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SUITE 1100

TELEPHONE  
(703) 860-1100

Ms. Beverley D. Sharp  
2502 Goldcup Lane  
Reston, Virginia 22091

Re: Reston Black Focus, Inc.

Dear Ms. Sharp:

I wrote to you in June of this year and spoke with you earlier on the telephone concerning the necessity for applying for tax exempt status under Section 501 (c) (3) of the Internal Revenue Code within 15 months after the organization of Black Focus. To date I have had no response.

Filing within the prescribed time will entitle you to tax exempt status retroactive to the date of your organization, which was August 17, 1974. Apparently we can still request tax exempt status even after the fifteen month period has expired, but in that case the exemption, if granted at all, will be prospective in effect only. The distinction between the two, of course, is that contributions to Black Focus prior to now will be tax deductible if your tax exempt status is retroactive, but will not be tax deductible if your tax exempt status is only prospective.

Another consequence of failure to apply for tax exempt status within the 15 month period is a presumption by the Internal Revenue Service that Reston Black Focus, Inc., is a "private foundation" under the Internal Revenue Code. This will require your filing special tax returns, and impose severe restrictions on certain transactions involving officers or members of the organization, which would otherwise appear innocuous, and impose certain requirements concerning the distribution of your income. Penalties for violation of these rules can be severe.

If Black Focus' gross receipts for any year are "normally" less than \$5,000, you will be exempt from the above requirements. There are some rather unusual rules in the income tax regulations



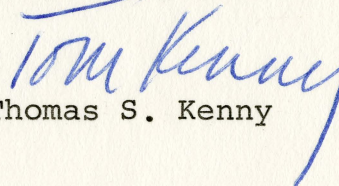
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Ms. Sharp

which increase this upper limit to a larger amount for the first two years of operation, and which have the effect of exempting your organization if your first year's gross receipts amounted to \$7,500 or less.

I consider the tax exempt status of Black Focus to be a matter of considerable importance to your organization, and strongly recommend that the matter be brought before the Board of Directors for consideration. Please call me one way or the other concerning this, since I obviously can proceed no further without some input from you. I have previously transmitted to you a copy of the old Form 1023, but in the event you cannot locate it, I am transmitting herewith a Revised Form 1023, which is the current requirement of the IRS. This form must be filed within 15 months after the end of the month in which Black Focus was organized, or not later than November 30, 1975.

I look forward to hearing from you or one of the other officers of Black Focus very shortly, and would appreciate your giving this matter your immediate attention.

Very truly yours,

  
Thomas S. Kenny

TSK:rak  
Encl.