



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

Date:
05/20/2025
Taxpayer ID number:

Person to contact:
ID number:

Release Number: 202533012
Release Date: 8/15/2025

LEGEND

B = Practice
E = Number range
f dollars = Amount

UIL: 4945.04-04

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 grant program for individuals who wish to study, practice, and provide instruction in the teachings of B. You will award grants for travel, education, living expenses, and any needed study, practice, or teaching materials to enable grantees to study, practice, provide instruction in the teachings of the B, or translate and explain the oral and written teachings of the B.

To be eligible for a grant, the applicants must be 18 years or older and demonstrate a commitment to studying, practicing, or providing instruction in the teachings of the B. You will rate the applicants based on responses submitted on an application, personal interview, education history, employment history, and other experience relevant to pursue the program.

Your program will be publicized primary through your website and social media platforms, as well as by word

of mouth from current and former participants. Your website offers newcomers detailed information about your charitable purposes and opportunities to pursue the practice of B. You will make the program known through podcasts, digital publications, print publications, and social media.

You intend to award approximately f dollars and E grants per year. The actual number of annual grants will depend upon the level of public interest, number of qualified applicants, and the portion of your budget allocated to the program. Awards will be made on a one-time basis.

Your Board of Directors will appoint a selection committee. Your selection committee will determine the grant amount to be awarded to each recipient. They will consider the scope of the studies, practices, or instruction to be advanced by the grant, and the published tuition and associated program costs. Relatives of members of the selection committee, or of your officers, directors, or substantial contributors are not eligible for awards made under your program. Members of the committee must possess at least one of the following: a deep understanding of the teachings of the B, substantial experience in educating or practicing within the B, a sustained commitment to supporting individuals who seek to study, practice, or instruct the B, meditation experience, including completion of meditation or leadership courses, and leadership and volunteer experience.

The grantee will be eligible for grant renewal if they have demonstrated over the course of study, practice, or instruction that they completed the course of study for which the grant was awarded, the entire grant was applied towards the purpose for which it was made, and in the opinion of the instructors, course leaders, or supervisors, the grantee was motivated and made measurable progress in their studies, practice, or teaching. The grantee would have to submit an application or proposal for a renewed grant. If a grant was awarded based on financial need, eligibility for renewal of such grant will include the selection committee's evaluation of whether the grantee continues to have financial need sufficient to warrant a further grant.

You require written reports of how grant funds were used. You have oversight procedures to ensure proper use of all grant funds. Your grantee's activities will be supervised your staff. Your selection committee will oversee the administration of the grant to ensure its use in a way that is consistent with the charitable purposes for which it was awarded, based on information provided by the grantee in his or her original application. You will retain all information submitted by and regarding a grantee for four years beyond the final report provided to the selection committee.

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 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.

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