



**Department of the Treasury  
Internal Revenue Service  
Tax Exempt and Government Entities**

Date:  
03/09/2026  
Employer ID number:

Person to contact:  
Name:  
ID number:  
Telephone:

Release Number: 202623021  
Release Date: 6/5/26

**LEGEND**

B = Foundation  
C = Time Frame  
x dollars = Amount

UIL: 509.02-01

Dear :

We have considered your 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 concluded that the proposed grant constitutes an unusual grant under Treas. Reg. Section 1.170A-9(f)(6)(ii) and related provisions of the regulations. The basis for our conclusion is discussed below.

**Facts:**

You are tax exempt under Internal Revenue Code (IRC) Section 501(c)(3). You are currently classified as a public charity described in IRC Sections 509(a)(2). You expect to receive a grant from B in an amount of x dollars in C. The grant will be a direct cash transfer from B. Upon receipt of the grant from B, your status as a publicly supported organization will be jeopardized.

Your mission is to help build a purpose-driven economy and support the growth and development of a thriving social enterprise ecosystem. Your activities are typically funded through foundation grants, event sponsorship donations, and participant fees for those attending the activities. B has donated modest amounts to you in the past, however, this is unusual because B is offering a special one-time grant due to the termination of federal funding that was previously granted to the organization.

Prior to this anticipated contribution, you have been able to meet the public support test without the benefit of any exclusions of unusual grants. Therefore, you are seeking a determination that the transfer of assets from B to you constitute as an unusual grant under Treas. Reg. Section 1.170a-9(f)(6)(ii) and Treas. Reg. Section 1.509(a)-3(c)(3).

**Law:**

Two sections of the Treasury Regulations set forth the criteria for an unusual grant. They are:

**Treasury Regulation Section 1.170A-9(f)(6)(ii)**

This section states that, for purposes of applying the 2% limitation to determine whether the 33 1/3% of-support test is satisfied or the 10 % support limitation is met, 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.

**Treasury Regulation Section 1.509(a)-3(c)(4)**

This section 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 Internal Revenue Code (IRC) 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 bullets a through 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 Treas. Reg. Section 1.509(a)-3(a)(2) without the benefit of any exclusions of unusual grants pursuant to Treas. Reg. Section 1.509-3(c)(3);
- Whether the organization has a representative governing body as described in 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:**

Based on the information provided, the proposed grant meets the requirements of Treas. Reg. Section

I .170A-9(f)(6)(ii) because the grant is from a disinterested party and:

- The grant was attracted by reason of the publicly supported nature of your organization.
- The grant is unusual or unexpected with respect to the amount.
- The transfer of the assets are unusually large compared to your typical public support grant, and would by reason of its size adversely affects your organization 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 transfer of assets is in the form of cash and will further your exempt purposes and be used to fund your programs in the future.
- B has not previously contributed a substantial part or endowment to you. B has not stood in a position of authority such as a foundation manager within the meaning of IRC Section 4946(b).
- You carry on a program to solicit funds to support your activities and reasonably expect to attract public support after this transfer.
- The grant is not being made by a person who created you.
- You have met the public support test in past years without the benefit of any exclusions of unusual grants pursuant to Treas. Reg. Section 1.509-3(c)(3).

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.

If you have questions, please contact the person listed at the top of this letter.

Sincerely,

Stephen A. Martin  
Director, Exempt Organizations  
Rulings and Agreements

Enclosures:  
Redacted Letter 4787  
Letter 437