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

IRS

Date:
08/27/2026
Taxpayer ID number:

Person to contact:

Release Number: 202647012
Release Date: 11/20/26

LEGEND
B = Date
C = Number
D = Company
E = Organizations
F = Program
G = Fund
x 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). 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. You will award one-time scholarships (non-renewable) to certain classes of individuals with demonstrated financial need who are descendants of individuals whose death was caused or contributed to by a B-related illness (a physical illness or disease, excluding a mental health related illness) (an "Eligible Illness").

You anticipate awarding up to C scholarships of x dollars each in its initial year. The quantity and values of scholarships awarded in future years may vary based on available funding. All scholarships are paid directly to the recipient's educational institution.

Your program is publicized through your website, radio advertising, the website of law firm D, and direct outreach to organizations serving the B community, including the E, and other unions, fraternal organizations, and advocacy groups representing first responders and survivors.

To be eligible, all the following criteria must be met by the applicant:

• The applicant must be a graduating high school senior, a recent high school graduate from the current calendar year, or a student currently enrolled in or returning to an accredited college, university, two year community college, or accredited vocational or trade school.
• The applicant is a descendant of an individual whose death was caused or contributed to by a B-related Eligible Illness. An applicant must demonstrate that (i) the deceased suffered from a certified B-related Eligible Illness, as evidenced by certification from the F or a finding of eligibility by the G; and (ii) the same Eligible Illness appears as a cause of death on the deceased's death certificate, or was found eligible as the cause of death by the G.
• The applicant has been accepted to an accredited college, university, two-year community college, or accredited vocational or trade school at the time the scholarship is awarded.
• The applicant is not (a) a substantial contributor to you, (b) a board member, officer, or employee of you or D, or (c) an ancestor of, descendant of, spouse of, or spouse of a descendant of any individual described in (a) or (b).

Among eligible applicants, recipients are selected (without discrimination on the basis of race, color, religion, sex, national origin, or any other characteristic protected by federal or applicable state law) based on the following:

• Academic merit and demonstrated financial need,
• Application materials including a resume, two letters of recommendation from individuals who can speak to the applicant's academic ability, character, or community involvement, such as a teacher, school counselor, coach, clergy member, community leader, or other non-family adult who knows the applicant well,
• List of community service completed in the last two years, and
• A written application that includes an essay component.

You will pay each scholarship directly to an accredited college, university, two-year community college, or accredited vocational or trade school under an arrangement whereby the institution will apply the grant funds only for enrolled students who are in good standing once the recipient provides proof of acceptance to and enrollment at the institution. No ongoing academic requirements apply after the award is made.

You will maintain records of each recipient, the institution to which payment was made, and the amount awarded. Each applicant/recipient attests to understanding that if any information submitted in their application is found to be untrue, inaccurate, or incomplete, or if scholarship funds are not used for their intended purpose, the applicant/recipient may be subject to forfeiture of the award, including recovery of amounts already paid, and the applicant/recipient agrees to return all such amounts.

Your board of directors will appoint an Independent Selection Committee, of which no member may be (a) a substantial contributor to you, (b) a board member, officer, or employee of you or D, or (c) an ancestor of,

descendant of, spouse of, or spouse of a descendant of any individual described in (a) or (b). Each Committee member is a person whom the board has deemed presents no conflict of interest with respect to any applicant, you, or D.

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, Letter 4792

cc: