



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

Date:
08/03/2026
Taxpayer ID number:

Person to contact:

Release Number: 202644010

Release Date: 10/30/26

LEGEND

B = Number

C = Counties

x dollars = dollar amount

y dollars = dollar amount

z 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) 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 programs under IRC Section 4945(g)(1) and Section 4945(g)(3).

IRC Section 4945(g)(1)

This program provides traditional scholarships to students pursuing college and graduate degrees. Scholarship

candidates should be under the age of B and must be accepted to a college or technical school and be enrolled, or, if it's their first semester, plan to enroll on a full-time basis (12 hours or more per semester).

Each candidate without post-secondary education must demonstrate achievement by maintaining a minimum high school grade point average (GPA) of 3.0 and be accepted to a qualifying educational institution or technical school. The scholarships will be paid directly to the students. Students must report and provide a certification on the use of the funds. Additional information may be requested.

You expect the total annual scholarships to be a maximum of x dollars per year. Students may receive awards of up to y dollars per year.

Section 4945(g)(3)

This program assists students with accepting unpaid or low paying internships. The internship grant will ensure students do not miss out on valuable educational opportunities due to financial burden. The total annual funding for internship grants is expected to be a maximum of x dollars per year. The award per recipient is based on the length of the internship. Grants are available for one, two, or three month periods and are z dollars per month. Internship grants are paid directly to recipients.

Potential internship candidates should be under the age of B and must have completed a minimum of one semester of undergraduate degree classes. At the time of selection, the potential candidate must be enrolled full time (12 hours or more per semester) in an undergraduate, graduate or post-graduate program.

Each candidate for an internship grant must maintain the minimum grade point average required by the institution to continue in the candidate's program of choice. Each candidate must have applied for and have been accepted into an internship related to their program of study. Each candidate must have an assigned mentor at their internship who will sign off on their application and upon completion of the internship.

Both programs will be publicized by providing the information and requirements to various guidance and financial aid offices at secondary and collegiate educational institutions, other non-profit agencies, and your website, which is currently under construction. Both programs will give preference to students who live in the counties or immediately adjacent counties that you and/or your subsidiaries operate in. You currently have operations in C.

Recipients of both programs seeking to obtain or renew a grant must submit a new application. The potential candidate must continue to be enrolled full time in an undergraduate, graduate, post-graduate program or technical school program. The candidate must maintain the GPA required by the educational institution they attend to continue in their chosen program of study. If the application is for an internship grant, the candidate must also secure an internship in their chosen field for the grant period, and the recipient must be paired with a mentor in the internship program.

Under both programs, the committee will request certified transcripts from the educational institution the grant recipient attended or is attending. If a violation of the terms of a grant or scholarship occurs, you may seek recovery of the funds from the recipient, prohibit renewal or subsequent grants or scholarships, and/or make students and/or the associated educational institution ineligible to participate in the programs.

For both programs, your Board of Directors appoints the selection committee. Board members represent regions in which you and your affiliates operate. The members of the selection committee should have philanthropic and educational experience and will operate independently from you. If there is a conflict of interest between a selection committee member and any applicant, that member shall notify the remaining members immediately

and shall not participate in the selection process. Any vacancies shall be filled by appointment of the Chair of the Board. The selection committee may continue to act, notwithstanding the existence of vacancies, so long as there are at least two members remaining and acting.

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, Letter 4792