



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

Date: 08/19/2024

Taxpayer ID number:

Person to contact:

Name:

ID number:

Telephone:

Release Number: 202446018

Release Date: 11/15/24

**LEGEND**

B = Name

C = Number Range

D = State

E = Number

x dollars = Amount

y 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) 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 a scholarship and an educational grant program. The purpose of these programs is to provide financial assistance and recognize individuals pursuing degrees, completing projects, or conducting research that further your exempt purposes of fostering innovation and excellence in

environmental sustainability, youth empowerment and education, and community enhancement.

#### Scholarship Grant Program

Your scholarship grant program is called the B. The purpose of this program is to provide financial assistance to students who demonstrate strong entrepreneurial skills, work ethic, and a commitment to community engagement in the pursuit of their undergraduate or graduate degrees in environmental sciences, sustainability, or a related field at accredited institutions of higher education.

You anticipate awarding C scholarships annually in the amount of x dollars each, for up to four academic years, not to exceed a total of y dollars per scholarship. At the end of each semester, recipients must submit transcripts showing they were full-time students that earned a minimum GPA of 2.5 on a scale of 4.0, while taking at least 12 course hours per semester, to continue receiving scholarship funds the following semester. Recipients must sign a scholarship agreement prior to receiving funds each semester.

Scholarships may be renewable for one additional semester for students that were not able to complete their studies. Students must maintain the minimum GPA of 2.5, be enrolled as a full-time student, taking at least 12 course hours per semester, and submit a renewal application at least three months prior to their anticipated graduation date explaining the reason(s) for the delay and the need for the additional scholarship funds.

You will publicize your scholarship program through your website. You may also contact high school, college, and graduate school administrators, as well as managers of other related community institutions, to advertise your scholarship program and request nominations for potential scholarship recipients.

Eligible applicants must be residents of D that may attend any accredited college or university within the United States or abroad. Applicants must be actively enrolled as a full-time student, must have completed high school in their respective state, and must have been heavily involved in community service throughout high school. Applicants must submit a complete application form through an on-line portal at your website with supporting documentation that includes a copy of their most recent transcript and one to two letters of recommendation.

Selection criteria includes academic achievement evidenced by a minimum GPA of 2.5 on a 4.0 scale, community service, letters of recommendation, biographical information regarding an applicant's academic, work, or other relevant experiences, and financial need.

Your selection committee will consist of members appointed by your board of directors. You will pay scholarships directly to educational institutions that will use funds to defray the expenses of recipients in good standing or pay the funds directly to recipients in good standing. Scholarships may only be used for qualified tuition and related educational expenses, such as fees, books, supplies, equipment, and room and board. No part of your scholarship may be used as payment for teaching, research, or other services by the recipient as a condition for receiving the scholarship.

#### Educational Grant Program

You will also operate a grant program described under IRC Section 4945(g)(3), with the purpose of providing financial assistance to individuals working on a project, thesis, or research that aims to address issues related to environmental sustainability. The project, thesis, or research should have clear objectives, defined methodologies, and the potential for tangible impact. Your grant program is open to U.S. residents.

You will publicize your grant program through your website, social media channels, and partnerships with relevant educational and professional organizations to ensure you reach a broad pool of eligible candidates.

You anticipate awarding up to E grants of x dollars annually. You expect most grants to be awarded for a period of up to one year, but you may extend or shorten this period depending on the proposed scope and objectives of the project, thesis, or research.

Grants may be renewable if recipients submit a renewal request in writing at least two months prior to the original completion date of their project, thesis, or research. Renewal requests should include a progress report, an explanation for the delay, the new time frame for completion, and whether there is a need for additional funds. Renewals will be determined on a case-by-case basis dependent upon the purposes of the original grant and the availability of funds.

Eligible applicants include undergraduate or graduate students, postgraduate researchers, scholars, professionals, or other individuals with specialized skills or knowledge, who are enrolled in or completed a degree or certificate program related to sustainability, environmental sciences, or a closely related field, including environmental engineering, conservation biology, renewable energy, environmental policy, and sustainable agriculture. Currently enrolled undergraduate and graduate students must have a minimum GPA of 2.5 on a 4.0 scale.

Applicants must submit a complete application through an on-line portal on your website and include the following materials:

- Resume detailing educational background, work experience, extracurricular activities, awards, and/or recognitions
- Proof of enrollment or completion of relevant educational programs, such as transcripts
- Detailed description of the project, research, or thesis, including its goals, methodologies, progress to date, and expected outcomes
- Two letters of recommendation from educators, mentors, or professionals in the field of environmental sciences
- Statement of purpose outlining the applicant's commitment to sustainability and explaining how their work aligns with your mission, creates positive change, demonstrates innovation in addressing environmental challenges, and how the award would further their environmental sustainability objectives
- Supporting documents, such as publications, project outlines, or evidence of previous awards

Your selection committee will include your board of directors or committee members designated by your board. No award may be given to any member of your board of directors, any substantial contributor, any employee, or other disqualified person with respect to you.

Selection criteria will consider applicants' commitment to sustainability, academic achievements, innovation and impact in addressing environmental challenges based on their work, projects, or research. Consideration may also be given to diversity and inclusion, to ensure broad access to your awards for underrepresented groups in the field of environmental sciences. In-person interviews or via video conference may be conducted as part of the selection process.

All applicants will be notified of the outcome of your selection via email. Award recipients will receive detailed information about the award disbursement process, any reporting requirements, and recognition opportunities. Awards will be disbursed directly to recipients who must use funds in accordance with the award agreement.

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.

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 scholarship 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 scholarships 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 scholarship 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