

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

Department of the Treasury

Number: **201452021**
Release Date: 12/26/2014

Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

Date: September 30, 2014

Legend:
b= dollar amount
C= number
d= dollar amount
Y= date

UIL:
4942.03-07

Dear _____ :

Why you are receiving this letter

This is our response to your February 26, 2014, letter requesting approval of a set-aside under Internal Revenue Code section 4942(g)(2). You've 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 program 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 requested to set aside b dollars in the fiscal year ending Y for the purpose of establishing a postdoctoral fellowship program funding scientific research in the fields of chemistry, biochemistry and medicine. The program will support C fellows per year starting in the fiscal year after Y. Fellows will receive an average of d dollars per year for two years. Progress reviews will be used to determine if a fellow qualifies for a third year of support.

Fellows will be required to submit annual progress reports on their research which will be used to determine if a third year of funding is given. You estimate one-half of the fellows will receive the third year of funding, but you do not expect any additions to the set-aside after the initial establishment.

You are requesting a set-aside due to the nature of your project's timeline. You require a start-up period to create and publicize the program, then to review and select recipients, which does not allow for funding through immediate payments. The set-aside will ensure funding is in place for continuity of the fellowship program.

You provided a statement signed by your finance director that states you plan to set aside b dollars, which will be paid out within 60 months.

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, projects where relatively long-term expenditures must be made requiring more than one year's income to assure their continuity, including a plan to fund a specific research program which is of such magnitude as to require an accumulation prior to commencement of the research.

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.

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