



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

Date:
04/03/2026
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202626015
Release Date: 6/26/26

LEGEND

UIL: 4945.04-04

B = Program
C = University
D = University
E = Type
F = Area
g dollars = Dollar Range
H = Number
K = Major
L = Entity
M = Language
N = Type

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 the B scholarship program to provide merit-based financial grants to fund tuition and other approved education-related expenses for elite undergraduate students. The B program is a four-year scholarship for exceptional undergraduates at C or D who show a deep interest in the study of E and F civilization, an exceptional academic and extracurricular record, and the character and ambition to develop into American civic leaders in a selection of fields. You award partial or full scholarships. Amounts of the scholarships are subject to change but are based on annual tuition and take into account other forms of tuition assistance received by applicants. You anticipate your scholarships to range between g dollars annually.

Your scholarship program will be advertised broadly through various communications channels including your website, via email campaigns, media appearances, social engagement and through outreach to high school guidance counselors.

To be eligible for the B program, applicants must:

- Be a full time Bachelor of Arts student at either C or D
- Maintain an exceptional academic record, as demonstrated by grades, test scores, and other measures of achievement,
- Demonstrated leadership ability,
- Demonstrate a clear interest in studying E and F civilization, and
- Be committed to serving the E people and the American people in a civic capacity.

Applicants must submit a completed application along with required attachments including proof of academic performance and test scores, proof of extracurricular activities, proof of community involvement and demonstrated leadership skills.

Your H-member Selection Committee will be comprised of community members, whose purpose is to evaluate the submissions and select winners. No related parties shall serve together on the committee. The selection committee will review scholarship applications and select recipients. The selection committee will select scholarship recipients based on the following selection criteria:

- Prior academic performance,
- Demonstrated leadership ability,
- Demonstrated commitment to the study of E and F civilization, and
- Demonstrated commitment to serving the E and American people in a civic capacity.

Scholarships are intended to be four-year scholarships and will be maintained if the recipient demonstrates:

- Demonstrates good moral conduct
- Maintains an overall GPA of 3.0 or higher
- Progresses toward a K major
- Completes a E related course, determined by the Director of the B program, with a GPA of 3.5 or higher
- Attends all L meetings
- Serves as a campus ambassador for L
- Completes a M requirement
- Participates in N extra-curricular activities

Scholarships will be paid either to the recipient's educational institution or directly to the student. Recipients

will be required to submit academic transcripts each semester to the scholarship committee. If the recipient violates the terms of the award or falls below the minimum performance requirement they will be terminated from the program. The recipient will not be subject to repaying any scholarship funds already paid.

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.
- The effective date of our approval is _____, which is the date your request was submitted.
- 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