

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

Department of the Treasury

Number: **201823011**
Release Date: 6/8/2018

Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

Date: March 12, 2018

LEGEND

d dollars = Amount
e dollars = Amount

UIL

4942.03-07

Dear

Why you are receiving this letter

This is our response to your June 29, 2017 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

Your primary purpose is to provide for wildlife and nature conservation and balanced ecology. Specifically, you have identified preservation of habitat in and around vital waterways as a primary goal.

You have received substantial assets over last two years. You will use these funds to identify and purchase property that is at risk of being developed commercially and plays a vital role in conservation based on its location in preserving wildlife and habitat in or around water.

You attempted to purchase two properties but were not successful. You are requesting a set-aside of e dollars until you find property that you are able to purchase.

You will spend at least e dollars on the initial property. You are currently reaching out to wildlife organizations to see if you can partner with them for purchasing and maintenance of the preserves upon purchase.

The set-aside will be immediately funded upon approval. You may add funds to the set-aside in the event you are successful in purchasing more than one of the identified properties.

You have listed two of your current properties for sale to provide funding for this project. Those two property sales, once complete, will generate approximately \$1,000,000 in net proceeds which will be used to fund the projects.

The project will be completed and paid for within 60 months of the set-aside approval.

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.

In Revenue Ruling 74-450, 1974-2 C.B. 388, an operating foundation converted a portion of newly acquired land into a public park under a four-year construction contract. The construction contract payments were to be made mainly during the final two years. This constituted a "specific project." The foundation's set-aside of all its excess earnings for four years was treated as a qualifying distribution under Internal Revenue Code Section 4942(g)(2).

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,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosure