



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

Date:
07/16/2024
Taxpayer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202441016
Release Date: 10/11/2024

LEGEND

B = Name
C = Name
D = Numbers
E = Number
F = Number
x dollars = Amount

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)).

Description of your request

Your letter indicates you will operate two scholarship programs, B and C. You estimate between D students will be eligible to apply for your scholarship programs annually based on your eligibility criteria and strategies to publicize your programs as defined in the program descriptions below.

Program B

The purpose of the B is to provide financial support for university-level undergraduate students enrolled in civil

engineering and construction management programs who demonstrate an interest in heavy civil construction. You anticipate awarding up to E scholarships annually in the amount of x dollars. The actual number and amount of your scholarships may vary, however, at your discretion and the discretion of your scholarship selection committee.

Scholarships are intended to be used for one academic year. Recipients who have received a scholarship for their junior academic year, and who continue to meet all the selection criteria, may apply for a second scholarship for their senior academic year. You will not require students to perform any services after receiving your scholarships.

You will publicize your program through direct correspondence with professors teaching courses in civil engineering or construction management at selected colleges and universities. You anticipate these professors will further advertise your program and encourage eligible students to apply for your scholarships.

Eligible applicants must be full-time undergraduate students in their sophomore or junior academic years, majoring in engineering or construction management at selected four-year colleges or universities. To be considered for a scholarship, applicants must submit a completed application form by your annual deadline of

Applications must include information on the applicant's previous and/or current work history, if applicable, as well as the following materials:

- A copy of the official Free Application for Federal Student Aid (FAFSA) report or summary on file with the US Department of Education.
- A letter of recommendation from a professor of engineering or construction management, attesting to the applicant's demonstrated interest in the heavy construction industry.
- Official copies of academic transcripts showing a minimum cumulative GPA of 3.0.
- A written essay, no more than 250 words in length, stating the student's interest in studying engineering or construction management, and explaining how these studies will contribute to improving the nation's infrastructure through a career in the heavy construction industry.

In addition, applicants must demonstrate to your satisfaction their intention to graduate and pursue a career in the heavy construction industry through either of the following:

- Completed, or have a committed interest in pursuing, part-time or full-time summer employment or an internship in the heavy construction industry with a heavy civil contractor or construction-oriented engineering firm. If the applicant has already completed an internship or such part-time or full-time employment, a positive evaluation or letter of recommendation from the employer should be included with the application.
- Previously and/or currently enrolled in heavy construction course curriculum at an accredited college or university.

Selection criteria will include financial need (as demonstrated through the FAFSA); academic achievement (as shown through official transcripts); previous and/or current work history; the quality of the required essay; and perceived character, motivation, and potential to succeed professionally within the field of engineering and construction management.

Applicants are asked to disclose gender and race on your scholarship application to assist your scholarship selection committee in promoting diverse representation in the heavy construction industry; however, your scholarships are not awarded based on such selection criteria as race, sex, religion, age, national origin, or sexual orientation.

Your scholarship committee will consist of your executive director and two or more trustees appointed by the chair of your board of trustees. Your scholarship committee will review applications and make final selections as to the recipients of your scholarships.

You will distribute scholarships directly to colleges and universities pursuant to an arrangement whereby the schools will apply the funds only for enrolled students in good academic standing. You will require that the schools confirm your award will not diminish, or replace, any current scholarship aid to the student, and that the funds will be used to fulfill the purpose of your scholarship, which is to help defray the costs associated with achieving a higher education, including room and board, textbooks, and fees. You expect the schools to withhold any unexpended funds if the terms of the scholarship are violated and return the unexpended portion to you. Additionally, upon graduation, the college or university will advise you of the scholarship recipient's hiring company affiliation.

Program C

The purpose of the C is to increase women's representation within the heavy construction industry workforce by offering financial assistance to undergraduate female students who have demonstrated an interest in pursuing a career in engineering or construction management with an emphasis on heavy construction.

You anticipate awarding up to F scholarships annually in the amount of x dollars each. The actual number and amount of your scholarships may vary, however, at your discretion and the discretion of your scholarship selection committee.

Scholarships are intended to be used for one academic year. Recipients who receive a scholarship award for their junior academic year, and who continue to meet all the selection criteria, may apply for a second scholarship during their senior academic year. You do not require students to perform any services after receiving your scholarships.

You will publicize your program through direct correspondence with professors teaching courses in civil engineering or construction management at selected colleges and universities. You anticipate that these professors will further advertise your program and encourage eligible students to apply for your scholarships.

Eligible applicants must be full-time undergraduate female students in their sophomore or junior academic years, majoring in engineering or construction management at selected four-year colleges or universities. To be considered for a scholarship, applicants must submit a completed application form by your annual deadline of

Applications must include information on the applicant's previous and/or current history, if applicable, as well as the following materials:

- A copy of the official Free Application for Federal Student Aid (FAFSA) report or summary on file with the US Department of Education.
- A letter of recommendation from a professor of engineering or construction management attesting to the applicant's demonstrated interest in the heavy construction industry.
- Official copies of academic transcripts showing a minimum cumulative GPA of 3.0.

- A written essay, no more than 250 words in length, stating the student's interest in studying engineering or construction management, and explaining how those studies will contribute to improving the nation's infrastructure through a career in the heavy construction industry.

In addition, applicants must demonstrate to your satisfaction their intention to graduate and pursue a career in the heavy construction industry through either of the following:

- Completed, or have a committed interest in pursuing, part-time or full-time summer employment or an internship in the heavy construction industry with a heavy civil contractor or construction-oriented engineering firm. If the applicant has already completed an internship or such part-time or full-time employment, a positive evaluation or letter of recommendation from the employer should be included with the application.
- Previously and/or currently enrolled in heavy construction course curriculum at an accredited college or university.

Selection criteria will include financial need (as demonstrated through the FAFSA); academic achievement (as shown through official transcripts); previous and/or current work history; the quality of the required essay; and perceived character, motivation, and potential to succeed professionally within the field of engineering and construction management.

Applicants are asked to disclose gender and race on your scholarship application to assist your selection committee in promoting diverse representation in the heavy construction industry; however, your scholarships are not awarded based on such selection criteria as race, sex, religion, age, national origin, or sexual orientation, with the excepted eligibility provision to increase women's representation in the heavy construction industry inherent within the B.

Your scholarship selection committee will consist of your executive director and two or more trustees appointed by the chair of your board of trustees. Your scholarship committee will review applications and make final selections as to the recipients of your scholarships.

You will distribute scholarships directly to colleges and universities pursuant to an arrangement whereby the schools will apply the funds only for enrolled students in good academic standing. You will require that the schools confirm your award will not diminish, or replace, any current scholarship aid to the student, and that the funds will be used to fulfill the purpose of your scholarship, which is to help defray the costs associated with achieving a higher education, including room and board, textbooks, and fees. You expect schools to withhold any unexpended funds if the terms of the scholarship are violated and return the unexpended portion to you. Additionally, upon graduation, the college or university will advise you of the scholarship recipient's hiring company affiliation.

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).

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