



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

Date:
07/14/2026

Taxpayer ID number:

Person to contact:

Name:

ID number:

Telephone:

Release Number: 202641014

Release Date: 10/9/26

LEGEND

B = Program

C = Number

D = Number

E = School District

f dollars = dollar amount

g dollars = dollar amount

h dollars = dollar amount

j dollars = dollar amount

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 the B, which awards scholarship grants to students in recognition of their achievements in the arts.

The purpose of your scholarship grants are to provide students with financial support to continue their education

beyond high school. You estimate that C eligible applicants will apply for the scholarship grants annually. You anticipate awarding D scholarship grants per year totaling f dollars, which will be distributed as follows:

- 1st place - g dollars
- 2nd place - h dollars
- 3rd place - j dollars

Your scholarship grants will be to support students attending schools recognized under IRC Sections 509(a)(1) and 170(b)(1)(A)(ii). All scholarship grants awarded are one-time, non-renewable scholarship grants. You publicize your awards through digital and social media, and in-stadium promotions.

To be eligible, applicants must be graduating high school students within the E who will attend college. Applicants must submit an original artwork, their written reflection of their art piece, and the completed application.

Your selections will be based on merit. Your selection criteria will be based on a comprehensive review of each student's application, including their submitted artwork, accomplishments shared with the committee, and a written reflective statement of their art piece. Each criterion is evaluated using a standardized rubric and scored on a 1 to 4 point scale.

Scholarship funds awarded are paid directly to the educational institute whereby the school applies the funds directly to the student's account. The school and student provide confirmation that the funding goes towards the student's education. The funds will not be returned to the student should the student withdraw or transfer.

Your selection committee is comprised of a member of your ownership group, a representative from your community team, and a representative from your sponsoring partner. No members of the selection committee or their relatives will be eligible to apply for your scholarship 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.

- 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, Letter 4792