

Jul. 25. 2006 9:41AM

No. 7026 P. 2



COMMONWEALTH of VIRGINIA

DEPARTMENT OF SOCIAL SERVICES

July 12, 2006

*cc.
Marty Doshan
Chris Roth
3/10/06*

Mr. Bryan R. Mesh
Executive Vice President
Beth Shalom Home of Eastern Virginia
6401 Auburn Drive
Virginia Beach, Virginia 23464

Dear Mr. Mesh:

Thank you for your application to become a participant during the FY2006-2007 Neighborhood Assistance Program (NAP). As you may be aware, eligibility is limited to nonprofit organizations that qualify as a "neighborhood organization." The Neighborhood Assistance Act, § 63.2-2000 through 63.2-2006 of the Code of Virginia, defines neighborhood organization as follows:

"Neighborhood organization" means any local, regional or statewide organization whose primary function is providing neighborhood assistance for impoverished people, and holding a ruling from the Internal Revenue Service of the United States Department of the Treasury that the organization is exempt from income taxation under the provisions of § 501 (C) (3) and 501 (C) (4) of the Internal Revenue Code of 1986, as amended from time to time, or any organization defined as a community action agency in the Economic Opportunity Act of 1964 (42 U.S.C. § 2701 et seq.), or any housing authority as defined in § 36-3.

Simply operating a program that benefits some impoverished people does not meet program requirements. The definition requires that the primary function of your entire organization must be providing neighborhood assistance to impoverished people. Organizations cannot qualify based on providing assistance or services to an impoverished area, unless the individuals actually served are impoverished. To satisfy this requirement, at least 60 percent of the people you serve must have income levels at or below 150 percent of the poverty level. Funds spent must also reflect at least 60 percent of the total expenditures were for impoverished people.

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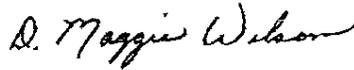
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While we fully recognize and appreciate the fine work and purpose of your organization, eligibility for the Neighborhood Assistance Program is limited to specific types of organizations. Based on the information you submitted, we have determined that your organization does not meet the primary function criteria.

If you wish to appeal this decision, please contact me in writing within 30 days. Your request will be reviewed and you will be notified of our final determination. If you have any questions or wish to discuss this matter further, please contact me at (804) 726-7923.

Sincerely,



D. Maggie Wilson
Program Administrator

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CC
2450 Comm
P. G. King
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COMMONWEALTH of VIRGINIA
DEPARTMENT OF SOCIAL SERVICES

Office of the Commissioner

Anthony Conyers, Jr
COMMISSIONER

May 22, 2006

Martin A. Donlan, Jr., Esquire
Williams Mullen
P.O. Box 1320
Richmond, VA 23218-1320

Dear Mr Donlan:

This is in response to your letter of April 25 on behalf of the Beth Sholom Home of Eastern Virginia (Beth Sholom Home). In your letter, you question the criteria used by the Virginia Department of Social Services (VDSS) to determine eligibility for tax credits under the Neighborhood Assistance Act (Act).

The Act defines a qualifying organization as one "whose primary function is providing neighborhood assistance to impoverished people." In the absence of guidance in the Code, VDSS has established the reasonable criteria of requiring at least 60% of the customers of applicants to meet the "impoverished" standard. This policy is consistent with the Code and fulfills the Department's responsibility to administer the program. VDSS also has regulations pending that would formalize that standard. Accordingly, VDSS will review Beth Sholom Home's application consistent with the review afforded to all other applicants.

In response to your comments about the definition of "impoverished," please understand that VDSS is not bound by regulations promulgated by the Department of Medical Assistance Services (DMAS) and the regulations of the two agencies are promulgated by different bodies. Therefore, there will be a variation in the definitions.

Thank you for your letter on behalf of the Beth Sholom Home.

Sincerely,

Anthony Conyers, Jr.
Anthony Conyers, Jr.