



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

Date:
07/27/2026
Taxpayer ID number:

Person to contact:

Release Number: 202643026
Release Date: 10/23/26

LEGEND

y dollars = Amount
z dollars = Amount

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 grant making programs under both IRC Section 4945(g)(1) and Section 4945(g)(3).

IRC 4945(g)(1) Program

You offer a scholarship program which supports students from underrepresented and underprivileged communities who demonstrate financial need and a strong commitment to educational achievement. You seek to remove financial barriers that prevent talented and motivated students from pursuing higher education,

vocational training, certification programs, or continuing education opportunities. The grants may be used for courses or credit at a school described under IRC Sections 509(a)(1) and 170(b)(1)(A)(ii).

The applicant must be pursuing either higher education from a college or university, vocational, trade, or certification programs, continuing education opportunities, or community college or graduate programs.

Applicants must provide academic transcripts or GED equivalent, proof of enrollment or acceptance into an educational institution or program, proof of financial need, FAFSA Student aid report, or household income documentation, and at least one letter of recommendation. Recipients are selected based on a combination of financial need, academic performance, quality of personal essay, community involvement and leadership, and availability of funds.

You will award scholarships in amounts up to y dollars. The number of scholarships will be determined by the budget and the number of applications received. You will attempt to award a scholarship to as many qualifying applicants as possible according to your budget and the quality of the submissions.

IRC 4945(g)(3) Program

You will offer a travel grant designed to empower individuals to explore, learn, and grow. Your goal is for individuals to seek meaningful travel opportunities that broaden cultural understanding, global awareness, educational growth, and personal development.

To be eligible, the applicant must be at least 18 years old at the time of application, demonstrate financial need or significant financial barriers to travel, identify as belonging to an underrepresented and underprivileged community, be considered low-to-middle income based on household income and financial circumstances, intend to travel for cultural, educational, or community-enriching purposes, and agree to submit a post-travel reflection report if awarded funding.

Eligible travel may include international cultural exchange, educational travel experiences, heritage or identity-based travel, language immersion programs, community-based learning experiences, conferences or workshops with a strong cultural or educational component.

Recipients are selected based on demonstrated financial need, household income level, financial barriers, the degree to which the travel experience will broaden the applicant's cultural understanding or educational development, clarity and strength of the travel proposal with a well-defined purpose, destination, and intended outcomes, a community benefit, including how the applicant plans to share their experience and give back to their community after returning.

Applicants must provide a letter of recommendation from a teacher, mentor, employer, counselor, or community leader, and a resume or list of extracurricular/community activities (optional but encouraged). They must have alignment with your mission, which is supporting equitable access to cultural exploration for underrepresented and underprivileged individuals. The overall completeness of the application is considered, including the personal statement, budget breakdown, letter of recommendation, and any supporting materials.

You will award travel grants in amounts up to z dollars. The number of grants will be determined by the previous year's donation collection and the number of applicants received by the application deadline. You will attempt to award as many qualifying applicants as possible according to the scholarships budget and the quality of the applications submitted.

When awarded funding for travel, the recipient must agree to submit a post-travel reflection, summary, or

impact report within 60 days of travel completion.

To advertise both of your programs, you will attend community events hosted by organizations whose target community intersects the demographic that you support. Applications can be requested and/or submitted using your email address. Sample fliers with instructions on how to apply for grants will be available.

The selection committee for both programs will be comprised of two or more members of the community who are familiar with your mission who are not immediate family members of the applicant. Only relatives who are not disqualified persons may receive a grant. Selections will be made in accordance with the criteria without exception. If multiple applicants meet the selection criteria, all recipients will receive an equitable grant based on their request. All relative relationships must be disclosed to ensure that no disqualified person receives a grant.

Once the grant request has been satisfied, applicants must reapply to make a new request.

For both programs, you may pay fees and expenses directly to the respective institution or vendor rather than to the individual recipient, which serves as a supervisory mechanism to ensure funds are used for their intended educational purpose. At the end of each semester or academic year, you may also request an unofficial transcript, a grade report or enrollment verification letter, or confirmation of continued enrollment from the school.

If the terms of the award are violated the recipient will be disqualified from any future award, any outstanding unpaid award will be forfeited by the recipient, and the recipient may be required to repay any previously awarded money if it is determined that the use of the award was not for the purpose expressed in the recipient's application.

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
Letter 4792