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

IRS

Date:
06/03/2026
Taxpayer ID number:

Person to contact:

Release Number: 202635017
Release Date: 8/28/26

LEGEND
B = religious
C = number
D = number range
E = number
F =
y dollars = dollar range

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 grant. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grant 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 individual grant program established to support authors engaged in original research and production of written works that advance public understanding of religious history, faith, spirituality, and significant B figures. Your grants will enable authors to produce manuscripts, reports, and related materials intended for publication and public benefit. All funded projects must culminate in a book or similar work that contributes to scholarship, public inspiration, and educational outreach in the United States.

Your grants will provide reasonable compensation to the grantee for project-related expenses, including research, writing, editing, software, equipment, travel, administrative costs, publishing, marketing, promotion, and distribution of the completed work. Your grants may also include a reasonable stipend for the author's

living expenses during the project period, consistent with industry standards and applicable IRS regulations.

You are planning to award up to C grant(s) annually with an approximate amount of y dollars per grant. You estimate that approximately D people may be eligible to apply annually. The grant will be used to produce a specific literary work product and renewal of a grant will likely be unnecessary. However, if a grantee wishes to produce an additional literary work within the parameters of the grant, they can submit a proposal to you. In years where there are no qualified applicants, no grants will be awarded.

You will publicize your grant program by direct outreach to relevant nonprofit organizations, community groups, and professional networks aligned with your mission. You will also email announcements to interested stakeholders and prior applicants.

Applicants must demonstrate knowledge, research background, or firsthand experience relevant to the proposed topic, the ability and capacity to complete a manuscript of publishable quality, and submit a written proposal which includes a project description, a timeline and work plan, writing samples or past publications, and a proposed budget of project-related expenses.

Your selection committee, which will consist of members of your Board of Directors, will evaluate applicants on the relevance and merit of the proposed report, book, or other similar work product, public educational value, applicant qualifications, feasibility of the timeline, and reasonableness of the proposed budget. Scores will be documented, maintained in your records, and used to determine final selection.

You will agree that the recipient will own the intellectual property rights with respect to the work produced. The resulting intellectual property will be made available to the general public through commercial or nonprofit distribution channels. You will require that E copies of the intellectual property are distributed free of charge to B schools, B universities, and public libraries within the United States.

Grantees will execute a grant agreement stating that funds must be used solely for the approved project, funds will be disbursed in installments contingent on submission of required progress and financial reports, and the misuse of funds will require immediate repayment to you. You plan to obtain reports to determine whether the grantees have performed the activities that the grants are intended to finance.

You will require reports on the use of the funds and the progress made by the grantee toward achieving the grant's purpose. Such reports will be made annually. Upon completion of the intended work product, the grantee will submit a final report detailing their accomplishments with respect to the grant and accounting for the funds received under such grant. If you do not receive the required report, you will withhold further payments to the extent possible and launch an investigation into the potential misuse of funds.

An author was selected for your first grant to create a manuscript documenting the life, influence, and legacy of a prominent B figure.

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 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 F, 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, Letter 4792

cc: