



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

Date:  
10/24/2025  
Taxpayer ID number:

Person to contact:  
Name:  
ID number:  
Telephone:

Release Number: 202603005  
Release Date: 1/16/2026

**LEGEND**

B = Name  
C = Sport  
d dollars = Dollars  
E = Participants

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 to award competition and travel stipends to a certain number of individuals who participate in B programs for the purpose of skill development at the youth amateur sports level. The number of annual awards you grant is calculated using the following formula:

The total number of annual awards will be calculated by multiplying the total number of national events by two percent of monthly C students at B.

The amount awarded will include the entry fee for the selected national event, and an amount equal to the cost of travel for the C student and one legal guardian up to d dollars.

Your grants are publicized on B websites and class marketing materials. To apply for the grant eligible students will be notified prior to the selection event and provided a registration link to enter the selection process.

As grants are awarded, you will maintain detailed information on each award including:

- Name
- Address
- Purpose of award
- Any restriction on award usage
- Amount of awards and payment dates
- The basis of qualification used for each grantee selected
- If there is relationship between the you and the awardee

The criteria you use to determine who is eligible for your grants include the following:

- Age: Students must be eligible for a youth division at the selected event
- Class participation: Must be currently enrolled in an B program and have an attendance rate of 80 percent for the previous two months at the time of the selection event
- Merit: At the time of the selection event, the archery student must have a score of academy on B's key performance indicator, and maintain this score through the start of the selected event
- Ineligible persons: Disqualified persons, their employees or family members
- Selection limits: Objectivity of the selection process will allow for eligible C students to receive as many awards for which they qualify. There will be no limit imposed on the number of awards an C student may receive.

Prior to each national event, eligible C students will participate in a selection event where they will shoot the rounds of the national event. Their score will be compared as a percentage of the top five E from the previous year's national event. Their percentage score will be ranked amongst all eligible E students.

The program leader at each B will verify eligibility of the C student and conduct the selection event. The program leader will also register E for the selected national event and the C student or legal guardian must submit receipts for travel expenses for reimbursement. Family members of disqualified persons are not eligible to receive an award.

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.

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