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Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation

2009

Department of the Treasury
Internal Revenue Service

Note The foundation may be able to use a copy of this return to satisfy state reporting requirements

For calendar year 2009, or tax year beginning , and ending

G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return
☐ Amended return ☐ Address change ☐ Name change

Use the IRS label Otherwise, print or type See Specific Instructions	Name of foundation HENRY T. NICHOLAS, III FOUNDATION		A Employer identification number 20-7201390
	Number and street (or P.O. box number if mail is not delivered to street address)	Room/suite	B Telephone number 949-448-4300
	15 ENTERPRISE	550	
	City or town, state, and ZIP code ALISO VIEJO, CA 92656		
H Check type of organization <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation			C If exemption application is pending check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 8,073,029. (Part I, column (d) must be on cash basis)			D 1 Foreign organizations, check here <input type="checkbox"/> 2 Foreign organizations meeting the 85% test check here and attach computation <input type="checkbox"/>
J Accounting method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____			E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
			F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received	100,000.		N/A	
	2 Check <input type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments	39,799.	39,799.		STATEMENT 1
	4 Dividends and interest from securities	1,706.	1,706.		STATEMENT 2
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	13,684.			
	b Gross sales price for all assets on line 6a	13,684.			
	7 Capital gain net income (from Part IV, line 2)		13,684.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
b Less Cost of goods sold					
c Gross profit or (loss)					
11 Other income	-721.	-721.		STATEMENT 3	
12 Total. Add lines 1 through 11	154,468.	54,468.			
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	48,615.	0.		48,615.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits	2,622.	0.		2,622.
	16a Legal fees STMT 4	93,287.	0.		60,885.
	b Accounting fees STMT 5	75,620.	37,811.		16,323.
	c Other professional fees STMT 6	23,629.	23,629.		0.
	17 Interest				
	18 Taxes STMT 7	3,961.	2.		4,364.
	19 Depreciation and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses STMT 8	12,619.	3,309.		9,310.
	24 Total operating and administrative expenses. Add lines 13 through 23	260,353.	64,751.		142,119.
	25 Contributions, gifts, grants paid	1,528,314.			1,528,314.
26 Total expenses and disbursements. Add lines 24 and 25	1,788,667.	64,751.		1,670,433.	
27 Subtract line 26 from line 12.					
a Excess of revenue over expenses and disbursements	-1,634,199.				
b Net investment income (if negative, enter -0-)		0.			
c Adjusted net income (if negative, enter -0-)			N/A		

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only		
		Beginning of year (a) Book Value	End of year (b) Book Value (c) Fair Market Value	
Assets	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	9,242,014.	7,341,995.	7,341,995.
	3 Accounts receivable ▶ 63.			
	Less: allowance for doubtful accounts ▶	2,719.	63.	63.
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges	1,101.	247,370.	247,370.
	10a Investments - U.S. and state government obligations			
	b Investments - corporate stock			
	c Investments - corporate bonds			
Liabilities	11 Investments - land, buildings, and equipment basis ▶			
	Less: accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other STMT 10	415,570.	483,601.	483,601.
	14 Land, buildings, and equipment: basis ▶			
	Less: accumulated depreciation ▶			
	15 Other assets (describe ▶)			
	16 Total assets (to be completed by all filers)	9,661,404.	8,073,029.	8,073,029.
	17 Accounts payable and accrued expenses	17,465.	75,377.	
	18 Grants payable			
Net Assets or Fund Balances	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable			
	22 Other liabilities (describe ▶)	26,700.	0.	
	23 Total liabilities (add lines 17 through 22)	44,165.	75,377.	
Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/>	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/>			
	27 Capital stock, trust principal, or current funds	15,882,006.	15,882,006.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds	-6,264,767.	-7,884,354.	
	30 Total net assets or fund balances	9,617,239.	7,997,652.	
31 Total liabilities and net assets/fund balances	9,661,404.	8,073,029.		

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	9,617,239.
2 Enter amount from Part I, line 27a	2	-1,634,199.
3 Other increases not included in line 2 (itemize) ▶ SEE STATEMENT 9	3	31,969.
4 Add lines 1, 2, and 3	4	8,015,009.
5 Decreases not included in line 2 (itemize) ▶ BOOK TO TAX ADJUSTMENT	5	17,357.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	7,997,652.

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.)
1a RCP FUND III, LP	P	VARIOUS	VARIOUS
b RCP FUND III, LP	P	VARIOUS	VARIOUS
c RCP FUND IV, LP	P	VARIOUS	VARIOUS
d RCP FUND IV, LP	P	VARIOUS	VARIOUS
e GS MEZZ	P	VARIOUS	VARIOUS

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a -108.			-108.
b 2,199.			2,199.
c 153.			153.
d 9,905.			9,905.
e 1,535.			1,535.

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) Gains (Col. (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a			-108.
b			2,199.
c			153.
d			9,905.
e			1,535.

2 Capital gain net income or (net capital loss)	<div> <div>If gain, also enter in Part I, line 7</div> <div>If (loss), enter -0- in Part I, line 7</div> </div>	2	13,684.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6):	<div> <div>If gain, also enter in Part I, line 8, column (c)</div> <div>If (loss), enter -0- in Part I, line 8</div> </div>	3	N/A

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

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

If section 4940(d)(2) applies, leave this part blank

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?

☐ Yes ☒ No

If "Yes," the foundation does 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 tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2008	7,269,320.	6,136,662.	1.184572
2007	2,819,779.	2,498,449.	1.128612
2006	0.	3,328,138.	.000000
2005			
2004			

2 Total of line 1, column (d)	2	2.313184
3 Average distribution 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	3	.771061
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	9,308,147.
5 Multiply line 4 by line 3	5	7,177,149.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	0.
7 Add lines 5 and 6	7	7,177,149.
8 Enter qualifying distributions from Part XII, line 4	8	1,670,433.

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 Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)

1a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1 Date of ruling or determination letter _____ (attach copy of letter if necessary-see instructions)		1	0.
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b			
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col (b)		2	0.
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		3	0.
3 Add lines 1 and 2		4	0.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		5	0.
5 Tax based on investment income Subtract line 4 from line 3. If zero or less, enter -0-			
6 Credits/Payments:			
a 2009 estimated tax payments and 2008 overpayment credited to 2009	6a 27,370.	7	27,370.
b Exempt foreign organizations - tax withheld at source	6b	8	
c Tax paid with application for extension of time to file (Form 8868)	6c	9	
d Backup withholding erroneously withheld	6d	10	27,370.
7 Total credits and payments Add lines 6a through 6d		11	0.
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached			
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed			
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid			
11 Enter the amount of line 10 to be: Credited to 2010 estimated tax <input type="checkbox"/> 27,370. Refunded <input type="checkbox"/>			

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities		X
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. \$ 0. (2) On foundation managers \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) <input type="checkbox"/> CA		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2009 or the taxable year beginning in 2009 (see instructions for Part XIV)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

N/A

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ► WWW.HTNFOUNDATION.ORG

14 The books are in care of ► GOSHA ZANDT Telephone no ► (949) 448-4300
 Located at ► 15 ENTERPRISE, SUITE 550, ALISO VIEJO, CA ZIP+4 ► 92656

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here ► ☐
 and enter the amount of tax-exempt interest received or accrued during the year ► 15 | N/A

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

	Yes	No
1a During the year did the foundation (either directly or indirectly):		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6) Agree to pay money or property to a government official? (Exception Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here ► <input type="checkbox"/>	1b	X
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2009?	1c	X
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a At the end of tax year 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ► _____, _____, _____		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.) N/A	2b	
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ► _____, _____, _____		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b If "Yes," did it have excess business holdings in 2009 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969, (2) 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; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2009) N/A	3b	
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2009?	4b	X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)

5a During the year did the foundation pay or incur any amount to:

- (1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No
- (2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No
- (3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No
- (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)? ☒ Yes ☐ No
- (5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?

Organizations relying on a current notice regarding disaster assistance check here ☐

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?

☒ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53.4945-5(d)

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?

☐ Yes ☒ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

If "Yes" to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?

☐ Yes ☒ No

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?

N/A

5b

X

6b

X

7b

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

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
HENRY T. NICHOLAS III 15 ENTERPRISE, SUITE 550 ALISO VIEJO, CA 92656	TRUSTEE - HRS	DEVOTED	AS NEEDED	
	0.00	0.	0.	0.
ROBERT G. MAGNUSON 15 ENTERPRISE, SUITE 550 ALISO VIEJO, CA 92656	SPECIAL TRUSTEE-HRS	DEVOTED	AS NEEDED	
	0.00	0.	0.	0.
JAY NOONAN 2330 AVENIDA MAREJADA SUITE A SAN CLEMENTE, CA 92673	DIRECTOR			
	40.00	48,615.	2,622.	0.

2 Compensation of five highest-paid employees (other than those included on line 1). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

Total number of other employees paid over \$50,000

0

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

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	1a	0.
b	Average of monthly cash balances	1b	8,718,924.
c	Fair market value of all other assets	1c	730,971.
d	Total (add lines 1a, b, and c)	1d	9,449,895.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	9,449,895.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	141,748.
5	Net value of noncharitable-use assets Subtract line 4 from line 3. Enter here and on Part V, line 4	5	9,308,147.
6	Minimum investment return Enter 5% of line 5	6	465,407.

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	465,407.
2a	Tax on investment income for 2009 from Part VI, line 5	2a	
b	Income tax for 2009. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	0.
3	Distributable amount before adjustments Subtract line 2c from line 1	3	465,407.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	465,407.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	465,407.

Part XII 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	1a	1,670,433.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	1,670,433.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b	5	0.
6	Adjusted qualifying distributions Subtract line 5 from line 4	6	1,670,433.

Note The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				465,407.
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2009				
a From 2004				
b From 2005				
c From 2006				
d From 2007	1,447,431.			
e From 2008	7,018,009.			
f Total of lines 3a through e	8,465,440.			
4 Qualifying distributions for 2009 from Part XII, line 4: ► \$ 1,670,433.				
a Applied to 2008, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2009 distributable amount				465,407.
e Remaining amount distributed out of corpus	1,205,026.			
5 Excess distributions carryover applied to 2009 (If an amount appears in column (d), the same amount must be shown in column (a))	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	9,670,466.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
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		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2008. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2009. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2010				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2004 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	9,670,466.			
10 Analysis of line 9:				
a Excess from 2005				
b Excess from 2006				
c Excess from 2007	1,447,431.			
d Excess from 2008	7,018,009.			
e Excess from 2009	1,205,026.			

Part XV **Supplementary Information** (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient		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
Name and address (home or business)					
a Paid during the year					
SEE STATEMENT 12					
Total				▶ 3a	1528314.
b Approved for future payment					
NONE					
Total				▶ 3b	0.

Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

<p>1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?</p> <p>a Transfers from the reporting foundation to a noncharitable exempt organization of:</p> <p>(1) Cash</p> <p>(2) Other assets</p> <p>b Other transactions:</p> <p>(1) Sales of assets to a noncharitable exempt organization</p> <p>(2) Purchases of assets from a noncharitable exempt organization</p> <p>(3) Rental of facilities, equipment, or other assets</p> <p>(4) Reimbursement arrangements</p> <p>(5) Loans or loan guarantees</p> <p>(6) Performance of services or membership or fundraising solicitations</p> <p>c Sharing of facilities, equipment, mailing lists, other assets, or paid employees</p> <p>d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.</p>		Yes	No
1a(1)			X
1a(2)			X
1b(1)			X
1b(2)			X
1b(3)			X
1b(4)			X
1b(5)			X
1b(6)			X
1c			X

[illegible]

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

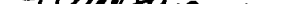
☐ Yes ☒ No

b If "Yes," complete the following schedule

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

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.

Signature of officer or trustee _____ Date _____ Title _____

Preparer's signature		Date	11/2/10	Check if self- employed	<input type="checkbox"/>	Preparer's identifying number	
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Paid Preparer Use Only	Firm's name (or yours) WTAS LLC	EIN ▶ 33-1197384
	If self-employed ▶ 633 WEST FIFTH ST., STE 2700 address, and ZIP code LOS ANGELES, CA 90071	Phone no 213-593-2300

Form **990-PF** (2009)

Schedule B(Form 990, 990-EZ,
or 990-PF)Department of the Treasury
Internal Revenue Service**Schedule of Contributors**

▶ Attach to Form 990, 990-EZ, or 990-PF.

OMB No 1545-0047

2009

Name of the organization

HENRY T. NICHOLAS, III FOUNDATION

Employer identification number

20-7201390

Organization type (check one)

Filers of:

Section:

Form 990 or 990-EZ

☐ 501(c)() (enter number) organization☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation☐ 527 political organization

Form 990-PF

☒ 501(c)(3) exempt private foundation☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation☐ 501(c)(3) taxable private foundationCheck if your organization is covered by the **General Rule** or a **Special Rule**.**Note.** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.**General Rule**

- ☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

- ☐ For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, aggregate contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year. ▶ \$ _____

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990, or check the box on line H of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Privacy Act and Paperwork Reduction Act Notice, see the Instructions
for Form 990, 990-EZ, or 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2009)

Name of organization

Employer identification number

HENRY T. NICHOLAS, III FOUNDATION

20-7201390

Part I Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	HENRY T. NICHOLAS, III 15 ENTERPRISE, STE 550 ALISO VIEJO, CA 92656	\$ 100,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	AMOUNT
NORTHERN TRUST MONEY MARKET ACCOUNTS	39,799.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	39,799.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
NORTHERN TRUST STOCK DIVIDENDS	1,706.	0.	1,706.
TOTAL TO FM 990-PF, PART I, LN 4	1,706.	0.	1,706.

FORM 990-PF OTHER INCOME STATEMENT 3

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
OPERATING INCOME FROM ALTERNATIVE INVESTMENTS	-721.	-721.	
TOTAL TO FORM 990-PF, PART I, LINE 11	-721.	-721.	

FORM 990-PF LEGAL FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL FEES	93,287.	0.		60,885.
TO FM 990-PF, PG 1, LN 16A	93,287.	0.		60,885.

FORM 990-PF	ACCOUNTING FEES	STATEMENT	5
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
AUDIT FEES	14,770.	7,385.		7,385.
TAX COMPLIANCE FEES	3,175.	1,588.		600.
TAX CONSULTING FEES	57,675.	28,838.		8,338.
TO FORM 990-PF, PG 1, LN 16B	75,620.	37,811.		16,323.

FORM 990-PF	OTHER PROFESSIONAL FEES	STATEMENT	6
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
MISC PROF FEES FROM K-1 (RCP FUND III, LP)	3,776.	3,776.		0.
MISC PROF FEES FROM K-1 (RCP FUND IV, LP)	8,978.	8,978.		0.
MISC PROF FEES FROM K-1 (MARATHON INDIA REAL ESTATE FUND, LP)	5,629.	5,629.		0.
MISC PROF FEES FROM K-1 (GS MEZZ)	5,246.	5,246.		0.
TO FORM 990-PF, PG 1, LN 16C	23,629.	23,629.		0.

FORM 990-PF	TAXES	STATEMENT	7
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FEDERAL EXCISE TAX	-416.	0.		0.
PAYROLL TAX EXPENSE	4,364.	0.		4,364.
STATE INCOME TAX	11.	0.		0.
FOREIGN TAXES	2.	2.		0.
TO FORM 990-PF, PG 1, LN 18	3,961.	2.		4,364.

FORM 990-PF	OTHER EXPENSES			STATEMENT	8
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
INVESTMENT CUSTODY FEES	3,299.	3,299.		0.	
PAYROLL PROCESSING FEES	1,309.	0.		1,309.	
SERVER HOSTING FEES	1,179.	0.		1,179.	
PROGRAM EXPENSES	6,822.	0.		6,822.	
CHARITABLE CONTRIBUTIONS - FROM K-1	10.	10.		0.	
TO FORM 990-PF, PG 1, LN 23	12,619.	3,309.		9,310.	

FORM 990-PF	OTHER INCREASES IN NET ASSETS OR FUND BALANCES	STATEMENT	9
DESCRIPTION		AMOUNT	
DEFERRED INCOME TAXES		26,700.	
PREPAID TAXES		5,269.	
TOTAL TO FORM 990-PF, PART III, LINE 3		31,969.	

FORM 990-PF	OTHER INVESTMENTS		STATEMENT	10
DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE	
GS MEZZANINE PARTNERS 2006	FMV	111,805.	111,805.	
RCP FUND III, L.P.	FMV	80,267.	80,267.	
RCP FUND IV, L.P.	FMV	183,351.	183,351.	
MARATHON INDIA REAL ESTATE, L.P.	FMV	108,178.	108,178.	
TOTAL TO FORM 990-PF, PART II, LINE 13		483,601.	483,601.	

FORM 990-PF	GRANT APPLICATION SUBMISSION INFORMATION	STATEMENT 11
	PART XV, LINES 2A THROUGH 2D	

NAME AND ADDRESS OF PERSON TO WHOM APPLICATIONS SHOULD BE SUBMITTED

HENRY T. NICHOLAS, III FOUNDATION
15 ENTERPRISE, SUITE 550
ALISO VIEJO, CA 92656

TELEPHONE NUMBER

949-448-4480

FORM AND CONTENT OF APPLICATIONS

SEE GRANT APPLICATION ATTACHED

ANY SUBMISSION DEADLINES

NONE

RESTRICTIONS AND LIMITATIONS ON AWARDS

THE HENRY T. NICHOLAS, III FOUNDATION FOCUSES ITS GRANTS IN AREAS OF
EDUCATION, YOUTH SPORTS, TECHNOLOGY, SCIENCE, MEDICAL RESEARCH, VICTIM'S
RIGHTS, AND NATIONAL DEFENSE.

FORM 990-PF

GRANTS AND CONTRIBUTIONS
PAID DURING THE YEAR

STATEMENT 12

RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
EPISCOPAL HOUSING ALLIANCE EPISCOPAL ECONOMIC DEVELOPMENT 45 N. SAN GABRIEL BLVD PASADENA, CA 91107	NONE ASSIST INDIVIDUALS IN ACQUIRING SKILLS TO OBTAIN EMPLOYMENT	PUBLIC CHARITY	25,000.
EPISCOPAL HOUSING ALLIANCE EPISCOPAL ECONOMIC DEVELOPMENT 45 N. SAN GABRIEL BLVD PASADENA, CA 91107	NONE ASSIST INDIVIDUALS IN ACQUIRING SKILLS TO OBTAIN EMPLOYMENT	PUBLIC CHARITY	250,000.
HABITAT FOR HUMANITY 2200 S. RITCHEY ST. SANTA ANA, CA 92705	NONE PROVIDE HOUSING FOR LOW-INCOME FAMILIES	PUBLIC CHARITY	100,000.
HENRY T. NICHOLAS EDUCATIONAL FOUNDATION 412 W. 4TH STREET, 1ST FLOOR SANTA ANA, CA 92701	NONE YOUTH EDUCATION PROGRAMS ADVANCING STUDENT ACADEMIC ACADEMIC SKILLS	PRIVATE OPERATING FOUNDATION	1,028,159.
HENRY T. NICHOLAS EDUCATIONAL FOUNDATION 412 W. 4TH STREET, 1ST FLOOR SANTA ANA, CA 92701	NONE YOUTH EDUCATION PROGRAMS ADVANCING STUDENT ACADEMIC ACADEMIC SKILLS	PRIVATE OPERATING FOUNDATION	50,155.
OC PERFORMING ARTS CENTER 600 TOWN CENTER DR COSTA MESA, CA 92626	NONE TO SUPPORT PERFORMING ARTS CENTER IN ORANGE COUNTY	PUBLIC CHARITY	25,000.
ST. MARGARET'S EPISCOPAL SCHOOL 31641 LA NOVIA AVE. SAN JUAN CAPISTRANO, CA 92675	NONE SUPPORT THE SCHOOL'S FINANCIAL AID PROGRAM	PUBLIC CHARITY	50,000.

TOTAL TO FORM 990-PF, PART XV, LINE 3A

1,528,314.

ATTACHMENT TO FORM 990-PF
PART VII-B, QUESTION 5c ON PAGE 6

EXPENDITURE RESPONSIBILITY REPORT
TO BE ATTACHED TO FORM 990-PF
FOR THE TAXABLE YEAR ENDED 12/31/09

PURSUANT TO IRC REGULATION SECTION 53.4945-5(d)(2), THE HENRY T. NICHOLAS, III FOUNDATION PROVIDES THE FOLLOWING INFORMATION:

GRANTEE: HENRY T. NICHOLAS EDUCATION FOUNDATION, INC.

GRANTEE ADDRESS: 412 W. 4TH STREET, SANTA ANA, CA 92701

DATE OF GRANT(S): (A) 8/21/2009
(B) 10/29/2009

TOTAL AMOUNT OF GRANT(S): (A) \$50,155
(B) \$1,028,159

PURPOSE OF THE GRANT: (A) WORK STUDY AWARDS FOR STUDENTS

(B) TO ASSIST STUDENTS DEVELOP THE NECESSARY ACADEMIC SKILLS THAT INCREASE THE QUALITY OF THEIR ACADEMIC PERFORMANCE WITH THE NICHOLAS ACADEMIC CENTER I AND NICHOLAS ACADEMIC CENTER II

AMOUNT SPENT BY GRANTEE: \$1,078,314

PURPOSE OF FUNDS: TO THE KNOWLEDGE OF THE GRANTOR, THE GRANTEE HAS NOT DIVERTED ANY PORTION OF THE FUNDS FROM THE PURPOSE OF THE GRANT

DATE OF ANNUAL REPORT RECEIVED FROM GRANTEE: 1/28/2010

GRANT APPLICATION

For

HENRY T. NICHOLAS, III FOUNDATION

The Henry T. Nicholas, III Foundation is a California charitable trust organized and operated exclusively for charitable, scientific, or educational purposes within the meaning of Internal Revenue Code section ("IRC §") 501(c)(3).

Submission Requirements:

Prior to the submission of this Grant Application you must complete, submit and have approval of the "Project Funding Request" located on the Grant Application Page of the HTNFoundation.org site.

A. Identification

1. Name of grant applicant _____
2. Address _____
3. Telephone number () _____
4. Name and address of person with whom communication will be conducted (if different from that of grant applicant).

Name and title _____

Address _____

Telephone number () _____

In order for us to process your application, you must sign the following statement.

The information provided on this page and on the following pages is furnished in consideration of a proposed grant, and it is intended that it may be relied upon, by the Henry T. Nicholas, III Foundation as of this date. The applicant will notify the Henry T. Nicholas, III Foundation of any material change in the information provided herein.

Signed _____
(Designate position in grant-applicant organization if applicable)

Name of grant-applicant organization

Date _____

B. Tax-Exempt Status

1. Is your organization exempt under Section 501(c)(3) of the Internal Revenue Code (or under an equivalent section of a Revenue Act of a nation or territory other than the United States)?

_____ yes _____ no
Date of exemption ruling _____

Attach copy of ruling

2. Is your organization a public charity by virtue of its being an organization described in Section 509(a) of the Internal Revenue Code (or the equivalent section of a Revenue Act of a nation or territory other than the United States)?

a. _____ yes _____ no

b. Classification (check one of the following if you checked "yes" to "a" above)

_____ IRC § 509(a)(1) _____ IRC § 509(a)(2)

_____ IRC § 509(a)(3) _____ (other: describe)

3. If your organization has been described as either a Section 509(a)(1) organization described in Section 170(b)(1)(A)(vi) or a Section 509(a)(2) organization, will the amount of funds requested under the grant application adversely affect your organization's status as a publicly-supported organization.

_____ yes _____ no

If the answer to 3 is no, please estimate the percentage of total qualifying public support that your organization has received over its past four fiscal years from:

- a. contributions from the general public _____%
- b. grants from governmental units _____%
- c. grants from other charities _____%
- d. receipts from exempt function income (applicable for IRC § 509(a)(2) organizations only) _____%
- e. investment income _____%

C. Applicant History

1. Please describe your organization's background, including its purpose, size, inception, past grants, past activities and any other information you believe will help us to understand your aims.

Attach additional pages for purposes of completing this section. You may also enclose any material (e.g., newspaper articles, brochures, etc.) that provides further relevant detail about who you are.

D. Purposes and Nature of Requested Grant

Please describe in detail the specific purposes for which the grant requested will be used. You should attach additional pages for this section. Your response should include the following information:

1. Your proposed program or project - its goals, who it will serve, and anything else you think might assist us to understand your purpose. If the funding is requested for an ongoing project or program, please describe it and the result to date.

2. Funding the program - what is the grant amount requested? You may approximate the amount within a range, e.g., \$10,000 - \$12,500. If you have other present sources of funds for portions of your program or project or, if you are currently asking other funding sources for support, give this information. Please explain how funds from us will be used. For this purpose, you should include a budget of overall expenses, or use another form of allocation, and itemize the portion requested from us.

3. Personnel - list the personnel who will work on the project or program, and give the qualifications of those who will play a key role in its operations.

4. Timetable - show the timetable you have set to achieve your goals

Organizations experiencing difficulty in assembling the required information may call _____ at _____ or write him/her at _____ for assistance without fear of prejudicing the eventual outcome of the application.

E. Mailing of Application

All applications should be mailed to the following address

Henry T. Nicholas, III Foundation
15 Enterprise, Suite 550
Aliso Viejo, CA 92656

No original documents should be sent to us. We are not responsible for returning to you any portion of the applications or material attached thereto.

F. Processing the Grant Application

First, your application will be reviewed carefully and discussed by our Reviewing Committee (the "Committee"). The Committee may contact you for more information or, possibly, ask for a meeting with you. When the members of the Committee have thoroughly assured themselves that they understand what you hope to accomplish with the proposed grant, they will evaluate your proposal in the light of other applications for available funds and make a recommendation to our Board of Directors.

The members of the Board of Directors evaluate each proposal independently, take the Committee's recommendations into their considerations, and vote either to approve (with or without conditions), to reject, or to table the grant proposal. The results of the Board of Directors' review will be communicated to you as soon as possible. Any grant approved will be administered according to the instructions of the Board of Directors.

G. Grant Monitoring

The trust placed in the Henry T. Nicholas, III Foundation - by its own donors and contributors and its status as a tax-exempt charitable organization - requires the highest fiscal integrity. We have been given the "stewardship" of charitable dollars, in return, we are expected to ensure their proper and lawful use by our grantees.

Our requirements from grantees are simple. First, the grant must be used in accordance with the purposes set forth in the grant proposal, for purposes clearly identifiable as charitable under applicable federal and state laws. Any variation from the proposal must be approved in advance by us. Secondly, where projects or programs are operated for less than anticipated budgeted figures, all excess (unexpended) funds must be returned to us. And thirdly, all grant recipients must submit a "mid-term" and final narrative report describing the progress of the program or project, as well as financial reports on how the appropriated funds are being used. These reports are reviewed by us to see if the program or project is progressing as anticipated and to verify that the expenditures are in accordance with the grant proposal. If these reports are not submitted or reflect discrepancies, the additional distribution of funds will be held in abeyance until satisfactory reports are received or the discrepancy is removed. If possible, some of our members will try to meet with the grantee (or with one or more of its representatives) and to visit the project or program site.

Sometimes, we will call for an independent audit, and on rare occasions, it may be necessary to cancel a grant entirely. Such action, however, is highly undesirable for us as well as for the grantee. The Henry T. Nicholas, III Foundation, however, must always stand firmly on its obligation to ensure that all grants are spent solely in furtherance of the charitable purposes for which the funds were given to us. To do otherwise, would be to fail the public trust that our donors and contributors have invested in us.