



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

Date:  
05/16/2024  
Employer ID number:

Release Number: 202432022  
Release Date: 8/9/2024

Person to contact:  
Name:  
ID number:  
Telephone:  
Fax:

LEGEND

B = Name

C = Name

y dollars = Amount

z dollars = Amount

UIL: 4942.03-07

Dear \_\_\_\_\_ :

**Why you are receiving this letter**

We received your \_\_\_\_\_ request for approval of a set-aside under Internal Revenue Code (IRC) Section 4942(g)(2). Based on the information furnished, your request is approved.

You are recognized as tax-exempt under IRC Section 501(c)(3) and as a private foundation under IRC Section 509(a).

**What you need to do**

Document your approved set-aside(s) in your records as pledges or obligations. You must pay the set-aside amounts within 60 months after the date of the first set-aside, as required under IRC Section 4942(g)(2).

Take into account the amounts set aside when determining your minimum investment return under IRC Section 4942(e)(1)(A) and the income attributable to your set-asides when computing your adjusted net income under IRC Section 4942(f).

**Description of set-aside request**

You were formed to promote land and wildlife preservation in different regions throughout the world, with an emphasis in B, and specifically in C. You are requesting a set aside for y dollars to purchase a lodge in rural C to serve as the headquarters for your operations. You selected this location due to its proximity to many \_\_\_\_\_, its high populations of \_\_\_\_\_, and its networking opportunities with local nonprofit organizations, and its overall resource availability. After the purchase of the lodge, you will be launching your operations, recruiting employees, and planning your charitable program for this year and beyond.

You are currently in active negotiations for the procurement of the lodge; however, the current ranch owner is asking in excess of z dollars. You have been advised by local real estate experts that a fair and reasonable price for the lodge is y dollars. You explained that you do not want to enter a hasty purchase for the lodge and overspend by millions over what you believe to be a fair and reasonable price. Further, if you were to purchase the lodge at this above-market cost, you would be wasting valuable resources, but if you are

able to wait until the local real estate market softens, you will be able to purchase the lodge, or a similar property, for a reasonable cost. Prices for existing lodges will decrease as the current drought decreases wildlife populations, because this will limit tourism in the area and, in turn, put more financial strain on existing lodges. The amount of the set-aside you are requesting correlates to the estimated cost for acquiring the lodge. The set-aside is for a one-time lodge purchase and you do not anticipate any future set-asides or planned additions to the set-aside. You explained that the acquisition of the lodge or similar property will take place within the next sixty (60) months. You have provided a statement signed by your president stating that the set-aside will be paid within a specified period of time that ends not more than sixty (60) months after the date of the set-aside.

#### **Basis for our determination**

IRC Section 4942(g)(2)(A) states that an amount set aside for a specific project, which includes one or more purposes described in IRC Section 170(c)(2)(B), may be treated as a qualifying distribution if it meets the requirements of IRC Section 4942(g)(2)(B).

IRC Section 4942(g)(2)(B) 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.

IRC Section 4942(g)(2)(B)(i) 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 (Treas. Reg.) Section 53.4942(a)-3(b)(1) 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 Treas. Reg. Section 53.4942(a)-3(b)(2).

Treas. Reg. Section 53.4942(a)-3(b)(2) 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 IRC Section 4942(g)(2).

#### **Additional information**

This determination is directed only to the organization that requested it. IRC Section 6110(k)(3) provides that it may not be used or cited as a precedent.

Visit [www.irs.gov/setasides](http://www.irs.gov/setasides) for more information.

We'll make this determination letter available for public inspection after deleting personally identifiable information, as required by IRC Section 6110. Enclosed are 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.

Keep a copy of this letter for your records.

We have sent a copy of this letter to your representative as indicated in Form 2848, Power of Attorney and Declaration of Representative.

If you have questions, you can call the contact the person shown above.

Sincerely,

Stephen A. Martin  
Director, Exempt Organizations  
Rulings and Agreements

Enclosures:  
Redacted Letter 4797  
Letter 437