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

IRS

Date:
04/21/2026

Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202629026
Release Date: 7/17/26

UIL: 4945.04-04

LEGEND
B = Area
C = Topic
D = Topic
F = Topic
G = Topic
H = Topic
J = Number
y dollars = 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 an educational grant program for students to attend seminars and residential fellowships. You sponsor a suite of highly selective educational fellowships and seminars in B and online. The five areas of program focus are C, D, F, G and H studies. Grants are designed to identify and educate outstanding undergraduates, recent graduates, and young professionals who will shape intellectual, civic, and political life in the United States. All grant programs are full-scholarship and provide housing and a stipend to offset travel and living expenses. Recipients typically receive y dollars per week, for up to J weeks. The grant program is publicized on your website, via an email newsletter, social media, notifications to universities, and through a nomination system inviting university faculty to nominate outstanding students. No fellows, past or present, have any relationship with any officer, trustee, or donor.

Fellowship grants differ in their eligibility and selection criteria, depending on program focus and level of study. The C and F studies applicants must be college undergraduates and recent graduates, while the D, G, and H studies applicants include a broader range of applicants, including advanced undergraduates, graduate students, and young professionals.

Selection is highly competitive and those selected typically demonstrate an outstanding academic record (GPA of 3.7 or higher), a strong foundation in the liberal arts, coursework or experience in political science, history, philosophy or related fields, a demonstrated interest in American politics, history, national security, or public policy, evidence of intellectual curiosity, leadership potential, and the ability to engage in discussion and debate. Recipients will be chosen on an objective and non-discriminatory basis.

Selections are made by your staff admissions committee. In instances where the volume of applications warrants additional support, you may engage external reviewers to assist in evaluating applications and interviewing finalists. The reviewers are typically university faculty members of alumni of your fellowship programs. Your admissions committee reviews applications holistically considering academic transcripts, personal statement, writing sample, and letters of recommendation. Finalists will participate in an interview. No relatives of members of the admissions committee, or of your officers, directors, or substantial contributors are eligible for awards made under this program. Grants are awarded without regard to race, religion, national origin or gender.

To maintain the fellowship grant, recipients must fulfill all program requirements, including attendance at all scheduled sessions and activities, completion of assigned reading, written work and presentations, and timely submission of all required materials. All recipients are directly supervised by your staff. Payments are disbursed upon successful completion of all program requirements. Those who fail to complete the required components are ineligible to receive stipend payments. You maintain case histories showing recipients of grants including names, addresses, purposes of awards, amount of each grant, manner of selection and relationship (if any) to officers, trustees, or donors of funds to you.

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.
- 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.

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