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DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

TAX EXEMPT AND GOVERNMENT ENTITIES DIVISION

SEP 27 2007

T: EP: RA: T A2

This letter constitutes notice that pursuant to your request, a waiver of the minimum funding standard for the Plan for the plan year ending December 31, , has been granted subject to the condition that the League makes the required quarterly contributions to the Plan and meets the minimum funding standard for the Plan for each plan year that the Plan is subject to a waiver of the minimum funding standard, without applying for a waiver of the minimum funding standard, beginning with the plan year ending December 31, .

Your authorized representative agreed to these conditions in a letter dated September 18, 2007. If any one of the conditions is not met, the waiver for the plan year ending December 31, , is retroactively null and void.

This conditional waiver has been granted in accordance with section 412(d) of the Internal Revenue Code ("Code") and section 303 of the Employee Retirement Income Security Act of 1974 ("ERISA"). The amount for which this conditional waiver has been granted is equal to the contribution that would otherwise be required to reduce the balance in the funding standard account to zero as of December 31, 2006.

The League is a not-for-profit corporation which (a) develops and promotes standards to improve child welfare practices that make life better for troubled children, youths, and their families, (b) formulates and advocates public policies that benefit all children, (c) meets the needs of children an families by strengthening membership of affiliated agencies and individuals, and (d) strives to ensure sensitivity to the cultural and ethnic diversity of the people who participate in its programs, services, and activities. The League accomplishes these objectives through education, consultation, and research. The League has a headquarters office and six regional offices.

Prior to 2000, the League concentrated on adoption, foster care, kinship care, and child protective services. In 2000, a new President/CEO was hired with the mandate to expand the areas of service beyond the League's traditional core areas of child welfare. This expansion was to be funded by grants, profits from investment account gains, and profits form its consultation practice, mostly from government funding. A number of divisions were added to the League from 2000 through 2002.

At the same time that the League's expansion was taking place, the events of September 11, 2001, occurred. The downturn in the stock market adversely affected the League's investment fund returns. Furthermore, as a result of the economic recession, government funding was cut as state and local governments needed to cut costs. A number of consultation contracts were cancelled prior to completion. The drop in revenues could not support the new initiatives that the League had started from 2000 through 2002. In fact, the new revenue stream would not have supported the League at its pre-expansion level. The League incurred significant losses for the fiscal years ending in 2001 through 2004.

Starting with the fiscal year ending in 2002, the League took a number of steps to cut expenses. These steps included:

(1) the adoption of new accounting software;
(2) changes to staffing in the consultation division from fulltime staff to independent consultants used on an as-needed basis;
(3) layoffs;
(4) a number of initiatives to reduce operating expenditures;
(5) reductions in pay during the fiscal years ending in 2003 and 2004;
(6) reducing accruals to the Plan effective January 1, 2004, and the cessation of benefit accruals effective November 18, 2005; and
(7) the consolidation of headquarters offices from 3 locations to one location during the fiscal year ending 2004.

Effective March 30, , a new CEO was hired. The CEO hired an interim CFO with a strong background in audits and operations. The new CEO and CFO undertook an analysis of the League's operations in light of the League's continuing losses for the FYE September 30, . As a result of this analysis, the League has taken the following steps to improve its operations:

(1) travel has been curtailed and is only available when funded by projects and approved by a vice president;
(2) cell phone contracts have been reviewed and monthly costs cut in half;
(3) the long-term hotel contract for the League's national conference has been renegotiated to reduce annual losses due to attrition;

(4) in early 2007, the League's headquarters was moved to a suburban location, reducing leasing costs (including one-year free rent in the first year of the lease); and

(5) 14 staff members were terminated and 19 vacant positions were forfeited, with addition staffing cuts contemplated during 2007.

The league has obviously suffered a substantial business hardship based on the financial information submitted with the request. While the League's net revenues exceeded expenses for the fiscal year ending September 30, 2005, after a number of years of losses, the losses recurred for the fiscal year ending September 30, 2006, and have continued into 2007. The League's cash situation has improved, but net assets have declined precipitously. Furthermore, the League has had to cut a significant number of staff positions.

The League's new CEO has represented that the League would be unable to meet the minimum funding standard for the plan year without forcing the League to cease operations. However, the League has made the required quarterly contributions for the plan year, and made the required amortization payment for the 2005 funding waiver that was due for the plan year. The League's CEO is confident about the prospects for recovery and has reiterated the League's commitment to continue funding the Plan. Therefore, because the Plan is only 68.93% on a current liability basis, and the prospects for the Company's recovery are uncertain, the request for a waiver of the minimum funding standard for the Plan for the plan year ending December 31, , has been granted subject to the conditions described above.

Your attention is called to section 412(f) of the Code and section 304(b) of ERISA which describe the consequences that would result in the event the Plan is amended to increase benefits, change the rate in the accrual of benefits or to change the rate of vesting, while any portion of the waived funding deficiency remains unamortized. Please note that any amendment to a profit sharing plan or any other retirement plans (covering employees covered by the Plan) maintained by the Company, to increase the liabilities of those plans would be considered an amendment for purposes of section 412(f) of the Code and section 304(b) of ERISA. Similarly, the establishment of a new profit sharing plan or any other retirement plan by the Company (covering employees covered by the Plan) would be considered an amendment for purposes of section 412(f) of the Code and section 304(b) of ERISA.

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent.

When filing Form 5500 for the plan year ending December 31, , the date of this letter should be entered on Schedule B (Actuarial Information). For this reason, we suggest that you furnish a copy of this letter to the enrolled actuary who is responsible for the completion of the Schedule B.

We have sent a copy of this letter to the

and to your authorized representative pursuant to a power of attorney on file in this office.

If you require further assistance in this matter, please contact

Sincerely yours,

Donna M. Prestia
Manager, Actuarial Group 2