



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

Date:  
06/10/2024  
Taxpayer ID number:

Person to contact:

Release Number: 202436018

Release Date: 9/6/2024

UIL: 4945.04-04

LEGEND

B = Name

C = Name

D = Name

E = Location

F = Name

G = State

H = Numbers

J = Numbers

s dollars = Amount

t dollars = Amount

u dollars = Amount

v dollars = Amounts

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 three educational grant programs called B, C, and D.

Your purpose in part is to advance equity for women and girls through education, and philanthropy.

#### **Program B Details**

The purpose of B is to provide grants under IRC Section 4945(g)(3) to individual women in order to obtain a professional certificate, pursue training opportunities, purchase equipment and/or to pay for conference expenses. Each year under B, you will award in the range of H grants for a maximum amount of s dollars. You expect to award a total of t dollars under B. Recipients of B may only receive a single grant award. Grant expenses must be incurred after the grant application due date.

To publicize B, you will send emails to professional organizations, local nonprofits, and educational institutions. You will also promote B through social media, an online newsletter, and word of mouth.

The grant will fund career related designation licensing and the like, trade certifications, and conference costs including travel expenses. They cannot be used for standardized admission tests like the MCAT and GRE, research data collection, and tuition toward degree.

To be eligible to apply for B, the applicant must be a woman currently living/or working/or studying in G. Women currently attending a G based university online but living in E due to COVID-19 are also eligible to apply. Applicants must submit an application, a resume, a proposal describing the activity, detailed expense information and a narrative on how the proposed activity will make a positive impact to the community.

Recipients will be selected by a selection committee whose members are volunteers recruited by the lead/chair of your grant/scholarship committee. Members of the selection committee, your officers, your directors, and substantial contributors as well as relatives of the selection committee, your officers, your directors, and substantial contributors are not eligible to apply for awards.

Applicants will be evaluated by the selection committee using the following criteria:

- Their proposed activity's ability to further the applicant's career goals;
- Their preparedness to pursue the proposed activity;
- Whether and how their proposed activity will allow them to make a positive impact on their community as defined by the applicant;
- Extenuating circumstances such as financial need.

Recipients of B generally will pay for the activity and then submit their receipts for the expenses described in their grant proposal. Reimbursements are then made to the recipient. If the recipient does not have enough of their own personal funds to pay for these expenses up front, then the expenses will be paid directly by you. Recipients have a year to spend their grant and has the option to propose alternative expenses in the event a conference is canceled. Recipients that fail to spend their award by the end of the year will lose their award.

Recipients of B may only receive a single grant award. Grant expenses must be incurred after the grant application due date.

### Program C Details

The purpose of C is to provide scholarships under IRC Section 4945(g)(1) for an accredited school to individual women who are interested in becoming . C is publicized through direct emails to professional organizations and educational institutions, social media, an online newsletter, and word of mouth.

Under C, a total of approximately u dollars is awarded to in the range of J women each year. Recipients of C may only receive a single nonrenewable scholarship.

To be eligible for C, an applicant must be a female resident of G, currently working on an Certificate and possess an " endorsement as well as currently attending an accredited college or have already graduated from an accredited college or university.

Applicants must provide:

- Transcripts and their GPA from their current college or university and each of the colleges and/or universities they have attended.
- Two letters of recommendation from non-family members.

A selection committee consisting of volunteers recruited by your scholarship committee will evaluate applicants based on the strongest applications and select the best qualified.

Relatives of members of the selection committee, or of the officers, directors or substantial contributors are not eligible for awards.

Funds will be paid directly to the school to cover materials, school, and training. All recipients must show proof of enrollment before any funds are disbursed.

If the recipient is unable to attend school, the scholarship proceeds will be returned to you.

### Program D Details

The purpose of D is to provide scholarships under IRC Section 4945(g)(1) to female nontraditional students to attend undergraduate and graduate school programs. Individual awards will vary in the range of v dollars. The total amount of funding will vary each year, depending on resources available.

F, a local organization exempt under IRC Section 501(c)(3) will administer D. F will publicize D through its website and social media programs.

To be eligible, an applicant must be a female resident in G, demonstrate financial need, be over 21 years of age and have had their educational plans interrupted or delayed by family, work obligations or challenging personal circumstances. An applicant must also be accepted or enrolled as a full or part-time student in a college, community college, or university in G or on-line program from a regionally accredited public or private not for profit educational institution. Applicants must also have a completed a minimum of 12 credits.

To apply for D, applicants must provide:

- Their current and past transcripts;
- Their processed FAFSA, or proof it was submitted;
- A single page personal statement.

Recipients will be selected by a selection committee chosen by F and will consist of volunteers from the community. Relatives of members of the selection committee, or of the officers, directors or substantial

contributors are not eligible for awards.

To select recipients, the committee will screen all applications for financial need. The committee will then review all personal statements of the screened applications and will determine which will move on to the final phase which is a panel interview.

The scholarship award is paid directly to the college or university. If the awardee is unable to attend college or university, the scholarship must be returned.

#### Oversight Procedures for B, C, and D

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 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)(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