

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

Department of the Treasury

Number: 202034007
Release Date: 8/21/2020

Date: May 28, 2020

Employer Identification Number:

Person to Contact - ID#:

Contact Telephone Number:

LEGEND:
B = Name
x dollars = Amount

UIL: 509.02-01

Dear :

We have considered your August 5, 2019 request for recognition of an unusual grant under Treasury Regulation Section 1.170A-9(f)(6)(ii) and related provisions.

Based on the information provided, we have concluded that the proposed grant constitutes an unusual grant under Section 1.170A-9(f)(6)(ii) and related provisions of the regulations. The basis for our conclusion is set forth below.

Facts:

You are a public charity under IRC Sections 509(a)(1) and 170(b)(1)(A)(vi).

You recently received notification that, pursuant to the Estate of B, you are to receive an all-cash bequest totaling x dollars, with no restrictions as to its use. This bequest was unexpected and will adversely affect your public charity status because of the amount.

You intend to use a portion of the funds to expand your mission outreach through the establishment of pilot chapters and an expansion of services to health professionals practicing and programming for responding to a crisis in their community. Your programming is being created in collaboration with thought leaders on trauma counseling and to ensure that the introduction of a or trauma supports the necessary work led by a mental health professional. This expansion work is a multi-year plan. A portion of the funds received will also be used to create a quasi-endowment that will play a part in sustaining your ability to continue to expand your outreach in future years.

The donor had no prior affiliation with you and did not create you. Neither did B during their life, nor their Trust upon their passing, previously contribute a substantial amount to you.

Furthermore, B did not stand in a position of authority with respect to you and exercised no control over you. None of your directors or officers are/were affiliated with B.

Law:

Treasury Regulation Sections 1.170A-9(f)(6)(ii) and 1.509(a)-3(c)(4) set forth the criteria for an unusual grant.

Treas. Reg. Section 1.170A-9(f)(6)(ii) states that, for purposes of applying the 2-percent limitation to determine whether the 33 1/3 percent-of-support test is satisfied, one or more contributions may be excluded from both the numerator and the denominator of the applicable percent-of-support fraction. The exclusion is generally intended to apply to substantial contributions or bequests from disinterested parties which:

- are attracted by reason of the publicly supported nature of the organization;
- are unusual or unexpected with respect to the amount thereof; and
- would, by reason of their size, adversely affect the status of the organization as normally being publicly supported.

Treas. Reg. Section 1.509(a)-3(c)(4) states that all pertinent facts and circumstances will be taken into consideration to determine whether a particular contribution may be excluded. No single factor will necessarily be determinative. Such factors may include:

- Whether the contribution was made by a person who
 - a. created the organization
 - b. previously contributed a substantial part of its support or endowment
 - c. stood in a position of authority with respect to the organization, such as a foundation manager within the meaning of Section 4946(b)
 - d. directly or indirectly exercised control over the organization, or
 - e. was in a relationship described in IRC Section 4946(a)(1)(C) through 4946(a)(1)(G) with someone listed in bullets a, b, c, or d above.

A contribution made by a person described in a. - e. is ordinarily given less favorable consideration than a contribution made by others not described above.

- Whether the contribution was a bequest or an inter vivos transfer. A bequest will ordinarily be given more favorable consideration than an inter vivos transfer.
- Whether the contribution was in the form of cash, readily marketable securities, or assets which further the exempt purposes of the organization, such as a gift of a painting to a museum.
- Whether (except in the case of a new organization) prior to the receipt of the particular contribution, the organization (a) has carried on an actual program of public solicitation and exempt activities and (b) has been able to attract a significant amount of public support.
- Whether the organization may reasonably be expected to attract a significant amount of public support after the particular contribution. Continued reliance on unusual grants to fund an organization's current operating expenses (as opposed to providing

new endowment funds) may be evidence that the organization cannot reasonably be expected to attract future public support.

- Whether, prior to the year in which the particular contribution was received, the organization met the one-third support test described in Section 1.509(a)-3(a)(2) without the benefit of any exclusions of unusual grants pursuant to Section 1.509-3(c)(3);
- Whether the organization has a representative governing body as described in Treas. Reg. Section 1.509(a)-3(d)(3)(i); and
- Whether material restrictions or conditions within the meaning of Treas. Reg. Section 1.507-2(a)(7) have been imposed by the transferor upon the transferee in connection with such transfer.

Application of Law:

The grant meets the requirements of Treas. Reg. Section 1.170A-9(f)(6)(ii). The size and method of contribution is unusual compared to your typical level of support. The grant will adversely affect your status as normally being publicly supported.

The grant meets the requirements of Treas. Reg. Section 1.509(a)-3(c)(4) based on the following facts and circumstances:

- The contribution is made by an individual with no ability to exercise control over you and has never been a substantial contributor. The contributor has never held a position of authority with respect to you nor have they ever directly or indirectly had control over the functions of you.
- The transfer of the assets will further your exempt purpose and be used to fund your programs in the future.
- You carry on a program to solicit funds to support your activities and reasonably expect to attract public support after this transfer.
- The contribution is viewed as a bequest.
- No material restrictions or conditions within the meaning of Treas. Reg. Section 1.507-2(a)(7) have been imposed by the donor.

For all the foregoing reasons, the grant should be characterized as an unusual grant within the meaning of Treas. Reg. Section 1.509(a)-3(c)(4).

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