

INTERNAL REVENUE SERVICE  
P. O. BOX 2508  
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **SEP 09 2002**

CARIDAD INC  
C/O CARMEN SCHLONER  
12219 WALNUT CREEK CT  
GERMANTOWN, MD 20874

Employer Identification Number:  
43-1967450  
DLN:  
17053219043002  
Contact Person:  
JOHN J MCGEE ID# 31169  
Contact Telephone Number:  
(877) 829-5500  
Accounting Period Ending:  
December 31  
Foundation Status Classification:  
509(a)(1)  
Advance Ruling Period Begins:  
June 24, 2002  
Advance Ruling Period Ends:  
December 31, 2006  
Addendum Applies:  
No

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).

Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably expect to be a publicly supported organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

Accordingly, during an advance ruling period you will be treated as a publicly supported organization, and not as a private foundation. This advance ruling period begins and ends on the dates shown above.

Within 90 days after the end of your advance ruling period, you must send us the information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, we will classify you as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, we will classify you as a private foundation for future periods. Also, if we classify you as a private foundation, we will treat you as a private foundation from your beginning date for purposes of section 507(d) and 4940.

Grantors and contributors may rely on our determination that you are not a private foundation until 90 days after the end of your advance ruling period. If you send us the required information within the 90 days, grantors and contributors may continue to rely on the advance determination until we make

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LEAD INC

a final determination of your foundation status.

If we publish a notice in the Internal Revenue Bulletin stating that we will no longer treat you as a publicly supported organization, grantors and contributors may not rely on this determination after the date we publish the notice. In addition, if you lose your status as a publicly supported organization, and a grantor or contributor was responsible for, or was aware of, the act or failure to act, that resulted in your loss of such status, that person may not rely on this determination from the date of the act or failure to act. Also, if a grantor or contributor learned that we had given notice that you would be removed from classification as a publicly supported organization, then that person may not rely on this determination as of the date he or she acquired such knowledge.

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 all 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).

Organizations that are not <sup>publicly supported</sup> private foundations are not subject to the private foundation excise taxes under Chapter 42 of the Internal Revenue Code. However, you are not automatically exempt from 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 Internal Revenue 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 to you only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as deductible contributions, depending on the circumstances. Revenue Ruling 67-246, published in Cumulative Bulletin 1967-2, on page 104, gives guidelines regarding when taxpayers may deduct payments for admission to, or other participation in, fundraising activities for charity.

You are not required to file Form 990, Return of Organization Exempt From Income Tax, if your gross receipts each year are normally \$25,000 or less. If you receive a Form 990 package in the mail, simply attach the label provided, check the box in the heading to indicate that your annual gross receipts are normally \$25,000 or less, and sign the return. Because you will be treated as a public charity for return filing purposes during your entire advance ruling period, you should file Form 990 for each year in your advance ruling period.

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CARIDAD INC

\* that you exceed the \$25,000 filing threshold even if your sources of support do not satisfy the public support test specified in the heading of this letter.

If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$20 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 \$10,000 or 5 percent of your gross receipts for the year, whichever is less. For organizations with gross receipts exceeding \$1,000,000 in any year, the penalty is \$100 per day per return, unless there is reasonable cause for the delay. The maximum penalty for an organization with gross receipts exceeding \$1,000,000 shall not exceed \$50,000. 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 are required to make your annual information return, Form 990 or Form 990-EZ, available for public inspection for three years after the later of the due date of the return or the date the return is filed. You are also required to make available for public inspection your exemption application, any supporting documents, and your exemption letter. Copies of these documents are also required to be provided to any individual upon written or in person request without charge other than reasonable fees for copying and postage. You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax-Exempt Status for Your Organization, or you may call our toll free number shown above.

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

If you distribute funds to individuals, you should keep case histories showing the recipients' names, addresses, purposes of awards, manner of selection, and relationship (if any) to members, officers, trustees or donors of funds to you, so that you can substantiate upon request by the Internal Revenue Service any and all distributions you made to individuals. (Revenue Ruling 56-304, C.B. 1956-2, page 306.)

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

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CARIDAD INC

Because this letter could help us resolve any questions about your exempt status and foundation status, you should keep it in your permanent 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,



Lois G. Lerner  
Director, Exempt Organizations

Enclosure(s):  
Form 872-C

Letter 1045 (DO/CG)

GOI



## Charitable Contributions - Substantiation and Disclosure Requirements

**UNDER THE NEW LAW, CHARITIES WILL NEED TO PROVIDE NEW KINDS OF INFORMATION TO DONORS.** Failure to do so may result in denial of deductions to donors and the imposition of penalties on charities.

Legislation signed into law by the President on August 10, 1993, contains a number of significant provisions affecting tax-exempt charitable organizations described in section 501(c)(3) of the Internal Revenue Code. These provisions include: (1) new substantiation requirements for donors, and (2) new public disclosure requirements for charities (with potential penalties for failing to comply). Additionally, charities should note that donors could be penalized by loss of the deduction if they fail to substantiate. **THE SUBSTANTIATION AND DISCLOSURE PROVISIONS APPLY TO CONTRIBUTIONS MADE AFTER DECEMBER 31, 1993.**

Charities need to familiarize themselves with these tax law changes in order to bring themselves into compliance. This Publication alerts you to the new provisions affecting tax-exempt charitable organizations. Set forth below are brief descriptions of the new law's key provisions. The Internal Revenue Service plans to provide further guidance in the near future.

### Donor's Substantiation Requirements

**Documenting Certain Charitable Contributions.** — Beginning January 1, 1994, no deduction will be allowed under section 170 of the Internal Revenue Code for any charitable contribution of \$250 or more unless the donor has contemporaneous written substantiation from the charity. In cases where the charity has provided goods or services to the donor in exchange for making the contribution, this contemporaneous written acknowledgement must include a good faith estimate of the value of such goods or services. Thus, taxpayers may no longer rely solely on a cancelled check to substantiate a cash contribution of \$250 or more.

The substantiation must be "contemporaneous." That is, it must be obtained by the donor no later than the date the donor actually files a return for the tax year in which the contribution was made. If the return is filed after the due date or extended due date, then the substantiation must have been obtained by the due date or extended due date.

The responsibility for obtaining this substantiation lies with the donor, who must request it from the charity. The charity is not required to record or report this information to the IRS on behalf of donors.

The legislation provides that substantiation will not be required if, in accordance with regulations prescribed by the Secretary, the charity reports directly to the IRS the information required to be provided in the written substantiation. At present, there are no regulations establishing procedures for direct reporting by charities to the IRS of charitable contributions made in 1994. Consequently, charities and donors should be prepared to provide/obtain the described substantiation for 1994 contributions of \$250 or more.

There is no prescribed format for the written acknowledgement. For example, letters, postcards or computer-generated forms may be acceptable. The acknowledgement does not have to include the donor's social security or tax identification number. It must, however, provide sufficient information to substantiate the amount of the deductible contribution. The acknowledgement should note the amount of any cash contribution. However, if the donation is in the form of property, then the acknowledgement must describe, but need not value, such property. Valuation of the donated property is the responsibility of the donor.

The written substantiation should also note whether the donee organization provided any goods or services in consideration, in whole or in part, for the contribution and, if so, must provide a description and good-faith estimate of the value of the goods or services. In the new law these are referred to as "quid pro quo contributions."

Please note that there is a new law requiring charities to furnish disclosure statements to donors for such quid pro quo donations in excess of \$75. This is addressed in the next section regarding Disclosure By Charity.

If the goods or services consist entirely of intangible religious benefits, the statement should indicate this, but the statement need not describe or provide an estimate of the value of these benefits. "Intangible religious benefits" are also discussed in the following section on Disclosure By Charity. If, on the other hand, the donor received nothing in return for the contribution, the written substantiation must so state.

The present law remains in effect that, generally, if the value of an item or group of like items exceeds \$5,000, the donor must obtain a qualified appraisal and submit an appraisal summary with the return claiming the deduction.

The organization may either provide separate statements for each contribution of \$250 or more from a taxpayer, or furnish periodic statements substantiating contributions of \$250 or more.

Separate payments are regarded as independent contributions and are not aggregated for purposes of measuring the \$250 threshold. However, the Service is authorized to establish anti-abuse rules to prevent avoidance of the substantiation requirement by taxpayers writing separate smaller checks on the same date.

If donations are made through payroll deductions, the deduction from each paycheck is regarded as a separate payment.

A charity that knowingly provides false written substantiation to a donor may be subject to the penalties for aiding and abetting an understatement of tax liability under section 6701 of the Code.

### Disclosure by Charity of Receipt of Quid Pro Quo Contribution

Beginning January 1, 1994, under new section 6115 of the Internal Revenue Code, a charitable organization must provide a written disclosure statement to donors who make a payment, described as a "quid pro quo contribution," in excess of \$75. This requirement is separate from the written substantiation required for deductibility purposes as discussed above. While, in certain circumstances, an organization may be able to meet both requirements with the same written document, an organization must be careful to satisfy the section 6115 written disclosure statement requirement in a timely manner because of the penalties involved.

A quid pro quo contribution is a payment made partly as a contribution and partly for goods or services provided to the donor by the charity. An example of a quid pro quo contribution is where the donor gives a charity \$100 in consideration for a concert ticket valued at \$40. In this example, \$60 would be deductible. Because the donor's payment (quid pro quo contribution) exceeds \$75, the disclosure statement must be furnished, even though the deductible amount does not exceed \$75.

Separate payments of \$75 or less made at different times of the year for separate fundraising events will not be aggregated for purposes of the \$75 threshold. However, the Service is authorized to develop anti-abuse rules to prevent avoidance of this disclosure requirement in situations such as the writing of multiple checks for the same transaction.

The required written disclosure statement must:

- (1) Inform the donor that the amount of the contribution that is de-



**BYLAWS OF  
CARIDAD, INC.**

**ARTICLE 1  
OFFICE**

Section 1. Principal Office. The principal office of Caridad, Inc. (hereafter the "Corporation") shall be located at 12219 Walnut Creek Court, Germantown, Maryland 20874, or at such other address as may be determined by the Board of Directors. The Corporation may from time to time have such other offices as the Board of Directors may determine or as the affairs of the Corporation may require.

Section 2. Registered Office. The Corporation shall have and continuously maintain in the State of Maryland, a registered office and a registered agent whose office is located in such registered office. The registered office may be, but need not be, located in the principal office of the Corporation. The address of the registered office may from time to time be changed by the Board of Directors. The name and address of the Resident Agent of the Corporation in Maryland is Mrs. Carmen Schloner, 12219 Walnut Creek Court, Germantown, Maryland 20874.

**ARTICLE 2  
DIRECTORS**

Section 1. Powers of the Board. The policies of the Corporation shall be determined by its Board of Directors. All powers of the Corporation may be exercised by or under the authority of the Board of Directors. Except as provided in Section 3 of this Article 2, the directors shall act only as a Board of Directors, or as a committee thereof; individual directors shall have no power as such.

Section 2. Qualifications. Members of the Board of Directors of the Corporation shall be citizens of the United States, but need not be residents of the State of Maryland.

Section 3. Removal, Appointment and Vacancies. Notwithstanding the foregoing provisions of this Article 2, Carmen Schloner shall have the exclusive and unilateral power, for so long as she is alive and competent, to: (i) increase or decrease from time to time the size of the Board of Directors; (ii) elect or appoint the successor members of the Board of Directors; (iii) remove from office any director or directors at any time, with or without cause; and (iv) fill vacancies in the Board of Directors. Any such action may be taken without notice, and/or without a meeting of the Board of Directors if a writing, setting forth the action so taken, shall be signed by her. Upon the death or disability of Carmen Schloner or her voluntary relinquishing of the foregoing powers of this Article 2, Section 3, such powers shall rest with Jessica Rodriguez, as long as Jessica Rodriguez is a member of the Board of Directors. If, at any time, the foregoing powers of this Article 2, Section 3, are not



held by Carmen Schloner or Jessica Rodriguez, such powers shall rest with the Board of Directors. Any such action may be taken either at a meeting of such persons, which may be held at any time or place as they may agree, without notice, or without a meeting if a consent in writing, setting forth the action so taken, shall be signed by both of them.

Section 4. Number. The initial number of directors of the Corporation shall be fixed by the Articles of Incorporation.

Section 5. Term. The directors shall serve for a term of one year and until their successors are appointed, or until their earlier resignation, removal or death.

Section 6. Resignations. Any director may resign at any time by notifying the Board of Directors of the Corporation in writing. Such resignation shall take effect at the time specified therein. Acceptance by the Board of Directors of the Corporation of such resignation shall not be necessary to make it effective.

Section 7. Vacancies. Vacancies in the Board of Directors shall be deemed to exist in the event of the resignation, removal, or death of a director, or in the event of an increase in the number of directors. A director appointed to fill a vacancy shall hold office for the unexpired term of his or her predecessor. In the case of an increase in the number of directors, a director shall hold office until the next annual meeting.

### ARTICLE 3 MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Location of Meetings. Meetings of the Board of Directors, annual, regular, or special, may be held within or without the State of Maryland and may be held by means of telephone conference.

Section 2. Annual Meeting. The annual meeting of the Board of Directors shall be held at such time and place as shall be determined by the Board of Directors and designated in the notice or waiver of notice of such meeting.

Section 3. Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place as shall be determined from time to time by the Board of Directors.

Section 4. Call of Special Meetings. The president or the chairman of the board of the Corporation may call, or upon the request of a majority of the members of the Board of Directors, the secretary shall call, special meetings of the Board of Directors.

Section 5. Notice of Special Meetings. Notice of special meetings of the Board of Directors shall be in writing, signed by the president, the chairman, or the



secretary, and shall be served personally or sent to each director by mail or telegram addressed to his or her last known address at least ten (10) days but not more than fifty (50) days before the time designated for such meeting. Notice of special meetings shall state the time and place of the meeting. The purpose or purposes of such meetings need not be specified, unless otherwise required in the Articles of Incorporation or these Bylaws.

Section 6. Waiver of Notice. Whenever notice is required to be given to any director under the provisions of the Corporations and Associations Article of the Annotated Code of Maryland, as amended from time to time (the "Corporations Article"), the Articles of Incorporation, or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Such waiver need not specify the purpose or purposes of the meeting.

Section 7. Quorum. A majority of the directors then in office shall constitute a quorum for the transaction of business at any meetings of the Board of Directors, unless otherwise required by the Corporations Article, the Articles of Incorporation, or these Bylaws. If less than three directors are in office, the actual number of directors (one or two, as the case may be) shall constitute such a quorum. However, if a quorum is not present at any meeting of the Board of Directors, those directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 8. Action by Majority Vote. Except as required by the Corporations Article, the Articles of Incorporation, or these Bylaws, any action by a majority of the directors present at a meeting at which a quorum is present shall be deemed the action of the Board of Directors.

Section 9. Action by Written Consent. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors.

#### ARTICLE 4 COMMITTEES

Section 1. Designation. The Board of Directors may from time to time designate one or more of their number to constitute an executive committee. The Board of Directors may also designate from time to time one or more directors to serve on such other committee or committees as deemed necessary and proper. The Board of Directors shall have the power at any time to: (i) designate a member of such committee as its chairman; (ii) fill vacancies on any committee; (iii) change the membership of any committee; or (iv) discharge a committee.

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Section 2. Powers. Each committee shall have, and may exercise, such powers not inconsistent with the Corporations Article, the Articles of Incorporation, or these Bylaws, as authorized by the Board of Directors. The designation of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual director, of any responsibility imposed upon it or him or her by law. The members of a committee shall act only as a committee.

Section 3. Term. Members of a committee shall serve for a term of one (1) year, until the next annual meeting of the Board of Directors and until their earlier resignation, removal with or without cause, or death, or until the committee shall sooner be terminated.

Section 4. Meetings. Meetings of a committee may be held within or without the State of Maryland, and may be held by means of telephone conference. A majority of any such committee may fix the time and place of its meetings. Each committee shall keep records of its actions, and report such actions to the Board of Directors and the president.

Section 5. Quorum. A majority of the then serving members of any committee shall constitute a quorum. Any action of the majority of those present at a meeting at which a quorum is present shall be deemed the action of the committee.

Section 6. Advisory Committee. The Board of Directors may from time to time designate non-directors to serve as members of an Advisory Committee to the Corporation and may authorize the Corporation to compensate such Advisory Committee members and/or reimburse them for expenses incurred in connection with their service on such committee.

## **ARTICLE 5**

### **OFFICERS**

Section 1. Designation. The officers of the Corporation shall consist of a chairman of the board (who shall be a director), a president, a secretary, and a treasurer, and may include one (1) or more vice presidents, and such other officers, assistant officers, and agents as may be deemed necessary, each to have such duties and authority as are provided in these Bylaws, or as the Board of Directors may from time to time determine. Any two (2) or more offices may be held by the same person, except the offices of president and secretary.

Section 2. Election. The officers shall be elected by the Board of Directors at the annual meeting. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient.

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Section 3. Term. Officers shall serve for a term of one (1) year, until the next annual meeting of the Board of Directors and until their successors are elected and qualified, or until their earlier resignation, removal, or death.

Section 4. Resignations. Any officer may resign at any time by notifying the Board of Directors in writing. Such resignation shall take effect at the time specified therein. Acceptance by the Board of Directors of such resignation shall not be necessary to make it effective.

Section 5. Removal. Any officer may be removed from office at any time, with or without cause, upon a majority vote of the Board of Directors at any regular or special meeting.

Section 6. Vacancies. A vacancy in any office caused by resignation, removal, or death may be filled for the unexpired term of the predecessor in office by the Board of Directors at any regular or special meeting.

Section 7. Chairman. The Board of Directors shall elect from among the Directors a chairman. The Chairman shall preside when present at all meetings of the Board of Directors and shall have such other duties as the Board shall determine.

Section 8. President. The president shall have general supervision over the affairs of the Corporation, and shall perform all duties incident thereto and have such power as may from time to time be assigned by the Board of Directors.

Section 9. Vice President. The vice president, if any, or if there is more than one (1), the vice presidents in the order so determined by the Board of Directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president, and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 10. Secretary. The secretary shall: (i) act as secretary of all meetings of the Board of Directors and of such other committees as the Board of Directors shall specify; (ii) keep the minutes thereof in the proper book or books; (iii) see that the reports, statements, and other documents required by law are properly kept and filed; and, (iv) in general, perform all the duties incident to the office of secretary and such related duties incident to the office of secretary as may from time to time be assigned by the Board of Directors or the president. The books, records, and papers, in the hands of the secretary shall at all times be subject to the inspection, supervision, and control of the Board of Directors and the president. At the expiration of his or her term of office, the secretary shall turn over to his or her successor in office all books, records, papers, and other properties of the Corporation.

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Section 11. Treasurer. The treasurer shall: (i) collect and keep an account of all moneys received and expended for the use of the Corporation; (ii) deposit sums received by the Corporation in the name of the Corporation in such depositories as shall be approved by the Board of Directors; (iii) present reports of the finances of the Corporation at each annual meeting and when called upon by the president; and, (iv) perform such related duties as shall be directed by the Board of Directors or the president. The funds, books, and vouchers in the hands of the treasurer shall at all times be subject to the inspection, supervision, and control of the Board of Directors and the president. At the expiration of his or her term of in office, the treasurer shall turn over to his or her successor in office all books, records, monies, and other properties of the Corporation.

Section 12. Other Officers. Other officers elected or appointed by the Board of Directors shall, in general, perform such duties and have such powers as shall be assigned to them by the Board of Directors or the president.


## ARTICLE 6 COMPENSATION OF DIRECTORS AND OFFICERS

Section 1. Compensation of Directors. The Board of Directors may authorize reimbursement for all expenses incurred in connection with the performance of services for the Corporation, including but not limited to attendance at annual, regular, or special meetings of the Corporation and may authorize compensation to the Directors for their services. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receive compensation therefor.

Section 2. Compensation of Officers. Salaries or other compensation of the officers may be fixed from time to time by the Board of Directors, provided that such salaries and compensation shall not be excessive in amount and shall be for services which are reasonable and necessary for performance of the Corporation's purposes.

## ARTICLE 7 LIABILITY AND INDEMNIFICATION

Section 1. To the fullest extent permitted by Maryland law, as amended or interpreted from time to time, and provided that no payment shall be made under this Article 7 that would constitute an act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code, which would cause any tax liability under Section 4941(a) of the Code of 1986 (hereinafter referred to as the "Code", the meaning of which shall include any amendments to the applicable section or any corresponding section of any future United States Internal Revenue laws or code), the Corporation shall indemnify any director, former director, officer or former officers made a party to any proceeding by reason of service in that capacity unless it is established that:





- (i) the act or omission of the director, former director, officer or former officers was material to the matter giving rise to the proceeding; and
  - 1. was committed in bad faith; or
  - 2. was the result of active and deliberate dishonesty;
- or
- (ii) the director, former director, officer or former officers actually received an improper personal benefit in money, property, or services; or
- (iii) in the case of any criminal proceeding, the director, former director, officer or former officers had reasonable cause to believe that the act or omission was unlawful.

Section 3. Indemnification may be against judgments, penalties, fines settlements, and reasonable expenses actually incurred by the director, former director, officer or former officers in connection with the proceeding. However, if the proceeding was one by or in the right of the Corporation, indemnification may not be made in respect of any proceeding in which the director, former director, officer or former officers shall have been adjudged to be liable to the Corporation.

Section 4. (i) The Corporation shall indemnify and advance expenses to its directors, former directors, officers or former officers as and to the fullest extent permitted by the Corporations Article.

- (ii) The Corporation shall indemnify and advance expenses to its officers or former officers to the same extent that it shall indemnify and advance expenses to its directors.
- (iii) For purposes of this Article 7, the word "director" shall have the meaning ascribed to that word by § 2-418 of the Corporations Article.

Section 5. The Corporation may, by action of the Board of Directors, also provide indemnification to employees and agents of the Corporation with the same scope and effect as the foregoing indemnification of directors, former directors, officers and former officers.

Section 6. No amendment to the Articles of Incorporation of the Corporation or these Bylaws or repeal of any of their respective provisions shall limit or eliminate the benefits provided by this Article 7, to directors, former directors, officers or former officers with respect to any act or omission that occurred prior to such amendment or repeal.

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## ARTICLE 8 GENERAL PROVISIONS

Section 1. Execution of Contracts. The Board of Directors, except as otherwise provided in these Bylaws, may prospectively or retroactively authorize any officer or officers, agents or agents, in the name, and on behalf, of the Corporation, to enter into any contract, or execute and delivery any instruments as may be necessary to carry out the purposes of the Corporation. Any such authority may be general or confined to specific instances.

Section 2. Loans. The Board of Directors may authorize the president or any other officer or agent of the Corporation to: (a) obtain loans and advances at any time for the Corporation from any bank, trust company, firm, corporation, individual, or other institution; (b) make, execute, and deliver promissory notes, bonds, or other evidence of indebtedness of the Corporation; and, (c) pledge and hypothecate, or transfer any securities or other property of the Corporation as security for any loans or advances. Such authority conferred by the Board of Directors may be general or confined to specific instances. No loans shall be made by the Corporation to any director or officer thereof.

Section 3. Investments. The Corporation shall have the right to retain all or any part of any securities or property acquired by it in whatever manner, and to invest and reinvest any funds held by it according to the judgment of the Board of Directors. The Board of Directors is restricted to the prudent investments which a director is or may hereafter be permitted by law to make.

Section 4. Books and Records. There shall be kept at the principal office of the Corporation, correct books of accounts of all the business and transactions of the Corporation.

Section 5. Depositories. The funds of the Corporation not otherwise employed shall from time to time be deposited to the order of the Corporation in such banks, trust companies, or other depositories as the Board of Directors may select or as may be selected by any one (1) or more officers or agents of the Corporation to whom such power may from time to time be delegated by the Board of Directors.

Section 6. Signatories. All checks, drafts, and other orders for payment of money out of the funds of the Corporation, and all notes and other evidences of indebtedness of the Corporation, shall be signed on behalf of the Corporation in such a manner as shall from time to time be determined by the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the treasurer and countersigned by the president of the Corporation.

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Section 7. Annual Audit. The Board of Directors may require an annual audit be made of the books and accounting records of the Corporation.

Section 8. Fiscal Year. The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

Section 9. Corporate Seal. The Corporation shall have a corporation seal with its name, year of incorporation, and the words "Corporate Seal, State of Maryland" inscribed thereon. The seal shall be in the custody of the secretary and used by him or her, or any other officer so authorized by the Board of Directors, by causing it, or a facsimile thereof, to be impressed, affixed, or reproduced otherwise on any instrument or documents as may be required by law, these Bylaws, the Board of Directors, the chairman of the board, or the president. The presence or absence of the seal on any instrument, or its addition thereto, shall not affect the character, validity, or legal effect of the instrument in any respect.

#### **ARTICLE 9** **AMENDMENT**

Section 1. These Bylaws and/or the Articles of Incorporation, or any one or more of the provisions hereof, may be altered, amended, or repealed and new Bylaws and/or Articles adopted by a majority vote of the directors then in office at a meeting of the Board of Directors expressly called for that purpose, provided, however, that the written consent of Carmen Schloner, for so long as she is alive and competent (or, if Carmen Schloner is not alive and competent, the written consent of Jessica Rodriguez, if Jessica Rodriguez is a member of the Board of Directors), is obtained to any such alteration, amendment, repeal or adoption of new Bylaws and/or Articles. Notice of the intent to alter, amend, or repeal and adopt new Bylaws or Articles of Incorporation shall be given in accordance with Article 3 hereof.

#### **ARTICLE 10** **EFFECT OF PROVISIONS OF LAW** **AND ARTICLES OF INCORPORATION**

Section 1. Each of the provisions of these Bylaws shall be subject to and controlled by specific provisions of the Corporations Article or the Articles of Incorporation which relate to their subject matter, and shall also be subject to any exceptions or more specific provisions dealing with the subject matter appearing in these Bylaws as amended from time to time.

#### **ARTICLE 11** **PURPOSES AND POWERS**

Section 1. The Corporation is organized and shall be operated exclusively for charitable, educational, religious or scientific purposes within the meaning of

**COPY**



DRAFT November 30, 2001

Section 501(c)(3) of the Internal Revenue Code of 1986, and shall have the power to make grants, expenditures and distributions exclusively for such purposes either directly or by making contributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Code. Subject to the restrictions and limitations set forth in this Article 11, the Corporation shall have all of the corporate powers as provided under Maryland law.

10  
COPY



DRAFT November 30, 2001

**CERTIFICATE OF SECRETARY  
OF  
Caridad, Inc.  
a Maryland Nonstock Corporation**

I hereby certify that I am the duly elected and acting Secretary of Caridad, Inc., a Maryland nonstock corporation, and that the foregoing Bylaws, comprising 9 pages, constitute the Bylaws of said corporation as duly adopted by the Board as of \_\_\_\_\_, 2001.

\_\_\_\_\_  
Secretary



**Consent Fixing Period of Limitation Upon  
Assessment of Tax Under Section 4940 of the  
Internal Revenue Code**

OMB No. 1545-0056

To be used with  
Form 1023. Submit  
in duplicate.

(See Instructions.)

Under section 6501(c)(4) of the Internal Revenue Code, and as part of a request filed with Form 1023 that the organization named below be treated as a publicly supported organization under section 170(b)(1)(A)(vi) or section 509(a)(2) during an advance ruling period:

CARIDAD, INC.

(Exact legal name of organization as shown in organizing document)

12219 Walnut Creek Ct., Germantown, MD 20874  
(Number, street, city or town, state, and ZIP code)

} and the  
District Director of  
Internal Revenue, or  
Assistant  
Commissioner  
(Employee Plans and  
Exempt Organizations)

consent and agree that the period for assessing tax (imposed under section 4940 of the Code) for any of the 5 tax years in the advance ruling period will extend 8 years, 4 months, and 15 days beyond the end of the first tax year.

However, if a notice of deficiency in tax for any of these years is sent to the organization before the period expires, the time for making an assessment will be further extended by the number of days the assessment is prohibited, plus 60 days.

Ending date of first tax year December 31, 2002  
(Month, day, and year)

Name of organization (as shown in organizing document)

CARIDAD, INC.

Date

7/27/02

Officer or trustee having authority to sign

Signature



Type or print name and title  
Carmen Schloner  
President

For IRS use only

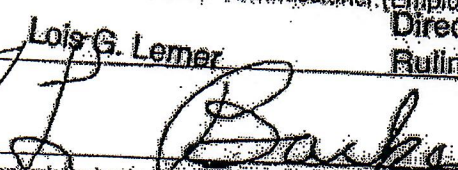
District Director or Assistant Commissioner (Employee Plans and Exempt Organizations)

Lois G. Lemer  
Director, Exempt Organizations  
Rulings and Agreements

Date

AUG 30 2002

By



Group Manager

For Paperwork Reduction Act Notice, see page 7 of the Form 1023 Instructions.



CARIDAD, INC.

ARTICLES OF INCORPORATION

FIRST: The undersigned, Lon E. Musslewhite, whose address is 725 12<sup>th</sup> Street, N.W., Washington, D.C. 20005, being at least eighteen (18) years of age, does hereby form a corporation under and by virtue of the general laws of the State of Maryland.

SECOND: The name of the corporation (which is hereinafter called the "Corporation") is:

CARIDAD, INC.

THIRD: The Corporation is organized and shall be operated exclusively for charitable, educational, religious or scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (hereinafter referred to as the "Code", the meaning of which shall include any amendments to the applicable section or any corresponding section of any future United States tax code), and shall have the power to make grants, expenditures and distributions exclusively for such purposes either directly or by making contributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Code. It is intended that the Corporation shall have the status of a corporation that is exempt from federal income taxation under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code. These Articles shall be construed accordingly, and all powers and activities of the Corporation shall be limited accordingly.

In furtherance of said purposes, and subject to the preceding limitations, the Corporation shall have the power to do any and all actions incidental or conducive to the attainment of its objects and purposes and to do such acts, and exercise such powers, as may be legally carried on by a nonstock corporation under the general laws of the State of Maryland.

Notwithstanding any other provision of these Articles of Incorporation, in the event that the Corporation is at any time determined to be a private foundation under the Internal Revenue Code, the following limitations of powers shall apply:

(a) The Corporation shall not engage in any act of self-dealing as defined in Section 4941(d) of the Code, which would cause any tax liability under Section 4941(a) of the Code.

(b) The Corporation shall distribute amounts for the purposes specified in these Articles, for each taxable year, at a time and in a manner so as not to become subject to any tax liability under Section 4942(a) of the Code.



(c) The Corporation shall not retain any "excess business holdings" as defined in Section 4943(c) of the Code, which would cause any tax liability under Section 4943(a) of the Code.

(d) The Corporation shall not make any investment which would jeopardize the carrying out of any of its exempt purposes under Section 4944 of the Code and cause any tax liability under Section 4944(a) of the Code.

(e) The Corporation shall not make any taxable expenditures as defined in Section 4945(d) of the Code, which would cause any tax liability under Section 4945(a) of the Code.

**FOURTH:** The address of the Principal Office of the Corporation in Maryland is 12219 Walnut Creek Court, Germantown, Maryland 20874.

**FIFTH:** The name and address of the Resident Agent of the Corporation in Maryland is Carmen Schloner, whose address is 12219 Walnut Creek Court, Germantown, Maryland 20874.

**SIXTH:** The Corporation has no authority to issue capital stock.

**SEVENTH:** The number of directors of the Corporation shall be four (4), which number may be increased or decreased pursuant to the Bylaws of the Corporation. The members of the Board of Directors shall be elected in the manner provided in the Bylaws. Notwithstanding the foregoing, Carmen Schloner shall have the exclusive and unilateral power, for so long as she is alive and competent, to: (i) increase or decrease from time to time the size of the Board of Directors; (ii) elect or appoint the successor members of the Board of Directors; (iii) remove from office any director or directors at any time, with or without cause; and (iv) fill vacancies in the Board of Directors. Any such action may be taken without notice, and/or without a meeting of the Board of Directors if a writing, setting forth the action so taken, shall be signed by her. Upon the death or disability of Carmen Schloner or her voluntary relinquishing of the foregoing powers of this Article SEVENTH, such powers shall rest with Jessica Rodriguez, as long as Jessica Rodriguez is a member of the Board of Directors. If, at any time, the foregoing powers of this Article SEVENTH are not held by Carmen Schloner or Jessica Rodriguez, such powers shall rest with the Board of Directors.

The names of the four (4) individuals who shall serve as the initial Board of Directors are as follows:

Carmen Schloner,  
Elizabeth Perez Merino,  
Maura Perez, and  
Jessica Rodriguez.

**EIGHTH:** The Corporation shall have no members.



**NINTH.** No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of purposes set forth in the purpose clause hereof. No substantial part of the activities of the organization shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of, or in opposition to, any candidate for public office. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on (i) by an organization exempt from federal income tax under Section 501(c)(3) of the Code; or (ii) by an organization contributions to which are deductible under Section 170(c)(2) of the Code.

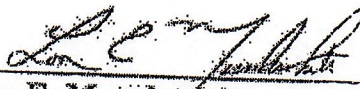
**TENTH:** No payment shall be made under this Article TENTH to any officer, director, employee or agent of the Corporation that would constitute an act of self-dealing as defined in Section 4941(d) of the Code, which would cause any tax liability under Section 4941(a) of the Code. To the fullest extent permitted by the Corporations Article of the Maryland Statutes, in a manner consistent with the standards of conduct and other requirements set forth in § 2-418 of the Corporations Article, as amended or interpreted from time to time, the Corporation shall indemnify any current or former officer, director, employee or agent of the Corporation who was or is a party to any proceeding by reason of service in that capacity against judgments, penalties, fines, settlements, and reasonable expenses actually incurred by such person in connection with that proceeding. Expenses incurred by any current or former officer, director, employee or agent in any proceeding to which such person was or is a party by reason of service in that capacity may be paid or reimbursed by the Corporation in advance of the final disposition of such proceeding upon such terms as the Board of Directors may deem appropriate, but which terms shall require, at a minimum, the receipt of a written affirmation by such person of such person's good faith belief that the standard of conduct necessary for indemnification by the Corporation as authorized by the Corporations Article has been met; and a written undertaking by or on behalf of such person to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

**ELEVENTH:** In the event of the dissolution of the Corporation, the Board of Directors shall, after paying or making provisions for the payment of all of the liabilities of the Corporation, distribute all of the assets of the Corporation to: (a) one or more organizations operated exclusively for charitable, educational or scientific purposes and qualifying as exempt organizations under § 501(c)(3) for one or more of the purposes for which the Corporation was organized; or (b) the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by the circuit court of the county in which the principal office of the Corporation is then located, exclusively for such purposes or to



such organization or organizations as said court shall determine, which are organized and operated exclusively for such purposes.

IN WITNESS WHEREOF, the undersigned natural person of the age of eighteen years or more, acting as incorporator, hereby adopts the above Articles of Incorporation on this 13th day of June, 2002, and acknowledges the same to be his act.

  
Lon E. Musslewhite

CITY OF WASHINGTON )  
DISTRICT OF COLUMBIA )

I, a Notary Public of the above jurisdiction, hereby certify that on the 13th day of June, 2002, Lon E. Musslewhite appeared before me, and signed the foregoing document as incorporator, and averred that the statements therein contained are true.

  
Notary Public

My Commission Expires: \_\_\_\_\_

JANICE V. MARTIN  
NOTARY PUBLIC, DISTRICT OF COLUMBIA  
Commission Expires MAY 31, 2004



I hereby consent to my designation in this document as resident agent for this corporation.

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Carmen Schloner

Return to:

Lon E. Musslewhite, Esq.  
Williams & Connolly LLP  
725 12th Street, N.W.  
Washington, D.C. 20005