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

Date:
08/05/2026
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202644006
Release Date: 10/30/26

LEGEND
B = Program
C = State
D = State
E = Number
F = Number
g dollars = Dollars
H = Number

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 annually to full-time students from C and D who will be pursuing undergraduate degrees in environmental studies or a related field. The purpose of your scholarship grants is to provide students with financial support for tuition and living expenses who are attending schools recognized under IRC Sections 509(a)(1) and 170(b)(1)(A)(ii). You plan to publicize your awards on your website and social media from partner organizations. You will also provide

information about your awards to guidance counselors in public high schools in C and D.

To be eligible for a scholarship grant, the applicant must:

- Reside in C or D or be graduating from a high school in C or D
- Demonstrate a passion for and experience in environmental issues
- Be planning on majoring in environmental studies or a related field, including but not limited to environmental engineering, environmental education, biology with environmental interest, or chemical engineering with environmental interest
- Have a GPA of 3.0 or higher
- Demonstrate financial need

Children, grandchildren, and other close relatives of your officers, directors, substantial contributors, selection committee members, and disqualified persons are not eligible for scholarships under the B.

Your selection criteria will be based on character, merit, and need. Awards will be made on an objective and nondiscriminatory basis and will not discriminate on the basis of race, gender, national origin, sexual orientation, or religion. Character, merit, and need will be based on the following:

- Character: You will require a personal statement and one letter of recommendation. In particular, you are looking for applicants who demonstrate passion for environmental causes and demonstrate personal growth, resilience, or self-improvement through academic, employment, or volunteer experiences.
- Academic Merit: Applicants must have maintained a 3.00 cumulative GPA throughout high school or have a 3.00 cumulative GPA currently if already attending college
- Financial need: Personal statement from applicant and supported by other documentation as determined by you such as a financial aid form, FAFSA, or family income documentation

You estimate that approximately E eligible applicants will apply for a grant annually. You anticipate awarding up to F scholarship grants per year of up to g dollars per recipient, with plans to consider increasing the number of scholarships grants in future years. The number of grants awarded in a particular year will vary depending upon the volume and quality of application received, potential impact of the grant, and availability of your assets.

All scholarship grants awarded are renewable for the duration of a student's degree or program. After the initial grant is awarded, the renewal amount awarded may vary from year to year. In order to obtain, maintain, or qualify for renewal of grants, applicants are required to be enrolled in an educational institution on a full-time basis. Each written renewal request must include:

- Completion of a questionnaire
- Collection of a transcript
- Demonstration of satisfactory progress towards the completion of the environmental studies degree

Each renewal of a scholarship grant is contingent on the recipient's continued enrollment and good standing in their educational institution. However, if a grant recipient fails to remain in good standing with their educational institution, you may accommodate a grant recipient if such poor status is a result of extenuating circumstances. Such accommodation will be granted at the sole discretion of your board of directors on a case-by-case basis.

Your selection committee will be composed of H people including environmental science teachers, professors, and environmental professionals with over 10 years of experience, and one of your officers or directors. You may add or remove members of the selection committee at your sole discretion, and you will replace members upon their resignation, removal, or inability to serve. New members of the selection committee will consist of individuals who are determined by you to possess the requisite knowledge, experience, commitment, and abilities to serve on the selection committee. Each member of the selection committee is obligated to disclose the existence of a relationship that they have with any applicant under consideration. Further, selection committee members will refrain from participation in the award process if such member could derive, directly or indirectly, a tangible private benefit from any potential grantee's selection over that of other potential grantees.

You will disburse scholarship award funds directly to the recipient's educational institution. You will require each institution to agree to use the grant funds to defray the recipient's tuition and related expenses, such as room and board, or to apply the funds otherwise for their benefit only if the grant recipient: (1) is enrolled at such educational institution and (2) remains in compliance with the institution's academic requirements necessary to obtain the desired educational degree or certification. If a grant recipient fails to enroll, drops out, or fails to remain in compliance with the institution's academic requirements, the institution will be required to return all unused grant funds to you. You will require the institution to provide an annual certification confirming the recipient's enrollment and academic standing.

In cases of grant recipients whose study at an educational institution does not involve the taking of courses but only the preparation of research papers or projects, such as the writing of a doctoral thesis, you will require a brief report on the progress of the paper or project at least once a year. The report must be approved by the faculty member supervising the grantee or by another appropriate university official. Upon completion of a scholarship recipient's study at an educational institution, a final report must be provided to you.

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.

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