



Department of the Treasury  
Internal Revenue Service  
**Tax Exempt and Government Entities**  
P.O. Box 2508  
Cincinnati, OH 45201

Date:  
03/12/2025  
Taxpayer ID number:

Person to contact:

Release Number: 202523025  
Release Date: 6/6/2025

#### LEGEND

B=Name  
U=Number  
V=Number  
W=Number  
X= Number  
y dollars=Amount

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 an educational grant program called B. Your purpose is to provide grants to female students from rural high schools. Your grant program will provide opportunity for experiential learning by supporting grantee's travel to destinations outside of the United States with notable cultural, historical, and educational significance. Your program will bring a cohort of at least W female students on a trip of approximately V days in length. Your trip will include a variety of cultural and educational activities, visits to local schools, meetings with female leaders in a range of industries such as professors, members of legislative bodies, museum directors, and community leaders.

To be eligible for a grant, the student must:

- Be a female student enrolled in X grade at a rural high school. You define rural as communities with a population of U or less, which follows the common metric used in the United States to define a rural community.
- Have a valid passport or be willing to begin the process of obtaining a valid passport.

Your selection criteria for each applicant includes:

- An essay on why the applicant is interested in the program, what the applicant hopes to learn from the program, and how the program might impact the applicant in the future.
- A video discussing the applicant's interest in the Program.
- One letter of reference from a teacher, coach, or school administrator.
- Demonstrated interest in cultures and communities beyond their own as evidenced in the short essay and reference letter.
- Strong communication skills as evidenced in the short essay and video submission.
- Quality of reference letters
- Preference will be given to individuals who have never traveled to the region before.

Your grant program will be publicized among partner high schools. Your grant program information will be provided to administrators from these schools to ensure all eligible students and their parents are aware of the program.

Your selection committee will initially consist of your President, co-founder, and the program's advisor and educational professional. The top W candidates will be submitted to your board for final award determination. Relatives of members of the selection committee, your officers, or directors will not be eligible for awards.

You intend to award y dollars with up W grants per year. Your program awards grants once a year and applications will open November 15 through January 31 annually.

You will address a misuse of funds. You will investigate to determine if the situation is a mistake that can be corrected. In the event of misuse of grants funds, you will withhold future payments to the grant recipient. You will work with the grant recipient to correct the misuse and seek the return of some or all of the grant funds.

You have established procedures to ensure appropriate use of the grant funds and the success of the program. You will maintain complete records regarding the applications, selection process, expenditures, and reports submitted by the grantees to allow you to continuously re-evaluate and improve the program. You will a review records to ensure appropriate use of the grant funds.

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.

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