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

IRS

Date:
06/01/2026
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202635018
Release Date: 8/28/26

LEGEND
B = Range
C = Range
d dollars = Dollar Range
E = University
F = University
G = State
H = Type
J = Range
K = Range
m dollars = Dollar Range
m percent = Percent
P = Entity

UIL: 4945.04-04

Dear :

You asked for advance approval of your scholarship procedures under Internal Revenue Code (IRC) Section 4945(g)(1) and advance approval of your educational grant procedures under 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 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.

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 provide in IRC Section 117(b)).

We also 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 two types of awards to qualified individuals: (1) scholarship awards to science, technology, engineering, and mathematics (STEM) students, and (2) educator awards to university faculty who lead research programs.

Section 4945(g)(1) Scholarships

The purpose of your scholarship awards is to help defray the cost of tuition, books, and lodging for high school seniors who have been accepted to study a STEM field, or to college students who are studying a STEM field. You estimate that between B eligible applicants will apply for the scholarship grants annually. You anticipate awarding between C scholarship grants per year ranging between d dollars per recipient. Your target awards will be to support students attending schools recognized under IRC Sections 509(a)(1) and 170(b)(1)(A)(ii) within the E system and F system.

To be eligible, applicants must be attending or accepted to attend a university in G and must be pursuing a degree in a STEM field. This geographic focus reflects your operational presence and donor base in G. You intend to expand eligibility beyond G into other H hubs in the United States in the future.

Applicants must submit an unofficial copy of their high school or college transcript, a statement describing their financial need, a copy of their university acceptance letter, and a brief essay about why they want to be in a STEM field.

Your selections will based on merit and need. Awards will be made on an objective and nondiscriminatory basis and will not discriminate on the basis of race, ethnicity, gender, religion, or other protected characteristics. Your selection criteria will include:

- A minimum GPA of 3.2 (high school) or 3.0 (college)
- Quality of essay showing the applicants desire to do good in the world through a STEM career.
- Evidence of financial need including:
    - FAFSA/SAR form,
    - Financial aid award letter,
    - Description of household income and the number of siblings,
    - Loans taken out to attend secondary education,
    - Work outside of school to pay college expenses, and
    - Any additional relevant information.

Scholarship funds awarded must be used to pay tuition, books, or housing. Recipients will be required to provide receipts, and they must sign a statement that they will send the receipts before they can receive the funds. Scholarship funds awarded will be given directly to the recipients in the form of a check. You will ensure they are enrolled by requesting their transcript after one semester of study. If funds are not used for qualified educational expenses, you reserve the right to require repayment of the funds awarded.

Section 4945(g)(3) Awards

The purpose of the educator awards is to assist faculty in purchasing supplies to carry out STEM research in their laboratories and support student research experiences. You estimate that between J eligible applicants will apply for the project grants annually. You anticipate awarding between K educator grants per year ranging between m dollars

per recipient.

To be eligible, faculty applicants must be from the E system who are carrying out laboratory research in science or engineering. Applicants must submit an application outlining the proposed project, including a technical summary, a budget outlining specific items to purchase with the grant funds, a list of equipment available for use to complete the project, how many students are expected to participate in the project, and a timeline to complete the project.

Your selections will based on merit. Awards will be made on an objective and nondiscriminatory basis and will not discriminate on the basis of race, ethnicity, gender, religion, or other protected characteristics. Your selection criteria will center around the feasibility of the proposed project, including:

- Quality of project description
- Budget
- Summary of student learning, and
- Status of their lab.

Project grants will be disbursed to the recipient's institution through the sponsored research office or research foundation. No funds for overhead to the institution will be allowed with the grant. Recipients will be required to submit a final report of the project along with receipts for the expenses. If funds are not used for qualified expenses, you reserve the right to require repayment of the money. Up to n percent of the award money may also be used to assist a student in attending a conference where they will present the results of their research.

Both Awards

All grants awarded are one-time, non-renewable scholarship grants. You publicize your awards through the P website, your website, direct email and .

Your selection committee is comprised of panel of STEM experts who are not board members or family members of your board of directors. Committee members will be asked to recuse themselves in the case of any real or perceived conflict of interest. No members of the selection committee or their relatives will be eligible to apply for your grants.

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.

IRC Section 4945(g)(1) Requirements:

- 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).

IRC Section 4945(g)(3) Requirements:

- 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).
  - 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.
  - 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.

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