

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

Department of the Treasury

Number: **201821016**
Release Date: 5/25/2018

Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

Date: February 28, 2018

LEGEND

B = association
C = organization
D = county
S = date
x dollars = amount
y dollars = amount

UIL CODE

4942.03-07

Dear :

Why you are receiving this letter

This is our response to your May 31, 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 Type III non-functionally integrated supporting organization under IRC 509(a)(3) .

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 have requested approval of a set aside in an amount of x dollars to fund C for B, your supported organization. B has approved C given it accomplishes its exempt purpose; to benefit D's hospice patients. C is better accomplished by setting aside funds for designated future payments as opposed to an immediate payment of funds.

C will consist of constructing a hospice house. Multiple bids have been received on the cost of C. Estimated startup costs of y dollars have been presented to your

board of directors. There are planned additions of x dollars by S after the initial establishment of the set-aside.

The Set-Aside will allow you to search for the most ideal land location and allow time to build to completion. Amounts to be set aside will actually be paid within a 60-month period that ends not more than 60 months after the date of the first set-aside.

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.

Treasury Regulation Sections 1.509(a)-4(i)(5)(i)(A) and 1.509(a)-4(i)(6)(v) state that a supporting organization may meet its distribution requirement for any amount set aside for a specific project that accomplishes the exempt purposes of a supported organization to which the supporting organization is responsive, with such set aside counting toward the distribution requirement for the taxable year in which the amount is set aside but not in the year in which it is actually paid.

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