



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

Date:
03/10/2026
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202623020
Release Date: 6/5/26

LEGEND

B = Program
C = Program
D = County, State
E = Country
F = Degree
G = Community College
H = Counties
J = Agency
k dollars = Dollars
L = Number
M = Direction
N = Entity
P = Number
q dollars = Dollars

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 two scholarship programs, the B and the C, to provide funding for qualified tuition and other related educational expenses for individuals pursuing degrees in healthcare to further their education at an approved education institution. The B will be available to recipients in D, and the C will be available to recipients in E. You will publicize your scholarship grants through your website. You also distribute program brochures and application materials through partner schools where faculty and administrators share them directly with eligible students. You also collaborate with local community partners who assist in outreach and help ensure that qualified individuals are informed of your scholarship opportunity.

The B:

Under the B, you will offer up to k dollars per year to approximately L recipients. To be eligible to apply for the B, applicants must meet the following criteria:

- Enrolled in the F program at G taking at least 7 credits per semester,
- Reside in H,
- Apply for FAFSA and J,
- Attend your program Kick Off, and two other sessions,
- Connect with assigned mentor(s) as described in your mentee guidelines, and
- Demonstrate financial need.

The C:

Under the C, you pay the full tuition for P recipients to attend the N Medicine program, generally up to q dollars. To be eligible to apply for the C, applicants must meet the following criteria:

- Must have graduated from high school,
- Live in the M side of E,
- Speak English,
- Be enrolled in N's Medicine program, taking at least 6 credits per semester,
- Attend your professional development sessions,
- Connect with assigned mentor(s) as described in your mentee guidelines.
- Demonstrate financial need

Both Programs

Interested candidates submit an application establishing eligibility for the program. Applications are reviewed and evaluated by an independent selection committee, consisting of members of your board of directors and program directors. The selection committee uses a predetermined and consistently applied set of eligibility requirements and selection criteria to make their selections. Specific criteria you use to select recipients include the following:

- Application Rating Form: Recipients are evaluated using application rating form to objectively assess their suitability for the scholarship
- Academic Capacity,
- Financial Need,
- Commitment to Community,

- Commitment to Education,
- Limited Social/Emotional Resources,
- Recommendations or Referrals.

Your scholarships are renewable for the duration of the academic career. To renew a scholarship the recipient must:

- Submit copies of transcripts showing proof of enrollment and maintenance of good standing with the school,
- Maintain minimum credits per semester, which may vary per program,
- Attend a minimum number of your professional development events, which varies per program,
- Maintain a minimum GPA, which varies per program,
- Maintain regular contact and check in with your program coordinator.

Your scholarship funds will be paid directly to the school on behalf of your recipients after you receive a copy of the student's semester schedule to confirm enrollment. Recipients sign a communication agreement allowing their school to provide you with enrollment and scholarship eligibility updates.

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.

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