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March 15, 1982

Internal Revenue Service
6th Floor
120 Church Street
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Attn: EP/EO: 7202:PG-S
Mrs. Paula Giuggio-Shea

Friends of V.M.F., Inc.
Case No.: 13201211 EO
Tax I.D. No.: 13-3100091

Gentlemen:

On behalf of Friends of V.M.F., Inc. and in my capacity as Secretary/Treasurer of the organization and as its attorney, I am writing to respond to your letter of February 23, 1982 requesting additional information. A copy of your letter is enclosed for reference.

(1) Grants to Individuals - As I noted in the application for exemption it is anticipated that Friends of V.M.F. will make grants to individuals to support their study of French culture and history. In making such grants, Friends of V.M.F. will establish eligibility requirements which will assure that such grants are awarded on an objective and nondiscriminatory basis. The individuals eligible for such grants will primarily be students of French history and culture whose studies would be furthered and enhanced by grants which will enable them to travel to France to pursue a particular course of inquiry or study. While the criteria for eligibility will not be designed to exclude any particular group, it is not anticipated that there will be any problem in avoiding grants to members of the Board

of V.M.F. or to other related parties.

(2) Expenditure Control - To the extent that Friends of V.M.F. makes grants to foreign organizations, such as Vieilles Maisons Francaises, such grants will be for specific projects rather than in the nature of broad support grants. As such, it will be relatively easy for Friends of V.M.F. to exercise expenditure control over such grants. In exercising that expenditure control, Friends of V.M.F. will, in the first instance, require that the foreign organization submit a written application for each grant. The procedures of Friends of V.M.F. will require that application to include a description of the practices of the foreign organization in disbursing funds. As a second level of expenditure responsibility, Friends of V.M.F. will require any foreign grantees to submit, annually or more frequently, reports of the progress toward the accomplishment of each grant program. Those reports will include information with respect to receipts and expenditures. The terms of any such grants will require the repayment of any unused amounts.

(3) Extent of Grants to Vieilles Maisons Francaises - It is anticipated that most, if not all, of the disbursements of Friends of V.M.F. will be used for direct support of its activities in the United States. Grants will be made to Vieilles Maisons Francaises at such time as Friends of V.M.F. has received donations in excess of that which may satisfactorily be put to use with respect to its American activities. The emphasis of Friends of V.M.F. will be on American activities rather than on grants to Vieilles Maisons Francaises or other foreign organizations. To respond directly to your inquiry, it is not anticipated that any portion of the first year's projected budget will be disbursed as grants to Vieilles Maisons Francaises.

(4) Publishing Activities - In the application for exemption, it is noted that Friends of V.M.F. is considering, but has not yet authorized, the publication of an English language edition of the magazine presently published in France by Vieilles Maisons Francaises. You have requested that we provide you with information which will distinguish the anticipated publishing activities from publishing activities that might be undertaken by a commercial enterprise. In that connection, it should be noted that Friends of V.M.F. does not intend to publish a separate magazine. The only publishing activity presently contemplated by Friends of V.M.F. is the distribution to its members of copies of the French language edition of the Vieilles Maisons Francaises magazine, along with a summary translation of one or more of the articles included therein. Those summaries would probably be combined in a newsletter format with reports of the activities of Friends of V.M.F. As membership grows and funds become available, it is possible that the translations published in the United States would be

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expanded to include more of the text of the French magazine. If the materials distributed were to be expanded substantially, it is possible that Friends of V.M.F. would include commercial advertisements in the materials distributed. Such advertisements would not be more than the amount necessary to cover the costs of translation, distribution and purchase of the magazine from Vieilles Maisons Francaises. The American distribution of the magazine and/or newsletter will not generate net revenues for Friends of V.M.F. While distribution of the English language portion of the magazine will initially be limited to members of Friends of V.M.F., it is possible that it would, as a means of publicizing and generating interest in the activities of Friends of V.M.F., be made available for sale at various museum and university bookstores. To the extent that such sales are made, the amount charged for the magazine would be related to the costs incurred in preparing and distributing it. The price of the magazine would not be designed to produce a net profit to Friends of V.M.F.

While I realize that the text is in French, I am enclosing a sample of the magazine published by Vieilles Maisons Francaises in France. As you will see, the magazine is primarily devoted to articles directly related to the educational activities of Vieilles Maisons Francaises. While the magazine contains a significant amount of advertising, we are advised that the advertising revenues are used to defray the costs of publication and distribution, and that no net profit is generated from it.

If upon review of this letter you have any further questions, please do not hesitate to communicate with me.

Sincerely yours,

Dana W. Hiscock

DWH:ka
Enclosure