



Date:
03/11/2025
Employer ID number:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202523013
Release Date: 6/6/2025

LEGEND

B = Organization
C = Date
D = Activity
e dollars = Amount

UIL: 509.02-01

Dear :

We have considered your September 11, 2024 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 closely affiliated with B, a long-standing IRC Section 501(c)(4) social welfare organization that supports and implements government and D efforts, provides and furthers environmental education, and supports other similar purposes. B intends to transfer a majority of its net assets to you as part of a major restructuring plan, resulting in an unusual grant. The grant is unusual because it represents a one-time transfer of net assets from B, in furtherance of your and B's exempt purposes and differs from your ongoing broader support from other stewards for D services. Currently, you intend to implement the restructuring transfer with B in C. The transfer in the amount of approximately e dollars will depend on receiving the unusual grant determination requested in this submission.

B is not a disinterested party whose support would generally qualify as an unusual grant. However, B has a similar charitable mission as you, and this is a one-time transfer due to your merger with B. If the grant is not considered unusual, you would be classified as a private foundation, which would handicap or disable the restructuring, which you believe is the best way to continue the public benefits of your activities. There will be no ongoing connection with B, as it will be merged out of existence after the one-time transfer. In addition, B's historic sources of support that you will take over are expected to readily satisfy the public support test, provided this one-time transfer is held to be an unusual grant.

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:

Revenue Ruling 76-440 states a large inter vivo gift of undeveloped land from a disinterested donor to a Code section 501(c)(3) organization, conditioned on the land's being used in perpetuity to further the exempt organization's purposes of preserving natural resources, is an unusual grant and will not adversely affect the organization's status as a publicly supported organization under section 170(b)(1)(vi).

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.

We've sent a copy of this letter to your representative as indicated in your power of attorney.

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