paid for the remainder of the program.

The interns may work for a single sub-consulting employer for the duration of the program or may have rotational opportunities with multiple employers involved in the program. Numerous unrelated small businesses will participate in the program as sub-consultants that may not otherwise have the resources to support a paid internship initiative. The small businesses will assume the responsibility of employing and managing the interns and E will have no specific oversight, management or direct benefit from the interns.

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 grants 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); or
 - 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; or
 - 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,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:
Letter 437