

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Release Number: **201449003**
Release Date: **12/5/2014**
Date: **September 9, 2014**

Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

LEGEND

B= State
C= Name of Public Charity
D= Name of Structure
E= Geographic Location
t= Amount
u= Amount
v= Amount
w= Date
x= Date
y= Date

UIL:

4942.03-07

Dear :

Why you are receiving this letter

This is our response to your October 15, 2013, letter requesting approval of a set-aside in the amount of t dollars under Internal Revenue Code section 4942(g)(2). You have been recognized as tax-exempt under section 501(c)(3) of the Code and have been determined to be a private foundation under section 509(a).

Our determination

Based on the information furnished, your set-aside for the taxable year ending December 31, , is approved under Internal Revenue Code section 4942(g)(2). As required under section 4942(g)(2), the set-aside amount must be paid within the 60-month period after the date of the first set-aside.

Description of set-aside request

You are incorporated under the laws of the state of B. You wish to set aside a grant totaling t

dollars for C. C is a public charity exempt under section 501(c)(3) of the Code, organized under the laws of the state of B. C owns, preserves, and operates D. No additions to the set-aside are planned. The purpose of the grant is to assist in funding the restoration of D. D is a historically and culturally significant structure for the local E community, and it also has historic significance on the national level.

Your grant will support Phase II restoration costs for D. The total cost of the Restoration Project is estimated at u dollars. Pursuant to the terms of your agreement with C, you will make a matching grant of t dollars to C to fund approximately one-third of the estimated cost of the Restoration Project. It is anticipated that the remaining two-thirds of the costs of the Restoration Project will be funded by donations and/or grants made to C as a result of fund-raising activities undertaken by C in response to your matching grant challenge.

Under the terms of your agreement with C, if C has received eligible matching contributions for the Phase II project in an amount not less than v dollars on or before w, as well as satisfies certain other conditions of your agreement on subsequent dates (such as obtaining your approval of the architect and the architect's plans), then you will disburse the funds to C in a lump sum within 10 business days thereafter. This payment must be made not later than x, which is 10 days after the latest possible date for satisfaction of the specified conditions of your agreement with C. The latest possible date of the payment on x is less than 60 months from y, the date of your set-aside amount.

Basis for our determination

Internal Revenue Code section 4942(g)(2)(A) states that an amount set aside for a specific project, which includes one or more purposes described in section 170(c)(2)(B), may be treated as a qualifying distribution if it meets the requirements of section 4942(g)(2)(B).

Section 4942(g)(2)(B) of the Code states that an amount set aside for a specific project will meet the requirements of this subparagraph if, at the time of the set-aside, the foundation establishes that the amount will be paid within five years and either clause (i) or (ii) are satisfied.

Section 4942(g)(2)(B)(i) of the Code is satisfied if, at the time of the set-aside, the private foundation establishes that the project can better be accomplished using the set-aside than by making an immediate payment.

Section 53.4942(a)-3(b)(1) of the Foundations and Similar Excise Taxes Regulations provides that a private foundation may establish a project as better accomplished by a set-aside than by immediate payment if the set-aside satisfies the suitability test described in section 53.4942(a)-3(b)(2).

Section 53.4942(a)-3(b)(2) of the Foundations and Similar Excise Taxes Regulations provides that specific projects better accomplished using a set-aside include, but are not limited to, the use of a matching-grant program, as well as projects where relatively long-term expenditures

must be made requiring more than one year's income to assure their continuity.

Revenue Ruling 77-7, 1977-1 C.B. 354, describes a private foundation which set aside income for eventual distribution to an unrelated public charity for construction of a specific building project. The Service held that the building project was a "specific project" within the meaning of the applicable Code and Regulations sections.

What you must do

Your approved set-aside(s) will be documented on your records as pledges or obligations to be paid by the date specified. The amounts set aside will be taken into account to determine your minimum investment return under Internal Revenue Code section 4942(e)(1)(A), and the income attributable to your set-aside(s) will also be taken into account in computing your adjusted net income under section 4942(f) of the Code.

Additional information

This determination is directed only to the organization that requested it. Internal Revenue Code section 6110(k)(3) provides that it may not be used or cited as a precedent.

Please keep a copy of this letter in your records. We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person listed in the heading of this letter.

Sincerely,

Director, Exempt Organizations

Enclosure
Notice 437
Redacted copy of letter