



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

Date:  
04/01/2026

Taxpayer ID number:

Person to contact:

Name:

ID number:

Telephone:

Release Number: 202626012

Release Date: 6/26/26

UIL: 4945.04-04

LEGEND

B = Entity

C = Entity

D = Entity

E = Number

F = Number

G = Platform

H = Entity

x dollar = Dollars

y dollar = Dollars

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.

**Description of your request**

Your letter indicates you will operate a grant program to provide financial assistance to individuals who participate in B's STEM (Science, Technology, Engineering, and Mathematics) activities. Your grants are intended to provide funds to educators, students, and other participants in B's STEM activities to allow them to purchase materials, equipment, services, travel, living expenses, and supplies for classrooms, public demonstrations, and for personal use to attend, and to reinforce and practice what awardees learn in STEM education and engagement workshops, internships, and other activities sponsored by B and C, as conducted by D. Your program is publicized widely by B and C to target audiences, including on their websites.

You expect to award E grants of x dollars to high school teachers to participate in B's STEM activities. The number and amount of grants may increase in the future depending on the nature of the specific STEM activities presented and your funds available for the program. As the program grows, you do not expect your grants to exceed y dollars per recipient, and the program may exceed F grants annually.

B accepts applications through G, an online application system used by H to collect information from interested applicants. To be eligible to attend B's STEM workshop, applicants must meet the following criteria:

- Must be a U.S. citizen
- Teach high school courses in grades 9-12 on full-time basis
- Be a STEM teacher
- Plan to continue as a STEM teacher
- Be able to follow all program and safety instructions and participate in all activities for the full-program period

All selected participants in B's STEM workshop will receive a grant. Your grants are one-time and awarded individually based on participation in B's STEM activities, as documented in writing by B. Recipients in subsequent B STEM activities may receive more grants if participation is verified in writing by B.

Your grant selection committee will consist of your President and your Secretary ex-officio. Your selection committee is responsible for verifying that written confirmation is received from B prior to award issuance.

You will pay your grants directly to the recipient to purchase and pay for STEM activities and related educational expenses. At the time of the grant, all recipients are requested to report receipt and use of the grant funds. You will follow up with any recipients who fail to report the use of grant funds. Recipients who fail to report will become ineligible for the subsequent grants. For larger grants, recipients who fail to report after follow up are asked to return the grant funds.. You anticipate B or F will request and collect information on grant usage on your behalf.

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.

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