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

Date:
03/11/2025
Taxpayer ID number:

Person to contact:

Release Number: 202523030
Release Date: 6/6/2025

LEGEND
T = Number
U = Date
V = Date
W = Program Name
X = Name
y dollars = 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 a scholarship program called the W. The purpose of the scholarship is to inspire and empower young women and men to find inspiration through dance. The W is designed to recognize and reward students who exemplify the mission that embodies the life of X and her lasting impact on the world. Under the W, you will award grants under both Sections 4945(g)(1) and 4945(g)(3).

The W will provide T financial awards in the amount of y dollars per academic year. The award is a one-time grant and cannot be renewed. The number and dollar amount of awards may be adjusted depending on available funds and inflation.

The grants may only be used toward a recipient's books, tuition, dance lessons and intensives, dance uniforms and equipment, and any dance fees associated with their college athletics. Use of such funds for a recipient's books and tuition qualify as a grant under IRC Section 4945(g)(l), while use of funds for a recipient's dance lessons and intensives, dance uniforms and equipment, and any dance fees associated with college athletics qualify as a grant under IRC Section 4945(g)(3).

Any student who has participated in dance, whether through a studio, team, competition, etc., is eligible to apply for the W. Applicants will be evaluated based on the following criteria:

- Academic Excellence
- Minimum GPA of 3.0 in high school or in college and must be in a relevant field of study (i.e. health sciences, counseling, psychology, physical therapy)
- Official transcripts demonstrating academic achievements
- Dance involvement
- Video of solo dance
- One letter of recommendation from a dance teacher
- Community service
- Personal statement highlighting community service experiences and articulating educational and career goals

Applicants must submit a completed application via your website before U. Finalists will be evaluated with a thorough application review by a committee of three individuals, and will be judged based on academic achievements, extracurricular involvement in dance, and community service. Candidates may be invited for an interview in order to further assess their qualifications for the scholarship.

The W is made aware to the public via your website and through third-party IRC Section 501(c)(3) organizations that you select. These partner organizations will distribute the program information to potential high school and college candidates.

Grants will be disbursed directly to the recipients. You require award recipients to submit documentation supporting their educational expenses by V of the following year after receiving the award. This may include tuition invoices, fee statements, or receipts for required materials. You will request grades and transcripts. You will implement periodic check-ins with grant recipients to assess their progress and address any questions or concerns related to expenses. If a recipient uses funds for an unpermitted expense, you will use any reasonable means to retrieve the funds.

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