

MANASSEH'S CHILDREN

If distributions are made to organizations that are not described in sections 509(a)(1), (2), (3) of the Code, expenditure responsibility must be exercised. Section 4945(h)(2) of the Code states that in exercising expenditure responsibility the grantor foundation must receive reports from the grantee on the use of grant funds. The reports must be prepared in accordance with Income Tax Regulations 53.4945-5(c), must show how the funds are used in compliance with the terms of the grant and the progress made by the grantee in fulfilling the purposes of the grant. These reports must be submitted after the annual accounting period during which the first grant funds are received and after each subsequent period during which funds are spent. After all grant funds are spent, a final summary report must be submitted to the grantor.

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The approval of your grant-making procedures is a one-time approval of your system of standards and procedures that will result in grants and loans which meet the requirements of sections 4945(g)(1) and 4945(g)(3). Thus, approval will apply to succeeding grant and loan programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

We have not considered whether grants made under your procedures are excludable from the gross income of recipients under section 117(a) of the Code.

Any funds you distribute to individuals must be made on a true charitable basis to further the purposes for which you are organized. Therefore, you should keep adequate records and case histories so that any or all grant and loan distributions can be substantiated upon request by the Internal Revenue Service.

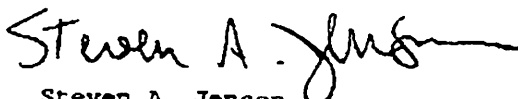
If we have indicated in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help resolve any questions about your exempt status and private foundation status, you should keep it for your records.

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

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,



Steven A. Jensen
District Director

Letter 1075 (DO/CG)

MANASSEH'S CHILDREN

in conjunction with fundraising events may not necessarily qualify as deductible contributions, depending on the circumstances. See Publication 1391, which sets forth guidelines on when payments made by taxpayers for admission to, or other participation in fundraising activities for charity are deductible as charitable contributions.

You are required to file Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as a Private Foundation. Form 990-PF must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$10 a day is charged when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed \$5,000 or 5 percent of your gross receipts for the year, whichever is less. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If you did not enter an employer identification number on your application, we will assign a number to you and let you know. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

This determination is based on evidence that your funds are dedicated to the purposes listed in section 501(c)(3) of the Code. To assure your continued exemption, you should keep records to show that funds are spent only for those purposes. If you distribute funds to other organizations, your records should show whether they are exempt under section 501(c)(3). In cases where the recipient organization is not exempt under section 501(c)(3), you must have evidence that the funds will remain dedicated to the required purposes and that the recipient will use the funds for those purposes.

We considered your grant-making procedures under section 4945(g) of the Internal Revenue Code. Based on the information submitted and assuming your scholarship and loan programs will be conducted as proposed with objectivity and nondiscrimination in the awarding of grants and loans, we determined that your procedures in the awarding of scholarship grants and educational loans comply with the requirements in sections 4945(g)(1) and 4945(g)(3) and that scholarships and loans granted according to these procedures will not be "taxable expenditures" within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premises that no grants or loans will be awarded to the trust's creators, trustees, or members of the selection committee, or for a purpose that is inconsistent with the purposes described in section 170(c)(2)(B).

Letter 1075 (DO/CG)

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
2 CUPANIA CIRCLE
MONTEREY PARK, CA 91755-7406

DEPARTMENT OF THE TREASURY

Date:

001 10 1996

MANASSEH'S CHILDREN
C/O PEDIATRIC RESOURCE, INC.
1011 SHOTWELL STREET
SAN FRANCISCO, CA 94110

Employer Identification Number:
94-3226540
Case Number:
956141021
Contact Person:
CLAIRE WRIGHT
Contact Telephone Number:
(213) 725-7002
Accounting Period Ending:
December 31
Addendum Applies:
Yes

Dear Applicant:

Based on information you supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). We also determined that you are a private foundation within the meaning of section 509(a) of the Code.

Based on the information you submitted with your application, we have determined that you are likely to qualify as a private operating foundation described in section 4942(j)(3) of the Code. Accordingly, you are treated as a private operating foundation for your first year. After that, you will be treated as a private operating foundation as long as you continue to meet the requirements of section 4942(j)(3).

This ruling satisfies the good faith determination requirement of section 53.4942(b)-3(b)(2) of the Excise Tax Regulations.

If you change your sources of support, your purposes, character, or method of operation, please let us know so we can consider the effect of the change on your exempt status and foundation status. If you amend your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, let us know any changes in your name or address.

As of January 1, 1984, you are liable for social security taxes under the Federal Insurance Contributions Act on amounts of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA). However, since you are a private foundation, you are subject to excise taxes under Chapter 42 of the Code. You also may be subject to other Federal excise taxes. If you have any questions about excise, employment, or other Federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Donors may deduct contributions only to the extent their contributions are gifts, with no consideration received. Ticket purchases and similar payments

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