



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

Date:
05/08/2025
Taxpayer ID number:

Person to contact:

Release Number: 202531021
Release Date: 8/1/2025

LEGEND

UIL: 4945.04-04

B = Program
C = State
j dollars = award amount
k = number of grants

Dear :

You asked for advance approval of your educational grant procedures under Internal Revenue Code (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 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 program, B, to provide C writers with a chance to enhance their skills as a writer and/or finish a major writing project. Your award will cover the expense of accommodations and a meal stipend associated with this program so that the writer can finish a major project or attend a writer's workshop in a place of their choosing.

You encourage all types of creative writers to apply, and listed the following eligibility criteria for your grant program:

- The applicant must be C resident.
- The applicant must be at least 21 years old.

You will rate applicants and select recipients primarily based on the following criteria:

- The applicant's description of their project as detailed in their grant application
- The applicant's submitted writing samples
- The applicant's curriculum vitae
- The applicant's list of references

Your grant program will be publicized online, in literary publications, on your website, and through C writing community forums.

Your selection committee will be made up of the three of your directors and officers. Familial relatives of members of your selection committee, or of your officers, directors, or substantial contributors, will not be eligible for grants. You will maintain records showing the names and addresses of award recipients and relationship to your officers.

You intend to award up to k grants per school year. Each award will not exceed j dollars for accommodations, plus a stipend for meals. You will pay for the accommodations directly, to ensure that funds are used for their intended purpose. Your awards will be made on a one-time basis and will not be renewable.

If your grantee doesn't participate in B toward completion of a major writing project in good faith, they will not be eligible to reapply in the future. Your grantees must provide a report of their work in B for your records.

You will arrange to receive and review grantee reports annually and upon completion of the project for which the grant was awarded. You will investigate diversions of funds from their intended purposes. You take all reasonable and appropriate steps to recover diverted funds and ensure other grant funds held by a grantee are used for their intended purposes. You will 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 diversions from occurring.

You will maintain all records relating to individual grants, including information obtained to evaluate grantees, identify whether 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.

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).
- The foundation awards the grants 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); or
- 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; or
- 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.

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