



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

Date:
03/25/2026
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202625028
Release Date: 6/18/26

LEGEND

B = Number
C = Number
x dollars = Dollars

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 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.

We approved your procedures for awarding employer-related educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding employer-related 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 grant program providing biennial fellowships to individuals dedicated to making a positive impact in their communities and the environment. The purpose of your grant program is to support individuals who are working to protect vulnerable communities and the environment and to assist individuals in their endeavors as they seek to preserve the environment and improve the quality of life for the public. Your fellowships will support educational, artistic, scientific, or charitable projects. Your fellowships are not traditional tuition scholarships but rather grants to help recipients carry out hands-on work, community projects, or advocacy initiatives. You plan to issue B grant(s) every C years. Each grant will be x dollars. The grants will be publicized via press releases, on-line publications such as Billboard, your organizational website, and through networks dedicated to environmental safety and equal opportunities.

Eligible applicants must:

- Be individuals actively engaged in environmental safety, climate advocacy, or community-based sustainability efforts.
- Be at least 18 years of age.
- Demonstrate a track record of impact or potential for leadership in the environmental space, and
- Have a proposed project or educational goal aligned with your mission to support environmental safety and equal opportunities.

Selections will not be based on academic requirements, and will instead be based on:

- Demonstrated commitment to environmental or climate safety,
- Community engagement and leadership potential,
- Potential for long-term systemic change, and
- Strength of character and alignment with your mission.

Recipients will typically have concrete and verifiable public history of their work. You review their background information and research available press and social media coverage. You seek recipients who demonstrate leadership qualities, are apolitical, and have a record of successful outcomes tied to their stated mission. You also confirm credibility through shared professional connections.

You will provide the grant to the applicant and will work closely with them to ensure they are productively maximizing the funds provided. You expect the applicant to use the grant funds exclusively for their approved project, and to make reasonable progress toward their stated milestones, such as completing project phases, engaging community participants, or producing work that enhances public understanding of environmental issues.

You do not typically award fellowships to the same individual more than once. You may choose to extend a fellowship in recognition of exceptional performance or outstanding contributions.

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