



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

Date:
08/03/2026
Taxpayer ID number:

Person to contact:

Release Number: 202644005
Release Date: 10/30/26

LEGEND

U = Name

V = Name

W = Name

X = Name

Z = Number

y dollars = Dollars

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 the U under both IRC Section 4945(g)(1) and Section 4945(g)(3) which contains two different programs.

Program A

You will provide one annual scholarship to a student enrolled at V and actively participates in a competitive skiing program operated by W. The scholarship will cover up to the full annual tuition charged by V, which is currently approximately y dollars per academic year, subject to adjustment by the school. The program is publicized through community bulletin boards, V's website, and U's website. Applications are submitted through U's website.

Eligible applicants must be admitted or enrolled at V. They must maintain a minimum cumulative GPA of 3.0 with no D or F grades and must submit academic transcripts and letters of recommendation. Successful recipients will be students who, in the reasonable judgement of the selection committee, embody the spirit of X. The program is open to all qualified applicants without regard to race, religion, gender, national origin, or other impermissible criteria. No award will be made to any director, officer, substantial contributor, or other disqualified person, or to any family member thereof.

Recipients will be selected primarily on academic merit and overall student achievement. Special factors considered include cumulative GPA, course rigor, teacher recommendations, leadership qualities, personal statement, and demonstrated ability to balance academic and extracurricular commitments. Financial need may also be considered. Selection decisions will be made using objective and consistently applied criteria designed to identify the most qualified applicant.

Recipients must remain enrolled at V and maintain a minimum cumulative GPA of 3.0 with no D or F grades. They must provide annual transcripts and documentation of continued enrollment. Scholarships are renewable annually at your discretion based on continued satisfaction of the requirements. Failure to meet the academic or enrollment requirements may result in suspension or termination of the scholarship.

Tuition payments will be made directly to V. You will obtain proof of enrollment before payment and require annual transcripts to verify continued enrollment and required academic standing. You will review such documentation before renewing the scholarship. If a recipient fails to meet the applicable GPA, enrollment, or other program requirements, you may suspend or terminate the scholarship and withhold future payments until compliance is restored. All supervisory actions will be documented.

Members of the selection committee are appointed by your Board of Directors based on relevant educational, athletic, or professional experience. A majority of your committee members will not be directors, officers, substantial contributors, or related to such persons. Committee members are selected for their ability to evaluate applicants objectively and are required to disclose and recuse themselves from any potential conflicts of interest. You maintain written records of committee appointments and selection decisions.

Program B

You will provide other grants to an individual for travel, study, or other similar purposes, to enhance a particular skill of the grantee or to produce a specific product. Under this program, in addition to program A, you will provide financial assistance for documented training and competition expenses associated with participating in W. The purpose of this program is to support the recipient's development and advancement as a competitive skier. The program is publicized through community bulletin boards, V's and W's websites. Applications are submitted through the program's website.

Recipients will be selected based on demonstrated commitment to and participation in competitive skiing. Specific factors considered include documented participation and performance in competitive skiing programs

operated by W, demonstrated commitment to the development of skiing skills, leadership qualities, personal statement, teacher recommendations, cumulative GPA, and demonstrated ability to balance academic and athletic commitments. Financial need may also be considered. Successful recipients will be student-athletes who, in the reasonable judgment of the selection committee, embody the spirit of X and his love for skiing. Selections will be made using objective and consistently applied criteria designed to identify the most qualified applicant.

The amount awarded under this program will vary based on the recipient's documented eligible expenses and your available fund. Eligible expenses under the program include W's program tuition and fees, travel expenses association with W's organized travel, travel expenses associated with elite-level national and international competitions and projects, competition registrations and entry fees, required athlete season passes, skiing equipment and required safety equipment; as well as other documented expenses that are directly related to participation in competitive skiing programs and approved by you. Financial assistance for eligible expenses will be paid directly to W or, where appropriate, directly to vendors, competition organizers, or other third parties upon receipt of documentation supporting such expenses.

Recipients must provide annual documentation confirming continuing continued enrollment at V and active participation in W competitive skiing programs. You will review such documentation before renewing the grant. If a recipient fails to meet the applicable GPA, enrollment, participation, or other program requirements, you may suspend or terminate the grant and withhold any future payments until compliance is restored. All supervisory actions will be documented. Directors, officers, substantial contributors, family members, or other disqualified individuals are not eligible for the program, or any family member thereof.

Members of the selection committee are appointed by your Board of Directors based on relevant educational, athletic, or professional experience. A majority of committee members will not be directors, officers, substantial contributors, or related to such person. Committee members are selected for their ability to evaluate applicants objectively and are required to disclose and recuse themselves from any potential conflicts of interest. You will maintain written records of committee appointments and selection decisions.

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