Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities
P.O. Box 2508
Cincinnati, OH 45201

Date:
03/13/2025
Taxpayer ID number:

Person to contact:

Release Number: 202523029
Release Date: 6/6/2025

LEGEND
B = Program
C = Grant Program
D = State
E = Number
f dollars = Amount
G = Institution

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 grant. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grant 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 B, described under IRC Section 4945(g)(1), and C, described under IRC Section 4945(g)(3). These programs will provide financial assistance to individuals for the purpose of

improving the lives of D citizens, with a specific focus on relieving childhood hunger and supporting students and teachers. You will publicize your programs through your website, social media posts, physical posters placed in E locations, and communications with high school college counselors.

Program B
The purpose of B is to to improve access to tertiary education for deserving students lacking the financial resources to cover tuition and other educational expenses. You anticipate awarding E scholarship and fellowship grants annually in the amount of f dollars each. You do not intend for grants to be renewable but may, in the future, choose to renew any particular grant, provided that the recipient is using the grant funds in a manner consistent with the purpose of the grant before issuing any renewal.

Eligible applicants must be citizens or legal residents of the United States at the time of application, and enrolled in an undergraduate or graduate program at an institution of higher education described in Section 170(b)(1)(A)(ii) or scheduled to enroll in such a program in the immediately following academic year.

Applicants must submit an application that includes:
• Information regarding financial need,
• A short biographical statement,
• Information allowing you to determine whether the applicant is a "disqualified person,"
• Transcripts for all completed terms in any program of secondary or post secondary education,
• Proof of enrollment or admission in the program for which funds are being sought,
• One or more letters of support, and
• Personal references.

Selection criteria will include the following:
• Membership with G,
• Financial Need,
• Prior academic performance,
• Recommendations from instructors,
• A written statement or personal interview which provides relevant information as to the applicant's motivation, character, ability, achievement, potential, and plans for the future.

Your board of directors, or a board committee appointed by your board of directors will review applications and select those showing the greatest need for assistance and who show strong potential to succeed. You will distribute grant funds directly to the educational institution at which the recipient is enrolled. The funds are to be used exclusively to pay tuition, fees, books, supplies, equipment, board and lodging.

Program C
The purpose of C is to support deserving individuals in their efforts to develop their skills and talents, in furtherance of your charitable purposes. The number of grants will be determined based on the amount of funds available for disbursement and the relative needs of your programming at any given time. The number and amount of grants is subject to change annually. You do not intend for grants to be renewable but may, in the future, choose to renew any particular grants, provided that the recipient is using the grant funds in a manner consistent with the purpose of the grant before issuing any renewal.

Eligible applicants must be citizens or legal residents of the United States at the time of application and must have demonstrated excellence in their applicable field.

Applicants must submit an application that includes:

• Information regarding financial need,
• A short biographical statement,
• A description of the specific objective, skill, or course of study for which the award is being sought
• Information allowing you to determine whether the applicant is a "disqualified person".
• One or more letters of support, and
• Personal references.

Selection criteria will include the following:
• Membership with G,
• Financial Need,
• Demonstrated excellence in their applicable fields
• A written statement or personal interview which provides relevant information as to the applicant's motivation, character, ability, achievement, potential, and plans for the future.

Your board of directors, or a board committee appointed by your board of directors will review applications and select those showing the greatest need for assistance, a demonstrated ability or potential to further your tax-exempt purposes, and who show strong potential to succeed. Grants are paid directly to the recipient. Grant funds are to be used exclusively for the purposes for which the grant was made. Grant recipients are required to provide regular reports documenting their progress with respect to the grants objective and accounting for the use of the grant funds.

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