



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

Date:
05/29/2024
Taxpayer ID number:

Person to contact:

Release Number: 202434017

Release Date: 8/23/2024

LEGEND

C = Name

D = Name

E = Name

F = Name

G = Name

H = Name

J = Name

x dollars = Amounts

UIL: 4945.04-04

Dear :

You asked for advance approval of your scholarship procedures under Internal Revenue Code (IRC) Section 4945(g)(1). You requested approval of your scholarship program to fund the education of certain qualifying students.

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.

Additionally, 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 provided in IRC Section 117(b)).

Letter 4792 (Rev. 1-2022)
Catalog Number 58263T

Description of your request

Your letter indicates you will operate scholarship programs under IRC Section 4945(g)(1) called C, D, E, F, and G. Under each program, you will award scholarships to qualified students to be used for tuition, books, and related education expenses at a qualified educational institution under IRC 170(b)(1)(A)(ii). All scholarships will be for one academic year and be comprised of a one-time payment.

All scholarship programs will be promoted and publicized in the following ways. (a) outreach to high school guidance counselors; (b) posts on school websites; (c) advertisements in the local newspaper; (d) emails to past scholarship recipients; and (e) word of mouth.

The amounts for all scholarships will be in the range of x dollars and may in the future be adjusted to account for inflation. All awards will be paid directly to students.

Specifics of C

Applicants for C must be high school seniors at H Community School or J High School with a minimum GPA of 2.5 or its equivalent. Applicants must demonstrate that they have been admitted to and intend to enroll in an educational organization described in IRC Section 170(b)(1)(A)(ii).

Specifics of D

Applicants for D must have graduated from either H Community School or J High School and demonstrate that they are enrolled in an educational institution described in IRC Section 170(b)(1)(A)(ii), specifically a trade school. In addition, the applicants must have a minimum GPA of 2.5 or its equivalent.

Specifics of E

Applicants for E must have graduated from either H Community School or J High School and demonstrate that they are enrolled in an educational organization described in IRC Section 170(b)(1)(A)(ii), specifically a community college, four-year college, or university. In addition, the applicants must have a minimum GPA of 2.5 or its equivalent.

Specifics of F:

F was established in memory of a longtime teacher and coach at H Community School. Applicants for F must be high school seniors at H Community School with a minimum GPA of 3.0. Further, the applicants must demonstrate that they have been admitted to and intend to enroll in an educational organization described in IRC Section 170(b)(1)(A)(ii) as well as demonstrate involvement in school and community activities. Preference will be given to students who participated in the track program at H Community School.

Specifics of G

G was established in of a music teacher in H and J who recently passed away. Applicants for G must have graduated from J High School and demonstrate that they are enrolled in an educational organization described in IRC Section 170(b)(1)(A)(ii) as well as have a minimum GPA of 2.5. In addition, applicants must be entering their junior or senior year of college or be enrolled in a graduate school program. Preference will be given to undergraduate students majoring or minoring in music or graduate students enrolled in a music program, but if no applicants qualify, the scholarship may be awarded to undergraduate students majoring or minoring in education or graduate students enrolled in an education program.

Selection Process for all Scholarship Programs

All scholarship recipients will be selected by a Selection Committee comprised of your Board of Directors, as well as one or more community members whom the Board of Directors may in its discretion appoint. All

recipients will be selected on an objective and nondiscriminatory basis. You will prioritize awarding scholarships to students with demonstrated community involvement and/or work experience.

In the event you receive applications from relatives of members of the Selection Committee, officers, directors, or substantial contributors, the member of the Selection Committee, officer, director, or substantial contributor must disclose the relationship to the Selection Committee and recuse himself or herself from the discussion and decision of the Selection Committee with respect to such application

Scholarships may be renewed for a subsequent academic year upon reapplication by the recipient at your discretion and subject to the recipient's continued eligibility.

Oversight Procedures for all Scholarship Programs

All recipients must agree to use the scholarship for tuition, books, or related educational expenses. All awards will be paid directly to recipients. You will request that recipients provide an update of how the scholarships were spent. Should a recipient divert funds from their intended purpose, you will request repayment of the scholarship funds and the recipient will be disqualified from applying for a future scholarship.

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).

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.
- The effective date of our approval is _____ which is the date your request was submitted.
- 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

cc: