



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

Date:
07/06/2026
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202640013
Release Date: 10/2/26

LEGEND

UIL: 4945.04-04

B = Students
C = Field
D = Number
E = Media
F = Website
G = Field
H = Range
J = Number
K = Number
m dollars = Dollars
n dollars = Dollars
P = Range

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 Scholarship and Grant Program for B students who are studying C fields at a qualified educational institution. The purpose of the program is to support and raise visibility of B students studying in C fields. Your program is publicized through social media, your mailing list of D subscribers, annual updates to your E, your website and online store at F, and through printable flyers for educators to distribute to students who are interested in applying.

To be eligible to apply for the program the individual must:

- Identify as B in a way that is significant to them;
- Be, or plan to be, enrolled full-time in an accredited college or university in the United States, although they do not need to reside in or be from the United States;
- Be seeking an undergraduate degree in one of a designated list of C majors or an approved equivalent;
- Demonstrate their passion, skills, potential, and creativity to be a spokesperson, ambassador, and leader in a C field;
- Not be an immediate family member of a disqualified person; and
- Maintain enrollment and good standing as an undergraduate student.

Your ideal candidate is someone who shows promise in pursuing the study of G and is passionate about their chosen field. They should not only have a G background and a promising academic record, but have communication skills, energy, and passion to serve as a G ambassador with a strong desire and demonstrated ability to lead and inspire others.

Applicants are expected to submit a 3-minute video of the applicant teaching or explaining a C topic they are passionate about. Your Advisory Board, made up of H professionals who have higher degrees and work in a broad range of C fields, will score submissions on communication skills and scientific accuracy. The top-scoring videos will move on to the next round where they are evaluated based on other factors, including grade point average (there is no minimum), a 750-word personal essay, and a letter of recommendation from any teacher, professor, counselor, coach, advisor, or employer. These materials are reviewed and scored by the Advisory Board, which also discusses the candidates as a group and then votes on the recommended scholarship winners.

You estimate that approximately J individuals are eligible to apply annually for the program. You intend to award K scholarships under IRC Section 4945(g)(1) annually of m dollars each to the selected recipients. Scholarship funds are only to be used for tuition and are not to be used for any other expenses. These same K recipients will also receive n dollars under IRC Section 4945(g)(3) to be used for a wide range of expenses that are intended to enhance the recipients G communications, fund outreach activities, and support professional and/or academic development, including:

- Registration fees;
- Domestic and international travel to attend a conference, camp, or seminar; or
- Communication endeavors, such as starting a podcast.

Your Advisory Board is comprised of the following 3 special committees.

- Co-Chair Board - includes P board members who are tasked with general oversight and program support, including reviewing applications, selecting, and approving new board members, approving C majors, holding leadership responsibilities at the annual meeting, and more.
- Mentorship Committee - includes P board members who meet quarterly with scholarship recipients to provide

academic support/guidance.

- Grant Committee - includes P board members who review and ensure appropriate use of grant funds by the scholarship recipients.

All members of the Advisory Board are completely independent. Members of the Advisory Board, officers, directors, substantial contributors, and anyone who otherwise has any responsibility over the scholarship process and their immediate family members are ineligible to receive any award in connection with the program. Any person who is not an immediate family member or a disqualified person and who is otherwise qualified to apply for the scholarship may apply for the scholarship, provided that the applicant discloses the relationship prior to applying, and the related party will be excluded from the selection process. No scholarship or grant may be awarded to any member of the foundation. No grant shall be awarded for a purpose that is inconsistent with the purpose described in IRC Section 170(c)(2)(B).

You will supervise your scholarship funds by paying funds directly to the educational institution. If the terms of the program are violated, you will give the recipients an opportunity to remedy the violation, and if such violation is not timely corrected, you will void the scholarship and/or grant and withdraw funding for the recipient. The funds will be paid directly to the recipient. The grant recipients must submit a final report to you describing the recipient's accomplishments and accounting for the use of funds, within a year of receiving the grant. Your awards are made on a one-time basis and are not renewable.

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.

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