



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

Date:
04/15/2026
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202628013
Release Date: 7/10/26

LEGEND

B = Descent
C = City
D = Number
e dollars = Dollar Range

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 a scholarship program for individuals of B descent that are enrolled in or plan to enroll in courses at an accredited college or university, an advanced degree program, or an accredited vocational or trade institution. The purpose of your program is to empower promising students through merit and need-based for an higher education to foster academic excellence, cultivate leadership, and strengthen cultural heritage throughout the C area for generations to come.

You anticipate awarding D scholarships per year within a range of e dollars, contingent upon available resources and qualified applicants. You will publicize the grant through your website, outreach to local

organizations and schools, and direct contact with potential applicants.

To be eligible for your scholarship program, applicants must:

- Be of B descent,
- Plan to attend, or currently be enrolled in, a four-year college or university, an advanced degree program, or an accredited vocational or trade institution,
- Submit an application including that poses questions, allows for a narrative, and allows for the submission of recommendations, transcripts, and FAFSA information.

Recipients are selected based on:

- Scholastic ability and achievement
- Educational experience
- Leadership potential
- Future goals and interest
- Consistency of the intended study program with your charitable purposes
- Character traits
- Financial need

Financial need may be demonstrated in several objective ways, including:

- Family income, adjusted for family size
- Short term financial hardship such as unemployment, or
- Eligibility for social support programs

You will also rely upon self-reporting information available through FAFSA and through the applicants academic institution.

You will disburse funds directly to the applicable learning institution under an agreement requiring the institution to apply the funds only for enrolled students in good standing. If funds are disbursed directly to the recipient, you will require the student to submit, at least annually, a report describing the use of funds, progress made towards achieving the grant purposes, and an accounting for funds spent. Scholarships may be renewed as long as the recipient maintains good standing with their educational institution.

Your selection committee is comprised of your Board of Directors or their designees. Your committee will not be able to derive a private benefit, directly or indirectly to the applicant and not eligible for scholarship to any substantial contributor, officers, or any family members. Relatives of members of your selection committee, or of your officers, directors, or substantial contributors are not eligible for awards under this program.

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