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Return of Private Foundation

or Section 4947(a)(1) Trust Treated as a Private Foundation

OMB No. 1545-0047

1986

Department of the Treasury
Internal Revenue Service

Note: You may be able to use a copy of this return to satisfy State reporting requirements.

For the calendar year 1986, or tax year beginning , 1986, and ending , 19

Please type, print, or attach label. See Specific Instructions.	Name of organization SUTTON PLACE FOUNDATION (FORMERLY ST. JOHN'S FDN)	Employer identification number 98 : 0070731
	Address (number and street) C/O U.S. TRUST COMPANY OF NEW YORK, 45 WALL STREET	State registration number (see instructions)
	City or town, state, and ZIP code NEW YORK, NEW YORK 10005	Fair market value of assets at end of year 22,111,189.

If application pending, check here Foreign organizations, check here Please attach check or money order here.

Check type of organization
 Exempt private foundation 4947(a)(1) trust Other taxable private foundation

Section 4947(a)(1) trusts filing this form in lieu of Form 1041, check here and see General Instructions.

The books are in care of **U.S. TRUST CO. OF NY, 45 WALL ST., TAX DEPT.**
 Located at **NEW YORK, NEW YORK 10005** Telephone no. **(212) 806-4785**

If the foundation is in a 60-month termination under section 507(b)(1)(B), check here

Check this box if your private foundation status terminated under section 507(b)(1)(A)

Analysis of Support, Revenue, and Expenses (See instructions for Part I)		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purpose
Support and Revenue	1 Contributions, gifts, grants, etc. received (attach schedule)	2,046,062.			
	2 Contributions from split-interest trusts		60,776.		
	3 Interest on savings and temporary cash investments	60,776.		60,776.	
	4 Dividends and interest from securities				
	5 a Gross rents				
	b (Net rental income (loss) _____)				
	6 Net gain or (loss) from sale of assets not on line 10				
	7 Capital gain net income				
	8 Net short-term capital gain				
	9 Income modifications				
	10 a Gross sales minus returns and allowances				
	b Minus: Cost of goods sold (attach schedule)				
c Gross profit (loss)					
11 Other income (attach schedule)					
12 Total (add lines 1 through 11)	2,106,838.	60,776.	60,776.		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16 a Legal fees	203,746.			203,746.
	b Accounting fees				
	c Other professional fees	289,418.			289,418.
	17 Interest				
	18 Taxes (attach schedule)				
	19 Depreciation and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	82,667.			82,667.
	24 Total operating and administrative expenses (add lines 13 through 23)	575,831.			575,831.
25 Contributions, gifts, grants, etc. paid					
26 Total expenses and disbursements (add lines 24 and 25)	575,831.			575,831.	
27 a Excess of revenue over expenses and disbursements (line 12 minus line 26)	1,531,007.				
b Net investment income (if negative enter -0-)		60,776.			
c Adjusted net income (if negative enter -0-)			60,776.		

Part II Balance Sheets		Attached schedules should be for end of year amounts only. (See instructions for col. (c).)		
		Beginning of year (a) Book Value	End of year (b) Book Value (c) Fair Market Value	
Assets	1	Cash—non-interest bearing	607,355.	607,355.
	2	Savings and temporary cash investments	33,700.	33,700.
	3	Accounts receivable ▶ minus allowance for doubtful accounts ▶		
	4	Pledges receivable ▶ minus allowance for doubtful accounts ▶		
	5	Grants receivable		
	6	Receivables due from officers, directors, trustees, and other disqualified persons (see instructions)		
	7	Other notes and loans receivable ▶ minus allowance for doubtful accounts ▶		
	8	Inventories for sale or use		
	9	Prepaid expenses and deferred charges		
	10	Investments—securities (attach schedule)	1,412,503.	1,386,185.
	11	Investments—land, buildings, and equipment: basis ▶ minus accumulated depreciation (attach schedule) ▶		
	12	Investments—mortgage loans		
	13	Investments—other (attach schedule)		
	14	Land, buildings, and equipment: basis ▶ minus accumulated depreciation (attach schedule) ▶		
	15	Other assets (describe ▶ HELD FOR CHARITABLE PURPOSES)	20,083,949.	20,083,949.
	16	Total assets (see instructions)	-0-	22,137,507.
Liabilities	17	Accounts payable and accrued expenses		
	18	Grants payable		
	19	Support and revenue designated for future periods (attach schedule)		
	20	Loans from officers, directors, trustees, and other disqualified persons	20,606,500.	
	21	Mortgages and other notes payable (attach schedule)		
	22	Other liabilities (describe ▶)		
23	Total liabilities (add lines 17 through 22)	-0-	20,606,500.	
Fund Balances or Net Worth	Organizations that use fund accounting, check here ▶ <input type="checkbox"/> and complete lines 24 through 27 and lines 31 and 32.			
	24a	Current unrestricted fund		
	b	Current restricted fund		
	25	Land, buildings, and equipment fund		
	26	Endowment fund		
	27	Other funds (Describe ▶)		
	Organizations not using fund accounting, check here ▶ <input type="checkbox"/> and complete lines 28-32.			
	28	Capital stock or trust principal		
	29	Paid-in or capital surplus		
	30	Retained earnings or accumulated income		
31	Total fund balances or net worth (see instructions)	-0-	1,531,007.	
32	Total liabilities and fund balances/net worth (see instructions)	-0-	22,137,507.	

Part III Analysis of Changes in Net Worth or Fund Balances

1	Total net worth or fund balances at beginning of year—Part II, column (a), line 31	-0-
2	Enter amount from Part I, line 27a	1,531,007.
3	Other increases not included in line 2 (itemize) ▶ INTEREST FREE LOANS FROM FREDERICK R. KOCH, SUBSTANTIAL CONTRIBUTOR	20,606,500.
4	Add lines 1, 2, and 3	22,137,507.
5	Decreases not included in line 2 (itemize) ▶ INTEREST FREE LOANS FROM FREDERICK R. KOCH, SUBSTANTIAL CONTRIBUTOR	20,606,500.
6	Total net worth or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 31	1,531,007.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold, e.g., real estate, 2-story brick warehouse, or common stock, 200 shs. MLC Co.		(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1				
(e) Gross sales price minus expense of sale	(f) Depreciation allowed (or allowable)	(g) Cost or other basis	(h) Gain or (loss) (e) plus (f) minus (g)	
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69				
(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than zero)	
2 Capital gain net income or (net capital loss)			- NONE -	
3 Net short-term capital gain (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8 (see instructions for line 8) If loss, enter -0- in Part I, line 8			- NONE -	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave Part V blank.

Were you liable for section 4942 tax on the distributable amount of any year in the base period? Yes No
If "Yes," you do not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see instructions before making any entries.

(a) Base period years Calendar year (or fiscal year beginning in)	(b) Qualifying distributions	(c) Net value of noncharitable-use assets	(d) Payout ratio (column (b) divided by column (c))
1985	-0-	-0-	-0-
1984	-0-	-0-	-0-
1983			
1982			
1981			
2 Total of line 1, column (d)			-0-
3 Average payout ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years.			-0-
4 Enter the net value of noncharitable-use assets for 1986 from Part IX, line 5			464,332.
5 Multiply line 4 by line 3			-0-
6 Enter 1% of Part I, line 27b			608.
7 Add lines 5 and 6			608.
8 Enter the amount from Part XIII, line 6			20,659,780.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

Part VI Excise Tax on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see instructions)

1 a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> (attach copy of ruling letter) and enter "N/A".	
b	Domestic organizations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b.	608.
c	All other domestic organizations enter 2% of line 27b. Exempt foreign organizations enter 4% of line 27b.	
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	608.
3	Add lines 1 and 2	
4	Tax under subtitle A (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	608.
5	Tax on investment income (line 3 minus line 4 (but not less than -0-))	
6	Credits: a Exempt foreign organizations—tax withheld at source.	200.
	b Tax paid with application for extension of time to file (Form 2758)	408.
7	Tax due (line 5 minus line 6) <small>Pay in full with return. Make check or money order payable to Internal Revenue Service. (Write employer identification number on check or money order.) (See instructions for information on 1987 estimated taxes.)</small>	
8	Overpayment (line 6 minus line 5)	

Part VII Statements Regarding Activities

File Form 4720 if you answer "No" to question 10b, 11b, or 14b or "Yes" to question 10c, 12b, 13a, or 13b unless an exception applies.

	Yes	No
1 a		X
b		X
c		X
2		X
3	X	
4 a		X
b		X
5		X
6		X
7	X	
8 a		N/A
b		X
9		X
10 a		X
(1)	X	
(2)		X
(3)		X
(4)		X
(5)		X
(6)		X

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Part VII Statements Regarding Activities (continued)

10 b	If you answered "Yes" to any of the questions 10a(1) through (6), were the acts you engaged in excepted acts as described in regulations section 53.4941(d)-3 and 4?	Yes	No
		X	
c	Did you engage in a prior year in any of the acts described in 10a, other than excepted acts, that were acts of self-dealing that were not corrected by the first day of your tax year beginning in 1986?		X
11	Taxes on failure to distribute income (section 4942) (does not apply for years you were a private operating foundation as defined in section 4942(j)(3) or 4942(j)(5)):		
a	Did you at the end of tax year 1986 have any undistributed income (lines 6d and e, Part XIV) for tax year(s) beginning before 1986?		N/A
	If "Yes," list the years ▶		
b	If "Yes" to 11a, are you applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the undistributed income for ALL such years?		N/A
c	If the provisions of section 4942(a)(2) are being applied to ANY of the years listed in 11a, list the years here and see the instructions ▶		
12	Taxes on excess business holdings (section 4943):		
a	Did you hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?		X
b	If "Yes," did you have excess business holdings in 1986 as a result of any purchase by you or disqualified persons after May 26, 1969; after the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; after the lapse of the 10-year first phase holding period; or after the 15-year first phase holding period?		N/A
	Note: You may use Schedule C, Form 4720, to determine if you had excess business holdings in 1986.		
13	Taxes on investments that jeopardize charitable purposes (section 4944):		
a	Did you invest during the year any amount in a manner that would jeopardize the carrying out of your charitable purposes?		X
b	Did you make any investment in a prior year (but after December 31, 1969) that could jeopardize your charitable purpose that you had not removed from jeopardy on the first day of your tax year beginning in 1986?		X
14	Taxes on taxable expenditures (section 4945):		
a	During the year did you pay or incur any amount to:		
(1)	Carry on propaganda, or otherwise attempt to influence legislation by attempting to affect the opinion of the general public or any segment thereof, or by communicating with any member or employee of a legislative body, or by communicating with any other government official or employee who may participate in the formulation of legislation?		X
(2)	Influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drive?		X
(3)	Provide a grant to an individual for travel, study, or other similar purposes?		X
(4)	Provide a grant to an organization, other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?		X
(5)	Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?		X
b	If you answered "Yes" to any of questions 14a(1) through 14a(5), were all such transactions excepted transactions as described in regulations section 53.4945?		N/A
c	If you answered "Yes" to question 14a(4), do you claim exemption from the tax because you maintained expenditure responsibility for the grant?		N/A
	If "Yes," attach the statement required.		
15	Did any persons become substantial contributors during the tax year?	X	
	If "Yes," attach a schedule listing their names and addresses.		
16	During this tax year did you maintain any part of your accounting/tax records on a computerized system?	X	

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees and Contractors

1 List all officers, directors, trustees, foundation managers and, if paid, their compensation for 1986 (see instructions):

Name and address	Title, and average hours per week devoted to position	Contributions to employee benefit plans	Expense account, other allowances	Compensation (if any)
FREDERICK R. KOCH C/O U.S. TRUST COMPANY OF NEW YORK	DIRECTOR * & PRESIDENT	-0-	-0-	-0-
CARL J. STINCHCOMB C/O U.S. TRUST COMPANY OF NEW YORK	SECRETARY * & TREASURER	-0-	-0-	-0-
Total				-0-

* HOURS DEVOTED AS REQUIRED

Part VIII Information About Officers, Directors, Trustees, etc. (continued)

2 Compensation of five highest paid employees for 1986 (other than included in line 1—see instructions):

Name and address of employees paid more than \$30,000	Title and time devoted to position	Contributions to employee benefit plans	Expense account, other allowances	Compensation
	N/A			

Total number of other employees paid over \$30,000 ▶

3 Five highest paid persons for professional services for 1986 (see instructions):

Name and address of persons paid more than \$30,000	Type of service	Compensation
MILBANK TWEED HADLEY & MC CLOY 1 CHASE MANHATTAN PLAZA, NEW YORK, NY 10005	LEGAL	38,497.
FRESHFIELDS 17-24 CATHEDRAL PLACE, LONDON EC4M 7JA	LEGAL	164,649.
CLUTTONS 5 GREAT COLLEGE ST. LONDON SW1P 3SD	CHARTERED SURVEYORS & REAL ESTATE BROKERS	272,176.

Total number of others receiving over \$30,000 for professional services ▶

Part IX Minimum Investment Return **PART V, LINE 4, COL. (d) & PART XV, LINE 2(a) PURPOSES ONLY**

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:	
a Average monthly fair market value of securities	128,374.
b Average of monthly cash balances	343,029.
c Fair market value of all other assets (see instructions)	
d Total (add lines a, b, and c)	N/A
2 Adjustment in net book value applicable to line 1 assets	"OPERATING FOUNDATION"
3 Line 1d minus line 2	471,403.
4 Cash deemed held for charitable activities — enter 1 1/2% of line 3 (for greater amount, see instructions)	471,403.
5 Line 3 minus line 4	7,071.
6 Enter 5% of line 5	464,332.
	23,217.

Part X Computation of Distributable Amount (see instructions)

1 Minimum investment return from Part IX, line 6	
2 Total of:	
a Tax on investment income for 1986 from Part VI, line 5	N/A
b Income tax under subtitle A, for 1986	
3 Distributable amount before adjustments (line 1 minus line 2)	"OPERATING FOUNDATION"
4 Additions to distributable amount:	
a Recoveries of amounts treated as qualifying distributions	
b Income distributions from section 4947(a)(2) trusts	
5 Line 3 plus line 4	
6 Deduction from distributable amount (see instructions)	
7 Distributable amount as adjusted (line 5 minus line 6) (Also enter in Part XIV, line 1)	

Part XI Limitation on Grant Administrative Expenses

N/A "OPERATING FOUNDATION"

Calendar year (or fiscal year) beginning in:	(a) 1986	(b) 1985	(c) 1984	(d) Total
1 Net value of noncharitable-use assets (see instructions)				
2 Multiply line 1 by .0065				
3 Grant administrative expenses treated as qualifying distributions in the two preceding years				
4 In the 1985 column, enter the amount from line 3. In the 1984 column, enter the smaller of line 2 or line 3				
5 Grant administrative expenses for 1986 (from Part XII, line 13)				
6 Maximum amount of 1986 grant administrative expenses that may be treated as qualifying distributions (line 2, column (d), minus line 4, column (d))				
7 Excess grant administrative expenses for 1986 (line 5 minus line 6; if negative, enter -0-; enter result in Part XII, line 5)				
8 Grant administrative expenses treated as qualifying distributions in 1986 (line 5 minus line 7)				

Note: The amount on line 8 will be used in completing the schedule for 1987 and 1988.

Part XII Schedule of Grant Administrative Expenses (see instructions before making any entries)

1 Compensation of officers, directors, trustees, etc.	
2 Other employee salaries and wages	
3 Pension plans, employee benefits	
4 Legal fees	
5 Accounting fees	
6 Other professional fees	
7 Interest	N/A
8 Taxes	"OPERATING FOUNDATION"
9 Occupancy	
10 Travel, conferences, and meetings	
11 Printing and publications	
12 Other expenses	
13 Total	

Part XIII Qualifying Distributions (see instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes	
a Expenses, contributions, gifts, etc. — total from Part I, column (d), line 26	575,831.
b Program-related investments	
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	20,083,949.
3 Amounts set aside for specific charitable projects that satisfy the:	
a Suitability test (prior IRS approval required)	
b Cash distribution test (attach the required schedule)	
4 Total (add lines 1, 2, and 3)	
5 Enter excess grant administrative expenses from Part XI, line 7	
6 Total qualifying distributions (line 4 minus line 5). Enter this amount in Part XIV, line 4	20,659,780.
7 Organizations that qualify under section 4940(e) for the reduced rate of tax on net investment income — enter 1% of Part I, line 27b (see instructions)	608.
8 Qualifying distributions (line 6 minus line 7)	20,660,388.

Note: The amount on line 8 will be used in Part V, column (D), when calculating the section 4940(e) reduction of tax in subsequent years.

Part XIV Computation of Undistributed Income (see instructions)

N/A "OPERATING FOUNDATION"

	(a) Corpus	(b) Years prior to 1985	(c) 1985	(d) 1986
1 Distributable amount for 1986 from Part X				
2 Undistributed income, if any, as of the end of 1985:				
a Enter amount for 1985				
b Total for prior years				
3 Excess distributions carryover, if any, to 1986:				
a From 1981				
b From 1982				
c From 1983				
d From 1984				
e From 1985				
f Total of 3a through e				
4 Qualifying distributions for 1986:				
a Applied to 1985, but not more than line 2a				
b Applied to undistributed income of prior years (Election required)				
c Treated as distributions out of corpus (Election required)				
d Applied to 1986 distributable amount				
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 1986 (If an amount appears in column (d), the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5				
b Prior years' undistributed income. Line 2b minus line 4b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b. Taxable amount—see instructions				
e Undistributed income for 1985. Line 2a minus line 4a. Taxable amount—see instructions				
f Undistributed income for 1986. Line 1 minus line 4d and 5. This amount must be distributed in 1987				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 1981 not applied on line 5 or line 7 (see instructions)				
9 Excess distributions carryover to 1987. (Line 6a minus lines 7 and 8)				
10 Analysis of line 9:				
a Excess from 1982				
b Excess from 1983				
c Excess from 1984				
d Excess from 1985				
e Excess from 1986				

Part IX Private Operating Foundations (See instructions and Part VII, question 9)

- 1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 1986, enter the date of the ruling **MARCH 7, 1986**
- b Check box to indicate whether you are a private operating foundation described in section 4942(j)(3) or 4942(j)(5).

	Tax year		Prior 3 Years		(e) Total
	(a) 1986	(b) 1985	(c) 1984	(d) 1983	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part IX for 1986 and 1985 (Part VIII for prior years)	23,217.	-0-	-0-	-0-	
b 85% of line 2a	19,734.	-0-	-0-	-0-	
c Qualifying distributions from Part XIII, line 6, for 1986 and 1985 (Part X, line 4, for prior years)	20,659,780.	-0-	-0-	-0-	
d Amounts included in line 2c not used directly for active conduct of exempt activities	-0-	-0-	-0-	-0-	
e Qualifying distributions made directly for active conduct of exempt activities (line 2c minus line 2d)	20,659,780.	-0-	-0-	-0-	
3 Complete the alternative test in 3a, b, or c on which you rely:					
a "Assets" alternative test—enter:					
(1) Value of all assets	22,111,189.	-0-	-0-	-0-	
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)	20,083,949.	-0-	-0-	-0-	
b "Endowment" alternative test—Enter 1/2 of minimum investment return shown in Part IX, line 6, for 1986 and 1985 (enter 1/2 of comparable amount (Part VII, line 6) for prior years)					
c "Support" alternative test—enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(ii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part X Supplementary Information (see instructions)

1 Information Regarding Foundation Managers

- a List here any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)

FREDERICK R. KOCH

- b List here any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

- NONE -

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs

If you make gifts, grants, awards (see instructions), etc., to individuals or organizations, check here and complete these items:

- a The name, address, and telephone number of the person to whom applications should be addressed

N/A

- b The form in which applications should be submitted and information and materials they should include

N/A

- c Any submission deadlines

N/A

- d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors

N/A

Part XVII Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
- NONE -				
Total				
b Approved for future payment				
- NONE -				
Total				

Part XVII-A Summary of Grant Programs and Other Activities	(a) Grants and program-related investments	(b) Administrative expenses	(c) Total
1 Gifts, contributions, scholarships and other grants			
2 Direct charitable activities (describe each):			
a ACQUISITION OF CHARITABLE ASSETS			20,083,949.
b RELATED EXPENSES			575,831.
c Direct technical and other assistance to grantees (see instructions)			
d All other (attach schedule)			
e Total—add lines 2a through d			20,659,780.
3 Program-related investments (describe each type)			
a			
b			
c			
d All other (attach schedule)			
e Total—see instructions			
4 Other qualifying distributions			
5 Other expenses not included in lines 1-4.			

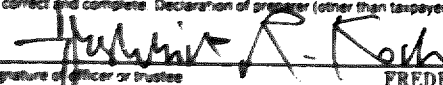

Part XVII-B Supporting Data

- Describe on an attached schedule the bases (for example, time spent, salary expenses incurred, space utilized, etc.) used to allocate administrative expenses to the activities described in Part XVII-A. **N/A**
- For the foundation's principal direct charitable activities and program-related investments, provide a schedule of relevant statistical information, such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc. **N/A**
- Attach a schedule for Part XVII-A, lines 2 and 3, setting forth for each activity or investment area the amount of any income produced by it. **N/A**

Part XVIII Public Inspection

- Enter the date the notice of availability of the annual return appeared in a newspaper ▶ **NOV 10, 1987**
- Enter the name of the newspaper ▶ **NEW YORK LAW JOURNAL**
- Check here if you have attached a copy of the newspaper notice as required by the instructions. (If the notice is not attached, the return will be considered incomplete.)

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge.

Please Sign Here	Signature of officer or trustee  FREDERICK R. KOCH		Date 11/16/87		Title DIRECTOR & PRESIDENT	
	Preparer's signature  E. PELLER		Date 11-15-87		Check if self-employed <input type="checkbox"/> Preparer's social security no. [REDACTED]	
	Firm's name (or yours, if self-employed) and address U.S. TRUST CO. OF NEW YORK, TAX DEPT. 45 WALL STREET, NEW YORK, NEW YORK		EI No ▶ 13 5459866		ZIP code ▶ 10005	

STATE OF NEW YORK,

County of New York, }

ss:

THE ANNUAL RETURN OF BUT
TON PLACE FOUNDEATION for
the calendar year ended December
31, 1986 is available at its practi-
cal office located at United States
Trust Company of New York, Tax
Department, 44 Wall Street, New
York, NY 10005 (212) 866-4785 for
inspection during regular business
hours by any citizen who requests
it within 180 days of the Principal
Manager of the Foundation is
FREDERICK R. KOCH

Vincent J. DiTomasso, being duly sworn, says that he is the PRINCIPAL
CLERK of the Publisher of THE NEW YORK LAW JOURNAL a Daily
Newspaper printed and published in the County of New York; that the
Advertisement hereto annexed has been regularly published in the said
THE NEW YORK LAW JOURNAL one time, on the 10th day
of November 19 87



SWORN TO BEFORE ME, this 10th day }
of November 19 87 }

Douglas P. Muscatelli
DOUGLAS P. MUSCATELLI
Notary Public, State of New York
No. 452318
Qualified in Nassau County
Commission Expires Dec. 31, 1988

SUTTON PLACE FOUNDATION

1986 FORM 990-PF

PART I - LINE 1 - COL. (a)

1. FREDERICK P. KOCH 510-30-9375
C/O U.S. TRUST COMPANY OF NEW YORK
45 WALL STREET
NEW YORK, NEW YORK 10005

CASH CONTRIBUTIONS:

OCTOBER 1	\$ 160,000.
OCTOBER 3	25,000.
OCTOBER 7	155,000.
DECEMBER 22	190,000.
	<u>\$ 530,000.</u>

SECURITIES:

DECEMBER 29	10,000 AFFILIATED FINANCIALS	\$ 719,375.
DECEMBER 29	20,250 TIGER	493,128.
		<u>\$1,412,503.</u>

2. HYLAS CHARITABLE FOUNDATION 13-3194003
C/O U.S. TRUST COMPANY OF NEW YORK
45 WALL STREET
NEW YORK, NEW YORK 10005

CASH CONTRIBUTIONS:

MAY 28	\$ 15,559.
JULY 1	50,000.
JULY 9	75,000.
AUGUST 8	13,000.
	<u>\$ 103,559.</u>

TOTAL \$2,046,062.

SUTTON PLACE FOUNDATION

1986 FORM 990-PF

PART II - LINE 10 - COL. (c)

SECURITIES - FAIR MARKET VALUE DECEMBER 31, 1986:

SHARES

10,000	AFFILIATED PUBLICATIONS	\$ 702,500.
37,850	JOSTENS	683,685.
		<u>\$ 1,386,185.</u>

LINE 15 - COLS. (b) & (c)

SUTTON PLACE, LONDON, ENGLAND

- MAIN PROPERTY, SUTTON PARK HOUSE, MANOR HOUSE & BLANCHARD'S HILL	\$19,770,538.
- FURNISHINGS	153,992.
- APT	155,520.
- CAPITAL IMPROVEMENTS	3,899.
	<u>\$20,083,949.</u>

THE CORPORATION TRUST COMPANY



Associated with CT Corporation System

CORPORATION TRUST CENTER
1209 ORANGE STREET
WILMINGTON, DEL. 19801
(302) 658 7551

MAILING ADDRESS:
P. O. BOX 631
WILMINGTON, DEL. 19899

July 18, 1986

RE: St. John's Foundation
Changed Name To: Sutton Place Foundation

Milbank, Tweed, Hadley & McCloy
Att: Charles Douglas Bethill, Attorney
One Chase Manhattan Plaza
New York, New York 10005

Dear Mr. Bethill:

Pursuant to instructions received, the Certificate of Amendment for this corporation was filed in the office of the Secretary of State of Delaware on July 18, 1986, at 10 a.m., and a certified copy thereof is being recorded in the office of the Recorder of Deeds of New Castle County, Wilmington, Delaware. This copy will be forwarded to you when released by the Recorder.

We enclose one certified copy of the Certificate of Amendment for the above company.

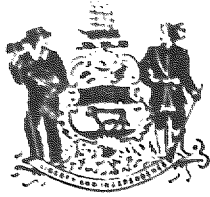
Very truly yours,

THE CORPORATION TRUST COMPANY

Jeanette A. Grodzicki
Service Division

JAG:efe
Enc.

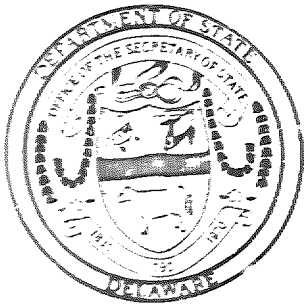
State of Delaware



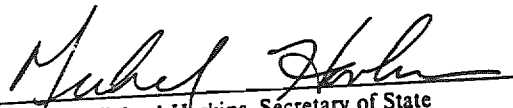
Office of Secretary of State

I, MICHAEL HARKINS, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF ST. JOHN'S FOUNDATION FILED IN THIS OFFICE ON THE EIGHTEENTH DAY OF JULY, A.D. 1986, AT 10 O'CLOCK A.M.

! ! ! ! ! ! ! ! ! !



726199025


Michael Harkins, Secretary of State

AUTHENTICATION: 10888305

DATE: 07/18/1986

CERTIFICATE OF AMENDMENT
OF THE
CERTIFICATE OF INCORPORATION
OF
ST. JOHN'S FOUNDATION

- - -

UNDER SECTION 242 OF THE GENERAL CORPORATION LAW
OF THE STATE OF DELAWARE

- - -

The undersigned, Frederick R. Koch, being the President of St. John's Foundation (the "Corporation"), for the purpose of amending the Certificate of Incorporation of the Corporation, pursuant to Section 242 of the General Corporation Law of the State of Delaware, does hereby certify and set forth:

(1) The name of the Corporation is St. John's Foundation.

(2) The Certificate of Incorporation of the Corporation was filed in the Office of the Secretary of State on December 10, 1984. A Certificate of Amendment of the Certificate of Incorporation of the Corporation was filed in the Office of the Secretary of State on June 23, 1986.

(3) Article First of the Certificate of Incorporation is amended to change the name of the Corporation from St. John's Foundation to Sutton Place Foundation and, as amended, Article First of the Certificate of Incorporation reads in its entirety as follows:

First: The name of the Corporation is Sutton Place Foundation (hereinafter called the "Corporation").


(4) Article Sixth of the Certificate of Incorporation is amended to expressly state that the Corporation shall have the power to make donations for the public welfare or for charitable, scientific or educational purposes to the full extent allowed by law and to solicit and receive contributions and, as amended, Article Sixth of the Certificate of Incorporation reads in its entirety as follows:

Sixth: The Corporation shall have, without limitation, power to do, alone, or in cooperation with other organizations or persons, any and all lawful acts and things which may be necessary, useful, suitable, or proper, for the furtherance, accomplishment, or attainment of the purposes of the Corporation. The Corporation shall have the power to make donations for the public welfare or for charitable, scientific or educational purposes and, with the approval of a majority of its members, the Corporation may contribute all or substantially all of its properties and assets to other persons, organizations and entities having charitable, scientific or educational purposes. In addition, the Corporation shall have the power to solicit,

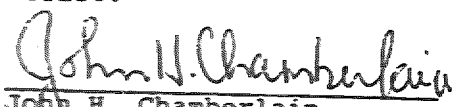
collect, accept, hold, invest, reinvest and administer any contribution, gift, grant, bequest, devise, benefit of a trust or property of any sort, without limitation as to value or amount, and to apply the income and principal thereof as is provided in this Certificate.

(5) The foregoing amendments of the Certificate of Incorporation were duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the undersigned, Frederick R. Koch, has executed this Certificate of Amendment of the Certificate of Incorporation on this 15th day of July 1986.


Frederick R. Koch
President

ATTEST:


John H. Chamberlain
Secretary

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On the 15th day of July, 1986, before me personally appeared FREDERICK R. KOCH, to me known to be the individual described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed the same.



Notary Public

ELIOT D. HAWKINS
Notary Public, State of New York
No. 31-1713635
Qualified in New York County
Commission Expires March 30, 1987

THE CORPORATION TRUST COMPANY



Associated with CT Corporation System

CORPORATION TRUST CENTER
1209 ORANGE STREET
WILMINGTON, DEL. 19801
TEL. 667-7881

JUL 23 1986


MAILING ADDRESS:
P.O. BOX 631
WILMINGTON, DEL. 19899

RE: St. John's Foundation

CHARLES DOUGLAS BETHILL, ATTORNEY
MILBANK, TWEED, HADLEY & MCCLOY
ONE CHASE MANHATTAN PLAZA
NEW YORK, NEW YORK 10005

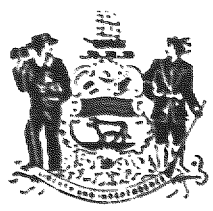
Attached for the permanent records of this corporation,
is the certified recorded copy of your document, which has
just been released by the Recorder of Deeds.

THE CORPORATION TRUST COMPANY


George J. Coyle
Assistant Vice-President

Enclosure

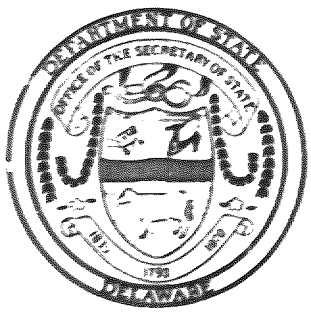
State of Delaware



Office of Secretary of State

I, MICHAEL HARKINS, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF ST. JOHN'S FOUNDATION FILED IN THIS OFFICE ON THE TWENTY-THIRD DAY OF JUNE, A.D. 1986, AT 10 O'CLOCK A.M.

|||||



861740492

Michael Harkins
Michael Harkins, Secretary of State

AUTHENTICATION: 10869172
DATE: 06/30 '1986

CERTIFICATE OF AMENDMENT
OF THE
CERTIFICATE OF INCORPORATION
OF
ST. JOHN'S FOUNDATION

FILED

JUN 28 1986

10 AM

[Signature]
SECRETARY OF STATE

UNDER SECTION 242 OF THE GENERAL CORPORATION LAW
OF THE STATE OF DELAWARE

The undersigned, Frederick R. Koch, being the President of St. John's Foundation (the "Corporation"), for the purpose of amending the Certificate of Incorporation of the Corporation, pursuant to Section 242 of the General Corporation Law of the State of Delaware, does hereby certify and set forth:

(1) The name of the Corporation is St. John's Foundation.

(2) The Certificate of Incorporation of the Corporation was filed in the Office of the Secretary of State on December 10, 1984.

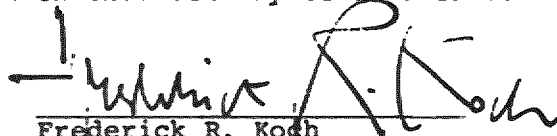
(3) The first sentence of Article Third of the Certificate of Incorporation is amended in order to remove any inference that the structure or structures which may be acquired and restored, or the acquisition and restoration of which may be supported, by the Corporation be a 19th Century

structure or structures by deleting the reference in that regard to the 19th Century and, as amended, the first sentence of Article Third of the Certificate of Incorporation reads in its entirety as follows:


Third: The Corporation is formed to acquire, assemble, exhibit and conserve a collection of English, European and American works of art of the 19th Century including, but not limited to, paintings, prints, drawings and sculpture; and to acquire and restore, or to support the acquisition and restoration of, a structure or structures suitable for public display, study and conservation of its collections.

(4) This amendment of the Certificate of Incorporation was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the undersigned, Frederick R. Koch, has executed this Certificate of Amendment of the Certificate of Incorporation on this 6th day of June 1986.


Frederick R. Koch
President

ATTEST:


John H. Chamberlain
Secretary

STATE OF NEW YORK)
 : ss.:
COUNTY OF NEW YORK)

On the 6th day of June, 1986, before me personally appeared FREDERICK R. KOCH, to me known to be the individual described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed the same.

Eliot D. Hawkins

Notary Public

ELIOT D. HAWKINS
Notary Public, State of New York
No. 31-3713655
Qualified in New York County
Commission Expires March 30, 1987

RECEIVED FOR RECORD
JUL 02 1986
LEO J. DUGAN, Jr., Recorder

The Sutton Place Foundation
c/o United States Trust Company
of New York
45 Wall Street
New York, New York 10005

November 11, 1987

Frederick P. Koch, President
Hylas Charitable Foundation
c/o United States Trust Company
Of New York
45 Wall Street
New York, New York 10005

Dear Mr. Koch

I enclose the first and final expenditure responsibility report with respect to the grants received by The Sutton Place Foundation ("the Foundation") from Hylas Charitable Foundation ("Hylas") on May 28, 1986, July 1, 1986, July 9, 1986 and August 8, 1986, required to be submitted by the Foundation to Hylas under the terms of the Expenditure Responsibility Agreement between the Foundation and Hylas dated May 22, 1986, July 7, 1986 and November 6, 1986. The Foundation has also furnished Hylas with other financial information which reflects its accounting for the grants.

The Foundation trusts that the enclosed report satisfies its obligation to Hylas with respect to this grant under the expenditure responsibility provisions of section 4945 of the Internal Revenue Code.

If Hylas should need additional information regarding the Foundation's use of the grants, please let me know.

Sincerely yours,



Carl J. Stinchcomb
Secretary-Treasurer

/cjc

The Sutton Place Foundation

First and Final Report with Respect to
Grants Received from Hylas
Charitable Foundation During the
Year Ended December 31, 1986

Pursuant to Treasury Regulations section 53.4945-5(c) and (d), the following information is submitted by The Sutton Place Foundation ("the Foundation") with respect to the grants received by it from Hylas Charitable Foundation ("Hylas") during the year ended December 31, 1986:

- (i) The Sutton Place Foundation
c/o U.S. Trust Company of New York
45 Wall Street
New York, New York 10005

- (ii)

May 28, 1986	\$15,559.
July 1, 1986	50,000.
July 9, 1986	25,000.
August 8, 1986	13,000.

- (iii) General budgetary needs of the Foundation in accordance with the Foundation's general charitable purposes.

- (iv) All of the grants were expended by the Foundation before December 31, 1986.

- (v) None of the grants were diverted from the purpose for which the grant was made.

- (vi) This is the first and final report prepared by the Foundation for Hylas with respect to this grant.

- (vii) No verification is required.

Dated: November 11, 1987

/cjc

Expenditure Responsibility Agreement

Since a grant from us, Hylas Charitable Foundation, a Delaware charitable corporation, to you, St. John's Foundation, is subject to the so-called expenditure responsibility requirements introduced by the Tax Reform Act of 1969, we are required by Treasury regulations to obtain certain commitments in writing from you before making payment. By this agreement, you agree to the following specific obligations regarding the grant set forth in Schedule A:

(1) To repay any portion of the amount granted or income arising from such amount which is not used for the purposes of the grant,

(2) From the time the grant is made or any portion of the grant is received until it is fully expended or repaid, to submit full and complete annual written reports within a reasonable time of the end of your annual accounting period on the manner in which the grant and income arising from the grant are spent, compliance with the terms of the grant, and the progress made in accomplishing the purposes of the grant, and, upon completion of the use of the funds, to make within a reasonable time of the end of your annual accounting period in which use is completed, a full and complete final written report covering all expenditures made from the funds and the progress made towards the goals of the grant,

(3) To indicate the grant separately on your books of account and to charge expenditures made in furtherance of the grant purposes against the grant,

(4) To maintain written records of receipts and expenditures adequate to enable the use of the grant funds to be checked readily and to make your books and records available to Hylas at reasonable times,

(5) To keep these records of receipts and expenditures and copies of reports submitted to Hylas for at least four years after completion of the use of the grant funds, and

(6) Not to use any of the grant or income arising from the grant

(a) To carry on propaganda, or otherwise to attempt to influence legislation (within the meaning of section 4945(d)(1) of the Internal Revenue Code),

(b) To influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drive (within the meaning of section 4945(d)(2) of the Internal Revenue Code),

(c) To make a grant to an individual for travel, study or other similar purposes unless the requirements of section 4945(g) of the Internal Revenue Code are met, or to make a grant to another organization unless the provisions of section 4945(h) of the Internal Revenue Code (dealing with "expenditure responsibility") are complied with if they are applicable, or

(d) To undertake any activity for any purpose other than one specified in section 170(c)(2)(B) of the Internal Revenue Code.

The grant is to be used for general budgetary needs.

You agree that neither the grant nor any income from it may be used for purposes other than those described in section 170(c)(2)(B) of the Internal Revenue Code. In the event that any portion of the grant or the income from it is used for purposes other than those described in section 170(c)(2)(B), you have agreed that you will refund to us the full amount of the grant and pay over to us any

additional amount which may be necessary to effect a correction under section 4945 of the Internal Revenue Code.

You also agree to provide upon request any other written report or information, whether or not required under the terms of section 4945 of the Internal Revenue Code, which we believe necessary to keep us fully apprised of the status or use of any grant or income arising from such grant, including any information regarding the ultimate effect of the grant.

Please signify your agreement to the above terms of the grant by the signature below of the officer or officers who are, under your by-laws and the law governing you, authorized to execute contracts on your behalf. Please return the executed original of this agreement to us. The attached copy is for your records.

HYLAS CHARITABLE FOUNDATION

By John W. Chamberlain, Sec.
Title:

Agreed to and accepted on behalf of ST. JOHN'S FOUNDATION
this 22nd day of May, 1986.

By William R. Koch
Title: PRESIDENT

Schedule A

15,559.

Expenditure Responsibility Agreement

Since a grant from us, Hylas Charitable Foundation, a Delaware charitable corporation, to you, St. John's Foundation, is subject to the so-called expenditure responsibility requirements introduced by the Tax Reform Act of 1969, we are required by Treasury regulations to obtain certain commitments in writing from you before making payment. By this agreement, you agree to the following specific obligations regarding the grant set forth in Schedule A:

(1) To repay any portion of the amount granted or income arising from such amount which is not used for the purposes of the grant,

(2) From the time the grant is made or any portion of the grant is received until it is fully expended or repaid, to submit full and complete annual written reports within a reasonable time of the end of your annual accounting period on the manner in which the grant and income arising from the grant are spent, compliance with the terms of the grant, and the progress made in accomplishing the purposes of the grant, and, upon completion of the use of the funds, to make within a reasonable time of the end of your annual accounting period in which use is completed, a full and complete final written report covering all expenditures made from the funds and the progress made towards the goals of the grant,

(3) To indicate the grant separately on your books of account and to charge expenditures made in furtherance of the grant purposes against the grant,

(4) To maintain written records of receipts and expenditures adequate to enable the use of the grant funds to be checked readily and to make your books and records available to us at reasonable times,

(5) To keep these records of receipts and expenditures and copies of reports submitted to us for at least four years after completion of the use of the grant funds, and

(6) Not to use any of the grant or income arising from the grant

(a) To carry on propaganda, or otherwise to attempt to influence legislation (within the meaning of section 4945(d)(1) of the Internal Revenue Code),

(b) To influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drive (within the meaning of section 4945(d)(2) of the Internal Revenue Code),

(c) To make a grant to an individual for travel, study or other similar purposes unless the requirements of section 4945(g) of the Internal Revenue Code are met, or to make a grant to another organization unless the provisions of section 4945(h) of the Internal Revenue Code (dealing with "expenditure responsibility") are complied with if they are applicable, or

(d) To undertake any activity for any purpose other than one specified in section 170(c)(2)(B) of the Internal Revenue Code.

The grant is to be used for general budgetary needs.

You agree that neither the grant nor any income from it may be used for purposes other than those described in section 170(c)(2)(B) of the Internal Revenue Code. In the event that any portion of the grant or the income from it is used for purposes other than those described in

section 170(c)(2)(B), you have agreed that you will refund to us the full amount of the grant and pay over to us any additional amount which may be necessary to effect a correction under section 4945 of the Internal Revenue Code.

You also agree to provide upon request any other written report or information, whether or not required under the terms of section 4945 of the Internal Revenue Code, which we believe necessary to keep us fully apprised of the status or use of any grant or income arising from such grant, including any information regarding the ultimate effect of the grant.

Please signify your agreement to the above terms of the grant by the signature below of the officer or officers who are, under your by-laws and the law governing you, authorized to execute contracts on your behalf. Please return the executed original of this agreement to us. The attached copy is for your records.

HYLAS CHARITABLE FOUNDATION

By John H. Chamberlain, Sec./Treas.
Title:

Agreed to and accepted on behalf of ST. JOHN'S FOUNDATION this 7th day of July, 1986.

By Stephen R. Kohn
Title: President

Schedule A

July 1, 1986	\$50,000
July 9, 1986	\$25,000

Expenditure Responsibility Agreement

Since a grant from Hylas Charitable Foundation, a Delaware charitable corporation ("us" or "we"), to Sutton Place Foundation ("you") is subject to the so-called expenditure responsibility requirements introduced by the Tax Reform Act of 1969, we are required by Treasury Regulations to obtain certain commitments in writing from you. We understand that you have agreed to the following specific obligations regarding the grant, which is set forth in Schedule A:

(1) To repay any portion of the amount granted or income arising from such amount which is not used for the purposes of the grant,

(2) From the time the grant is made or any portion of the grant is received until it is fully expended or repaid, to submit full and complete annual reports, within a reasonable time after the end of your annual accounting period, on the manner in which the grant and income arising from the grant are spent, compliance with the terms of the grant, and the progress made in accomplishing the purposes of the grant, and, upon completion of the use of the funds, to make within a reasonable time after the end of your annual accounting period in which use is completed, a full and complete final report covering all expenditures made from the funds and the progress made towards the goals of the grant,

(3) To indicate the grant separately on your books of account and to charge expenditures made in furtherance of the grant purposes against the grant,

(4) To maintain records of receipts and expenditures adequate to enable the use of the grant funds to be checked readily and to make your books and records available to us at reasonable times.

(5) To keep the above records of receipts and expenditures and copies of reports submitted to us for at least four years after completing the use of the grant funds, and

(6) Not to use any of the grant or income arising from the grant

(a) To carry on propaganda, or otherwise to attempt to influence legislation (within the meaning of section 4945(d)(1) of the Internal Revenue Code),

(b) To influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drive (within the meaning of section 4945(d)(2) of the Internal Revenue Code),

(c) To make a grant to an individual for travel, study or other similar purposes unless the requirements of section 4945(g) of the Internal Revenue Code are met, or to make a grant to another organization unless the provisions of section 4945(h) of the Internal Revenue Code (dealing with "expenditure responsibility") are complied with if they are applicable, or

(d) For any purpose other than one specified in section 170(c)(2)(B) of the Internal Revenue Code.

We understand you have agreed that the grant is to be used for charitable purposes and general budgetary needs.

It has been agreed that neither the grant nor any income from it may be used for purposes other than those described in section 170(c)(2)(B) of the Internal Revenue Code. In the event that any portion of the grant or the income from it is used for purposes other than those described in section 170(c)(2)(B), you have agreed that you will refund to us the full amount of the grant and pay over to us any additional amount which may be necessary to effect a correction under section 4945 of the Internal Revenue Code.

In addition, we understand that you have agreed if required by us, to expend such portion or all of the proposed grant in such a way as to enable us to meet the distribution requirements of section 4942 of the Internal Revenue Code, and, specifically, to count such portion or all of the grant as a qualifying distribution or distributions within the meaning of section 4942(g)(3) of the Internal Revenue Code and in such manner that the distribution or distributions are deemed to be out of corpus within the meaning of section 4942 (or would be so deemed if you were a private foundation which is not an operating foundation), prior to the close of your first annual accounting period following each taxable year in which you receive a payment on this grant from us. You have also agreed, if required by us, to submit to us promptly after the close of your first annual accounting period following each taxable year in which you receive a payment on this grant from us a full and complete report signed by an appropriate officer and showing that the qualifying distribution or distributions have been made, the names and addresses of the recipients, the amount received by each and that all the distributions are treated as distributions out of corpus within the meaning of section 4942 of the Internal Revenue Code (or would be so treated if you were a private foundation which is not an operating foundation).

Please confirm your agreement to the above terms of the grant by the signature below of an officer who is, under

your by-laws and the law governing you, authorized to execute contracts on your behalf. Please return the executed original of this letter to us. The enclosed copy is for your records.

HYLAS CHARITABLE FOUNDATION .

BY William H. Chamberlain, Director
Title:

The Sutton Place Foundation has agreed to and accepted the foregoing.

SUTTON PLACE FOUNDATION

By C. J. Hinckley
Title: VICE PRESIDENT

Dated: **NOVEMBER 6** , 1986

Schedule A

\$ 13,000.⁰⁰