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

Date:
08/18/2026
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202646019
Release Date: 11/13/26

UIL: 4945.04-04

LEGEND
B = Number
C = Number
D = Number
E = Number
y dollars = dollar amount

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 a scholarship program. The purpose of your program is to offset the high costs of college tuition and enable students to spend more time focusing on their studies. You will accomplish your purpose by providing scholarships to full-time students pursuing undergraduate and graduate degrees in agricultural fields of study at educational institutions described in IRC Sections 509(a)(1) and 170(b)(1)(A)(ii).

You plan to award B new scholarships per year with a maximum of C total scholarships awarded in any given year. The final number of scholarships awarded each year may fluctuate due to several factors, such as your

available funding, the volume and quality of applications received, and the potential impact of your educational support. Each scholarship will be worth up to y dollars per year per recipient. Scholarship amounts may vary depending on the cost of tuition and living expenses.

You plan to publicize your program through multiple channels. You will set up and advertise a website for your scholarship program. You will utilize newsletters and websites that advertise and aggregate scholarship program information for colleges and universities. You will also provide information about the program to guidance counselors in public high schools in multiple states. Based on your publicity efforts, you expect approximately D individuals will apply for your program annually.

To be eligible for a scholarship, applicants must:

- Pursue, on a full-time basis, undergraduate or graduate degrees in agricultural fields of study
- Attend accredited educational institutions described in IRC Sections 509(a)(1) and 170(b)(1)(A)(ii)
- Have a GPA of 3.0 or higher

Eligible applicants must submit a completed application that includes a personal statement and two letters of recommendation. These application materials should demonstrate how applicants meet the following selection criteria:

1. Excellence in performance and achievements of applicants relative to their peers, as demonstrated by:
    - Academic performance
    - Articulation of goals
2. Family history in agricultural fields
3. Demonstration of character through determination, resilience, and work ethic

You will form a selection committee composed of your board of directors who will review applications using the above selection criteria. Particular consideration will be given to applicants whose family member(s) derive(s) a living from farming or other agricultural means. There will be no consideration of race, gender, national origin, sexual orientation, or religion in your selection process.

You may add or remove selection committee members at your discretion, and will replace members upon their resignation, removal, or inability to serve. New members will consist of individuals determined by your board to possess the requisite knowledge, experience, commitment, and abilities to serve. Each committee member is obligated to disclose the existence of a relationship that he or she has with any applicant under consideration, and members will refrain from participating in the award process if such member could derive, directly or indirectly, a tangible private benefit from any potential applicant's selection over that of other applicants.

You will disburse scholarships directly to educational institutions. Each institution must agree to apply the funds to tuition and living expenses, such as on-campus room and board, for recipients who are: (1) enrolled in good standing with said institution and (2) remain in compliance with the institution's academic requirements necessary to obtain their degree or certification. If a recipient fails to enroll, drops out, or fails to remain in compliance with the institution's academic requirements, all unused scholarship funds must be returned to you.

Prior to awarding scholarships, you will check the name of each applicant against consolidated terror watch lists using software that aggregates numerous continually updated terror and watch lists, including the Specially Designated Nationals and Blocked Persons database maintained by the U.S. Office of Foreign Assets Control. You will not make any scholarships in violation of the Patriot Act of 2001 or Executive Order 13224.
Your scholarships are renewable for the duration of a recipient's degree program. The renewal amount awarded

may vary from year to year. To qualify for renewal, recipients are required to be enrolled in an accredited educational institution, on a full-time basis, according to the institution's definition of such status, and submit a renewal request that includes a new application which demonstrates satisfactory progress toward the completion of the agricultural studies degree.

You represent that you will maintain a detailed case history of your scholarship program by retaining a copy of all applications, together with required supporting documents submitted for consideration. You will include the following in such case histories:

- Names and addresses of the applicants selected to receive scholarships
- Name of the educational institution the recipient will attend
- Total dollar amount of the scholarship awarded to each recipient
- Information relied upon by the selection committee to determine eligibility and the criteria referenced to select recipients
- Annual reports, and as required, transcripts submitted by recipients and/or educational institutions
- Results from your comparison of the recipient's name to the names of known terrorists
- Record of confirmation that the applicant bears no relationship to your officers, directors, selection committee members, or substantial contributors

You indicated that you plan to retain these records for a period of at least E years after the date of the last payment made to the scholarship recipient. You stated that you will periodically review your case histories to evaluate the effectiveness of your program.

If a scholarship recipient fails to submit required reports described above, or if such reports indicate that any part of a scholarship is not being used in furtherance of its intended purposes, you will withhold further payments, to the extent possible. Additionally, if you discover misappropriation of funds, all reasonable steps will be taken to recover any diverted funds or to ensure that any unused portion is either returned or used for its intended purpose. You further indicated that in any case where you have determined that funds have been misused, you will refrain from making additional disbursements and take further appropriate action.

For recipients completing degrees at accredited educational institutions which may include non-graded research or study hours in lieu of standard graded courses for the preparation of research papers or projects, such as the completion of a thesis or dissertation, you will require a brief report on the progress of the paper or project at least once a year. Such report must be approved by the faculty member supervising the recipient or by another appropriate university official. Upon completion of any recipient's study at an educational institution, a final report must be provided.

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

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

cc: