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EXPEDITIOUS HANDLING IS REQUESTED

March 10, 2000

FedEx No. 809950998701

Internal Revenue Service
Attn: Extracting Stop 312
201 West Rivercenter Blvd.
Covington, KY 41011

Re: South Carolina First Steps to School Readiness Board
of Trustees, a South Carolina Nonprofit Corporation

Gentlemen:

Enclosed please find the following items in connection with South Carolina First Steps to School Readiness Board of Trustees, a South Carolina Nonprofit Corporation (the "Corporation"):

1. Completed IRS Form 8718 and check in full payment of user fee in the amount of Five Hundred Dollars (\$500.00); and
2. Completed IRS Form 2848;
3. Completed IRS Form 1023, including attached Exhibits A through G.

As indicated in Form 1023, the following determinations are requested for the Corporation:

- (i) Recognition of exemption under Section 501(c)(3) of the Internal Revenue Code; and
- (ii) A definitive ruling that the Corporation is not a private foundation as defined in Section 509(a) of the Internal Revenue Code because the Corporation is one described in Section 509(a)(1) of the Internal Revenue Code.

REQUEST FOR EXPEDITIOUS HANDLING

In accordance with the provisions of Rev. Proc. 99-1 (1999-1 I.R.B. 6), Section 8, paragraph .02(4), the Corporation respectfully requests expeditious handling of this matter as well as the accompanying Request for Group Exemption. This request is submitted in view of the

Internal Revenue Service
March 10, 2000
Page 2

compelling need for such treatment, to-wit: certain organizations have grants to make to the Corporation and the First Steps Program, conditioned upon the Corporation's immediate receipt of a favorable IRS determination. For example, Wachovia Bank has agreed to provide \$500,000 to the Corporation to assist County Partnership Boards with program implementation to improve school readiness of children, if the Corporation obtains IRC § 501(c)(3) status on or before May 1, 2000. The loss or delay of such funds could have a significant negative impact upon the Corporation and the First Steps Program by sending the "wrong message" during these early critical months of operation. The Governor's Office is very sensitive to such consequences, and the attached letter is evidence of the State's desire that this application and the accompanying Request for Group Exemption be handled expeditiously.

In the event additional information is required, please contact me so that I can expedite such response as may be necessary.

Sincerely,



Theodore J. Hopkins Jr.
CAF# 6505-18798R

TJHjr/dh
Enclosures, including March 3, 2000
Letter of Governor of South Carolina



State of South Carolina

Office of the Governor

JIM HODGES
GOVERNOR

Post Office Box 11829
COLUMBIA 29211

March 3, 2000

Internal Revenue Service
Attn: Extracting Stop 312
201 West Rivercenter Boulevard
Covington, KY 41011

RE: South Carolina First Steps to School Readiness Board of Trustees, a South Carolina Nonprofit Corporation; and 46 Related South Carolina Nonprofit Corporations

Dear Ladies and Gentlemen:

This letter accompanies the request for expeditious handling submitted by South Carolina First Steps to School Readiness Board of Trustees, a South Carolina Nonprofit Corporation (the "Corporation") regarding its Application for Recognition of Exemption (IRS Form 1023) and accompanying Request for Group Exemption in connection with its 46 nonprofit, Subordinate Organizations. I emphasize the need for expeditious treatment of this matter in view of essential pending funding of the Corporation by certain organizations, which funding will be jeopardized, if not lost, if the Corporation does not obtain its IRS determination very soon. For the same reasons, including those described below, I emphasize the need for expeditious handling of the Request for Group Exemption of the 46 Subordinate Organizations which constitute an integral part of the First Steps Program (the "Program").

As described in its Application for Recognition of Exemption, the activities of the Corporation lessen the burdens of government by overseeing the South Carolina First Steps to School Readiness Initiative and by conducting activities that are an integral part of this program of State government. An essential role of the Corporation is to ensure that funds from the nongovernmental sector are expeditiously obtained so that a viable public-private partnership can render maximum benefit to the State's preschool children at the outset of the Program. This much-needed assistance is invaluable to the State of South Carolina during the critical "start up" period and will set the pace for future private sector funding. By the same token, private sector funding that is lost, reduced or delayed is counterproductive and threatens the very credibility of the "partnership." We cannot afford to lose any momentum here at the beginning of the Program.

On behalf of the preschool children of South Carolina, I urge your office to grant the requests for expeditious handling of both the Application for Recognition of Exemption for the Corporation and the Request for Group Exemption of the 46 Subordinate Organizations.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Hodges".

Jim Hodges

Enclosure

Power of Attorney and Declaration of Representative

OMB No. 1545-0150
 For IRS Use Only

▶ See the separate instructions.

Received by:
 Name _____
 Telephone _____
 Function _____
 Date _____

Part I Power of Attorney (Please type or print.)

1 Taxpayer Information (Taxpayer(s) must sign and date this form on page 2, line 9.)

Taxpayer name(s) and address SOUTH CAROLINA FIRST STEPS TO SCHOOL READINESS BOARD OF TRUSTEES, A SOUTH CAROLINA NONPROFIT CORPORATION BROWN BLDG, 1205 PENDLETON ST, SUITE 369 COLUMBIA SC 29201	Social security number(s) _____ Daytime telephone number 803-734-1020	Employer identification number _____ APPLIED FOR Plan number (if applicable) _____
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Appoint(s) the following representative(s) as attorney(s)-in-fact: (MS. BRUORTON)

2 Representative(s) (Representative(s) must sign and date this form on page 2, Part II.)

Name and address THEODORE J. HOPKINS JR. P.O. DRAWER 7157 COLUMBIA SC 29202	CAF No. 6505-18798R Telephone No. 803-254-1378 Fax No. 803-254-1343 Check if new: Address <input checked="" type="checkbox"/> Telephone No. <input checked="" type="checkbox"/>
Name and address _____	CAF No. _____ Telephone No. _____ Fax No. _____ Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/>
Name and address _____	CAF No. _____ Telephone No. _____ Fax No. _____ Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/>

to represent the taxpayer(s) before the Internal Revenue Service for the following tax matters:

3 Tax matters

Type of Tax (Income, Employment, Excise, etc.)	Tax Form Number (1040, 941, 720, etc.)	Year(s) or Period(s)
INCOME	SS-4, 1023, etc.	INITIAL/START-UP
PROVIDE SUCH SERVICES AS MAY BE REQUIRED TO OBTAIN EIN AND DETERMINATION LETTER IN CONNECTION WITH IRC SECTIONS 501(C)(3), ET SEQ.		

4 Specific use not recorded on Centralized Authorization File (CAF). If the power of attorney is for a specific use not recorded on CAF, check this box. (See instruction for Line 4 — Specific uses not recorded on CAF.)

5 Acts authorized. The representatives are authorized to receive and inspect confidential tax information and to perform any and all acts that I (we) can perform with respect to the tax matters described on line 3, for example, the authority to sign any agreements, consents, or other documents. The authority does not include the power to receive refund checks (see line 6 below), the power to substitute another representative unless specifically added below, or the power to sign certain returns (see instruction for Line 5 — Acts authorized).

List any specific additions or deletions to the acts otherwise authorized in this power of attorney: _____

Note: In general, an unenrolled preparer of tax returns cannot sign any document for a taxpayer. See Revenue Procedure 81-38, printed at 170, for more information.

Note: The tax matters partner of a partnership is not permitted to authorize representatives to perform certain acts. See the instructions for more information.

6 Receipt of refund checks. If you want to authorize a representative named on line 2 to receive, BUT NOT TO ENDORSE OR CASH, refund checks, initial here _____ and list the name of that representative below.

Name of representative to receive refund check(s) ▶ _____

7 Notices and communications. Original notices and other written communications will be sent to you and a copy to the first representative listed on line 2 unless you check one or more of the boxes below.

- a If you want the first representative listed on line 2 to receive the original, and yourself a copy, of such notices or communications, check this box
- b If you also want the second representative listed to receive a copy of such notices and communications, check this box
- c If you do not want any notices or communications sent to your representative(s), check this box

8 Retention/revocation of prior power(s) of attorney. The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same tax matters and years or periods covered by this document. If you do not want to revoke a prior power of attorney, check here YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.

9 Signature of taxpayer(s). If a tax matter concerns a joint return, both husband and wife must sign if joint representation requested, otherwise, see the instructions. If signed by a corporate officer, partner, guardian, tax matters partner, executor, administrator, or trustee on behalf of the taxpayer, I certify that I have the authority to execute this form on behalf of the taxpayer.

▶ IF NOT SIGNED AND DATED, THIS POWER OF ATTORNEY WILL BE RETURNED.


Signature

11-11-99
Date

EXECUTIVE DIRECTOR
Title (if applicable)

MARIE-LOUISE RAMSDALE
Print Name

Signature

Date

Title (if applicable)

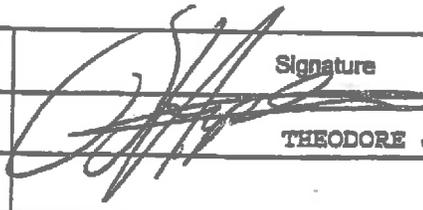
Print Name

Part II Declaration of Representative

Under penalties of perjury, I declare that:

- I am not currently under suspension or disbarment from practice before the Internal Revenue Service;
- I am aware of regulations contained in Treasury Department Circular No. 230 (31 CFR, Part 10), as amended, concerning the practice of attorneys, certified public accountants, enrolled agents, enrolled actuaries, and others;
- I am authorized to represent the taxpayer(s) identified in Part I for the tax matter(s) specified there; and
- I am one of the following:
 - a Attorney — a member in good standing of the bar of the highest court of the jurisdiction shown below.
 - b Certified Public Accountant — duly qualified to practice as a certified public accountant in the jurisdiction shown below.
 - c Enrolled Agent — enrolled as an agent under the requirements of Treasury Department Circular No. 230.
 - d Officer — a bona fide officer of the taxpayer's organization.
 - e Full-Time Employee — a full-time employee of the taxpayer.
 - f Family Member — a member of the taxpayer's immediate family (i.e., spouse, parent, child, brother, or sister).
 - g Enrolled Actuary — enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the Service is limited by section 10.3(d)(1) of Treasury Department Circular No. 230).
 - h Unenrolled Return Preparer — an unenrolled return preparer under section 10.7(c)(viii) of Treasury Department Circular No. 230.

▶ THIS DECLARATION OF REPRESENTATIVE IS NOT SIGNED AND DATED, THE POWER OF ATTORNEY WILL BE RETURNED.

Designation — Insert above letter (a - h)	Jurisdiction (state) or Enrollment Card No.	Signature	Date
a	SOUTH CAROLINA	 THEODORE J. HOPKINS JR.	11-11-99

March 10, 2000

**APPLICATION FOR RECOGNITION OF
EXEMPTION (IRS FORM 1023):
SOUTH CAROLINA FIRST STEPS TO
SCHOOL READINESS BOARD OF TRUSTEES, A
SOUTH CAROLINA NONPROFIT CORPORATION**

Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code

OMB No. 1545-0056
Note: If exempt status is approved, this application will be open for public inspection.

Read the instructions for each Part carefully.
A User Fee must be attached to this application.
 If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to you.
Complete the Procedural Checklist on page 8 of the instructions.

Part I Identification of Applicant

1a Full name of organization (as shown in organizing document) SOUTH CAROLINA FIRST STEPS TO SCHOOL READINESS BOARD OF TRUSTEES, .. SOUTH CAROLINA NONPROFIT CORPORATION		2 Employer identification number (EIN) (If none, see page 3 of the Specific Instructions.) 57-1087576
1b c/o Name (if applicable) MARIE-LOUISE RAMSDALE		3 Name and telephone number of person to be contacted if additional information is needed THEODORE J. HOPKINS JR. 803-765-1818
1c Address (number and street) BROWN BLDG., 1205 PENDLETON STREET	Room/Suite 369	4 Month the annual accounting period ends JUNE
1d City, town, or post office, state, and ZIP + 4. If you have a foreign address, see Specific Instructions for Part I, page 3. COLUMBIA SC 29201		5 Date incorporated or formed AUGUST 20, 1999
1e Web site address		6 Check here if applying under section: a <input type="checkbox"/> 501(e) b <input type="checkbox"/> 501(f) c <input type="checkbox"/> 501(k) d <input type="checkbox"/> 501(n)
7 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," attach an explanation.		
8 Is the organization required to file Form 990 (or Form 990-EZ)? <input type="checkbox"/> N/A <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach an explanation (see page 3 of the Specific Instructions).		
9 Has the organization filed Federal income tax returns or exempt organization information returns? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.		

10 Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING. (See Specific Instructions for Part I, Line 10, on page 3.) See also Pub. 557 for examples of organizational documents.)

(EXHIBIT A)

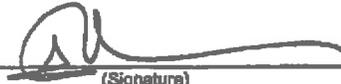
a **Corporation** — Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also include a copy of the bylaws. (EXHIBIT B)

b **Trust** — Attach a copy of the Trust indenture or Agreement, including all appropriate signatures and dates.

c **Association** — Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence the organization was formed by adoption of the document by more than one person; also include a copy of the bylaws.

If the organization is a corporation or an unincorporated association that has not yet adopted bylaws, check here

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please Sign Here  MARIE-LOUISE RAMSDALE, EXECUTIVE DIRECTOR 11/10/2000
 (Signature) (Type or print name and title or authority of signer) (Date)

Part II Activities and Operational Information

- 1 Provide a detailed narrative description of all the activities of the organization — past, present, and planned. Do not merely refer to or repeat the language in the organizational document. List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

Effective as of June 28, 1999, the General Assembly of South Carolina enacted the South Carolina First Steps to School Readiness Act, 1999 Act No. 99 (the "Enabling Act," a copy of which is attached as Exhibit C). Section 3 of the Enabling Act adds new Section 20-7-9700 of the Code of Laws of South Carolina, 1976 ("S.C. Code") which establishes an eleemosynary corporation named *South Carolina First Steps to School Readiness Board of Trustees* (the "State Board") to carry out the purposes of the Enabling Act. On August 6, 1999, the State Board adopted resolutions whereby it elected to be governed by the provisions of the South Carolina Nonprofit Corporation Act (the "Nonprofit Act") and filed Articles of Incorporation thereunder, effective August 20, 1999 (See Exhibits A and D). Accordingly, *South Carolina First Steps to School Readiness Board of Trustees, a South Carolina Nonprofit Corporation* (the "Corporation") was established.

The Corporation is organized to carry out the purposes of the Enabling Act, and the activities of the Corporation are intended to lessen the burdens of government by overseeing the South Carolina First Steps to School Readiness initiative for improving early childhood development. The Corporation has adopted Operating Policies, Procedures and Guidelines in order to carry out the aforesaid purposes and activities (See Exhibit E). The Corporation serves as an essential educational and administrative link between state government and the private sector by ensuring that funds from state appropriations, IRC § 501(c)(3) organizations and the private sector (e.g., corporations and individuals) are effectively distributed in accordance with the provisions of the Enabling Act and the Nonprofit Act.

- 2 What are or will be the organization's sources of financial support? List in order of size.
- state appropriated funds; and donations, contributions, gifts and grants of money and property from source, including IRC Section 501(c)(3) organizations, business corporations and industry.
- 3 Describe the organization's fundraising program, both actual and planned, and explain to what extent it has been put into effect. Include details of fundraising activities such as selective mailings, formation of fundraising committees, use of volunteers or professional fundraisers, etc. Attach representative copies of solicitations for financial support.
- No general fund-raising program (i.e., utilizing professional fund raiser) is planned. Specific fund-raising efforts will be undertaken on the part of the Corporation with respect to certain prospective contributions.

Part II Activities and Operational Information (Continued)

4 Give the following information about the organization's governing body:

a Names, addresses, and titles of officers, directors, trustees, etc.

(See Exhibit F)

b Annual compensation

(See Exhibit F)

No compensation will be paid to directors for performance of their duties; however, officers may receive reasonable compensation for performance of their duties.

c Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials? Yes No
If "Yes," name those persons and explain the basis of their selection or appointment.

See generally, Section VI(b) of the Bylaws (Exhibit B)

See generally, Section 3 (S.C. Code Section 20-7-9710) of the Enabling Act (Exhibit C)

d Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons"? (See Specific Instructions for Part II, Line 4d, on page 3.) Yes No
If "Yes," explain.

5 Does the organization control or is it controlled by any other organization? Yes No
Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors? Yes No
If either of these questions is answered "Yes," explain.

As described in Part II, Question 1 of this Application, the Corporation was established as a result of the decision by the State Board (established by the General Assembly of South Carolina) to be governed by the South Carolina Nonprofit Corporation Act.

6 Does or will the organization directly or indirectly engage in any of the following transactions with any political organization or other exempt organization (other than a 501(c)(3) organization): (a) grants; (b) purchases or sales of assets; (c) rental of facilities or equipment; (d) loans or loan guarantees; (e) reimbursement arrangements; (f) performance of services, membership, or fundraising solicitations; or (g) sharing of facilities, equipment, mailing lists or other assets, or paid employees? Yes No
If "Yes," explain fully and identify the other organizations involved.

(See Exhibit G)

7 Is the organization financially accountable to any other organization? Yes No
If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

The Corporation is accountable to the State of South Carolina, including offices of the Attorney General, Secretary of State and Department of Revenue.

Part II Activities and Operational Information (Continued)

8 What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken. If none, indicate "N/A."

Office space, furniture and equipment, phone system, computers and software are utilized as the Corporation becomes fully operational.

9 Will the organization be the beneficiary of tax-exempt bond financing within the next 2 years? Yes No

10a Will any of the organization's facilities or operations be managed by another organization or individual under a contractual agreement? Yes No

b Is the organization a party to any leases? Yes No

If either of these questions is answered "Yes," attach a copy of the contracts and explain the relationship between the applicant and the other parties.

See Part II, Question 6(c) above, and EXHIBIT G, Schedule 2.

11 Is the organization a membership organization? Yes No
If "Yes," complete the following:

a Describe the organization's membership requirements and attach a schedule of membership fees and dues.

b Describe the organization's present and proposed efforts to attract members and attach a copy of any descriptive literature or promotional material used for this purpose.

c What benefits do (or will) the members receive in exchange for their payment of dues?

12a If the organization provides benefits, services, or products, are the recipients required, or will they be required, to pay for them? N/A Yes No
If "Yes," explain how the charges are determined and attach a copy of the current fee schedule.

b Does or will the organization limit its benefits, services, or products to specific individuals or classes of individuals? N/A Yes No
If "Yes," explain how the recipients or beneficiaries are or will be selected.

Preschool children and their families, in accordance with the Enabling Act (see, e.g., EXHIBIT C, and S.C. Code Sections 59-152-90(E) and 59-152-100(A).

13 Does or will the organization attempt to influence legislation? Yes No
If "Yes," explain. Also, give an estimate of the percentage of the organization's time and funds that it devotes or plans to devote to this activity.

14 Does or will the organization intervene in any way in political campaigns, including the publication or distribution of statements? Yes No
If "Yes," explain fully.

Part III Technical Requirements

1 Are you filing Form 1023 within 15 months from the end of the month in which your organization was created or formed? Yes No

If you answer "Yes," do not answer questions on lines 2 through 6 below.

2 If one of the exceptions to the 15-month filing requirement shown below applies, check the appropriate box and proceed to question 7.

Exceptions — You are not required to file an exemption application within 15 months if the organization:

- a Is a church, interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church. See Specific Instructions, Line 2a, on page 4;
- b Is not a private foundation and normally has gross receipts of not more than \$5,000 in each tax year; or
- c Is a subordinate organization covered by a group exemption letter, but only if the parent or supervisory organization timely submitted a notice covering the subordinate.

3 If the organization does not meet any of the exceptions on line 2 above, are you filing Form 1023 within 27 months from the end of the month in which the organization was created or formed? Yes No

If "Yes," your organization qualifies under Regulation section 301.9100-2, for an automatic 12-month extension of the 15-month filing requirement. Do not answer questions 4 through 6.

If "No," answer question 4.

4 If you answer "No" to question 3, does the organization wish to request an extension of time to apply under the "reasonable action and good faith" and the "no prejudice to the interest of the government" requirements of Regulations section 301.9100-3? Yes No

If "Yes," give the reasons for not filing this application within the 27-month period described in question 3. See Specific Instructions, Part III, Line 4, before completing this item. Do not answer questions 5 and 6.

If "No," answer questions 5 and 6.

5 If you answer "No" to question 4, your organization's qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed. Therefore, do you want us to consider the application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date the organization was created or formed? Yes No

6 If you answer "Yes" to question 5 above and wish to request recognition of section 501(c)(4) status for the period beginning with the date the organization was formed and ending with the date the Form 1023 application was received (the effective date of the organization's section 501(c)(3) status), check here and attach a completed page 1 of Form 1024 to this application.

Part III Technical Requirements (Continued)

7 Is the organization a private foundation?

- Yes (Answer question 8.)
 No (Answer question 9 and proceed as instructed.)

8 If you answer "Yes" to question 7, does the organization claim to be a private operating foundation?

- Yes (Complete Schedule E.)
 No

After answering question 8 on this line, go to line 14 on page 7.

If you answer "No" to question 7, indicate the public charity classification the organization is requesting by checking the box below that most appropriately applies:

THE ORGANIZATION IS NOT A PRIVATE FOUNDATION BECAUSE IT QUALIFIES:

- | | | |
|---|--|--|
| a | <input type="checkbox"/> As a church or a convention or association of churches
(CHURCHES MUST COMPLETE SCHEDULE A.) | Sections 509(a)(1)
and 170(b)(1)(A)(i) |
| b | <input type="checkbox"/> As a school (MUST COMPLETE SCHEDULE B.) | Sections 509(a)(1)
and 170(b)(1)(A)(ii) |
| c | <input type="checkbox"/> As a hospital or cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital (These organizations, except for hospital service organizations, MUST COMPLETE SCHEDULE C.) | Sections 509(a)(1)
and 170(b)(1)(A)(iii) |
| d | <input type="checkbox"/> As a governmental unit described in section 170(c)(1). | Sections 509(a)(1)
and 170(b)(1)(A)(v) |
| e | <input type="checkbox"/> As being operated solely for the benefit of, or in connection with, one or more of the organizations described in a through d, g, h, or i (MUST COMPLETE SCHEDULE D.) | Section 509(a)(3) |
| f | <input type="checkbox"/> As being organized and operated exclusively for testing for public safety. | Section 509(a)(4) |
| g | <input type="checkbox"/> As being operated for the benefit of a college or university that is owned or operated by a governmental unit. | Sections 509(a)(1)
and 170(b)(1)(A)(vi) |
| h | <input checked="" type="checkbox"/> As receiving a substantial part of its support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public. | Sections 509(a)(1)
and 170(b)(1)(A)(vi) |
| i | <input type="checkbox"/> As normally receiving not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions). | Section 509(a)(2) |
| j | <input type="checkbox"/> The organization is a publicly supported organization but is not sure whether it meets the public support test of h or i. The organization would like the IRS to decide the proper classification. | Sections 509(a)(1)
and 170(b)(1)(A)(vi)
or Section 509(a)(2) |

If you checked one of the boxes a through f in question 9, go to question 14. If you checked box g in question 9, go to questions 11 and 12. If you checked box h, i, or j, in question 9, go to question 10.

Part III Technical Requirements (Continued)

- 10 If you checked box h, i, or j in question 9, has the organization completed a tax year of at least 8 months?
 Yes — Indicate whether you are requesting:
 A definitive ruling. (Answer questions 11 through 14.)
 An advance ruling. (Answer questions 11 and 14 and attach two Forms 872-C completed and signed.)
 No — You must request an advance ruling by completing and signing two Forms 872-C and attaching them to the Form 1023.

11 If the organization received any unusual grants during any of the tax years shown in Part IV-A, Statement of Revenue and Expenses, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.

12 If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here and:

- a Enter 2% of line 8, column (e), Total, of Part IV-A. 2,220,000
 b Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts, grants, contributions, etc., were more than the amount entered on line 12a above.

13 If you are requesting a definitive ruling under section 509(a)(2), check here and:

- a For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each "disqualified person." (For a definition of "disqualified person," see Specific Instructions, Part II, Line 4d, on page 3.)
 b For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payer" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. Do not submit blank schedules.)	Yes	No	If "Yes," complete Schedule:
Is the organization a church?		X	A
Is the organization, or any part of it, a school?		X	B
Is the organization, or any part of it, a hospital or medical research organization?		X	C
Is the organization a section 509(a)(3) supporting organization?		X	D
Is the organization a private operating foundation?		X	E
Is the organization, or any part of it, a home for the aged or handicapped?		X	F
Is the organization, or any part of it, a child care organization?		X	G
Does the organization provide or administer any scholarship benefits, student aid, etc.?		X	H
Has the organization taken over, or will it take over, the facilities of a "for profit" institution?		X	I

Part III Technical Requirements (Continued)

- 10 If you checked box h, i, or j in question 9, has the organization completed a tax year of at least 8 months?
 Yes — Indicate whether you are requesting:
 A definitive ruling. (Answer questions 11 through 14.)
 An advance ruling. (Answer questions 11 and 14 and attach two Forms 872-C completed and signed.)
 No — You must request an advance ruling by completing and signing two Forms 872-C and attaching them to the Form 1023.

- 11 If the organization received any unusual grants during any of the tax years shown in Part IV-A, Statement of Revenue and Expenses, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.

- 12 If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here and:
 a Enter 2% of line 8, column (e), Total, of Part IV-A. 2,220,000
 b Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts, grants, contributions, etc., were more than the amount entered on line 12a above.

- 13 If you are requesting a definitive ruling under section 509(a)(2), check here and:
 a For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each "disqualified person." (For a definition of "disqualified person," see Specific Instructions, Part II, Line 4d, on page 3.)
 b For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payer" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

14 Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. Do not submit blank schedules.)	Yes	No	If "Yes," complete Schedule:
Is the organization a church?		X	A
Is the organization, or any part of it, a school?		X	B
Is the organization, or any part of it, a hospital or medical research organization?		X	C
Is the organization a section 509(a)(3) supporting organization?		X	D
Is the organization a private operating foundation?		X	E
Is the organization, or any part of it, a home for the aged or handicapped?		X	F
Is the organization, or any part of it, a child care organization?		X	G
Does the organization provide or administer any scholarship benefits, student aid, etc.?		X	H
Has the organization taken over, or will it take over, the facilities of a "for profit" institution?		X	I

Part IV Financial Data

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

A. Statement of Revenue and Expenses

	Current tax year	Separate year or proposed budget for 2 years			(e) TOTAL
		(a) From 8/20/99 to 6/30/00 (Est.)	(b) FYE 6/30/01 (Est.)	(c) FYE 6/30/02 (Est.)	
Revenue					
1 Gifts, grants, and contributions received (not including unusual grants — see page 6 of the instructions).....	21,500,000	32,000,000	52,500,000		106,000,000
2 Membership fees received					
3 Gross Investment Income (see instructions for definition)	1,000,000	1,500,000	2,500,000		5,000,000
4 Net income from organization's unrelated business activities not included on line 3					
5 Tax revenues levied for and either paid to or spent on behalf of the organization					
6 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge).....					
7 Other income (not including gain or loss from sale of capital assets) (attach schedule)					
8 Total (add lines 1 through 7)....	22,500,000	33,500,000	55,000,000		111,000,000
9 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity that is not an unrelated business within the meaning of section 513. Include related cost of sales on line 22					
10 Total (add lines 8 and 9)	22,500,000	33,500,000	55,000,000		111,000,000
11 Gain or loss from sale of capital assets (attach schedule)					
12 Unusual grants					
13 Total revenue (add lines 10 through 12).....	22,500,000	33,500,000	55,000,000		111,000,000
Expenses					
14 Fundraising expenses					
15 Contributions, gifts, grants, and similar amounts paid (attach schedule) (Sch. 1)	20,272,747	30,118,720	50,040,863		
16 Disbursements to or for benefit of members (attach schedule).....					
17 Compensation of officers, directors, and trustees (attach schedule) (Sch. 1)	64,000	80,000	85,000		
18 Other salaries and wages	378,920	568,380	653,637		
19 Interest					
20 Occupancy (rent, utilities, etc.) ..					
21 Depreciation and depletion					
22 Other (attach schedule) (Sch. 1) ..	1,534,333	2,482,900	3,970,500		
23 Total expenses (add lines 14 through 22)	22,250,000	33,250,000	54,750,000		
24 Excess of revenue over expenses (line 13 minus line 23)	250,000	250,000	250,000		

**ATTACHMENT TO FORM 1023
(Part IV.A. Schedule 1)**

March 10, 2000

**SOUTH CAROLINA FIRST STEPS TO SCHOOL READINESS BOARD OF
TRUSTEES, A SOUTH CAROLINA NONPROFIT CORPORATION**

Gifts, Grants, and Similar Amounts Paid (Part IV.A., Line 15)

<u>Recipient</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>	<u>Total</u>
46 County Corporations (Subordinate Organizations)	\$20,336,747	\$30,198,720	\$50,125,863	\$100,661,330

Est. Compensation of Officers (Part IV.A., Line 17)

<u>Name, Title/Position</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>	<u>Total</u>
Marie-Louise Ramsdale, Executive Director	\$64,000	\$80,000	\$85,000	\$230,000

Other Expenses (Part IV.A., Line 22)

<u>Category</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>	<u>Total</u>
Contractual Services	\$1,320,604	\$2,178,000	\$3,630,000	\$7,128,604
Supplies	35,000	45,000	50,000	130,000
Fixed Charges (rent, postage & copier inc.)	68,229	125,000	150,000	343,229
Travel	35,000	59,400	65,000	159,400
Equipment	75,500	75,500	75,500	226,500
TOTAL OTHER EXPENSES	\$1,534,333	\$2,482,900	\$3,970,500	\$7,987,733

Part IV Financial Data (Continued)

B. Balance Sheet (at the end of the period shown)

Current tax year
Date FYE 6/30/00 (Est.)

Assets		
1	Cash	10,000
2	Accounts receivable, net	
3	Inventories	
4	Bonds and notes receivable (attach schedule)	
5	Corporate stocks (attach schedule)	
6	Mortgage loans (attach schedule)	
7	Other investments (attach schedule)	
8	Depreciable and depletable assets (attach schedule)	
9	Land	
10	Other assets (attach schedule) (interest bearing/money market account)	240,000
11	Total assets (add lines 1 through 10)	250,000
Liabilities		
12	Accounts payable	
13	Contributions, gifts, grants, etc., payable	
14	Mortgages and notes payable (attach schedule)	
15	Other liabilities (attach schedule)	
16	Total liabilities (add lines 12 through 15)	
Fund Balances or Net Assets		
17	Total fund balances or net assets	250,000
18	Total liabilities and fund balances or net assets (add line 16 and line 17)	250,000

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation.

ATTACHMENT TO FORM 1023

March 10, 2000

**SOUTH CAROLINA FIRST STEPS TO SCHOOL READINESS BOARD OF
TRUSTEES, A SOUTH CAROLINA NONPROFIT CORPORATION**

**c/o THEODORE J. HOPKINS JR.
Attorney at Law
Haynsworth, Marion, McKay & Guérard, L.L.P.
P.O. Drawer 7157
Columbia, SC 29202
(803) 765-1818**

ARTICLES AND CERTIFICATE OF INCORPORATION

EXHIBIT A

ATTACHMENT TO FORM 1023

March 10, 2000

**SOUTH CAROLINA FIRST STEPS TO SCHOOL READINESS BOARD OF
TRUSTEES, A SOUTH CAROLINA NONPROFIT CORPORATION**

**c/o THEODORE J. HOPKINS JR.
Attorney at Law
Haynsworth, Marion, McKay & Guérard, L.L.P.
P.O. Drawer 7157
Columbia, SC 29202
(803) 765-1818**

BYLAWS

EXHIBIT B

ATTACHMENT TO FORM 1023

March 10, 2000

**SOUTH CAROLINA FIRST STEPS TO SCHOOL READINESS BOARD OF
TRUSTEES, A SOUTH CAROLINA NONPROFIT CORPORATION**

**c/o THEODORE J. HOPKINS JR.
Attorney at Law
Haynsworth, Marion, McKay & Guérard, L.L.P.
P.O. Drawer 7157
Columbia, SC 29202
(803) 765-1818**

**SOUTH CAROLINA FIRST STEPS TO SCHOOL READINESS ACT,
1999 ACT NO. 99**

EXHIBIT C

ATTACHMENT TO FORM 1023

March 10, 2000

**SOUTH CAROLINA FIRST STEPS TO SCHOOL READINESS BOARD OF
TRUSTEES, A SOUTH CAROLINA NONPROFIT CORPORATION**

**c/o THEODORE J. HOPKINS JR.
Attorney at Law
Haynsworth, Marion, McKay & Guérard, L.L.P.
P.O. Drawer 7157
Columbia, SC 29202
(803) 765-1818**

ORGANIZATIONAL RESOLUTIONS

EXHIBIT D

ATTACHMENT TO FORM 1023

March 10, 2000

**SOUTH CAROLINA FIRST STEPS TO SCHOOL READINESS BOARD OF
TRUSTEES, A SOUTH CAROLINA NONPROFIT CORPORATION**

**c/o THEODORE J. HOPKINS JR.
Attorney at Law
Haynsworth, Marion, McKay & Guérard, L.L.P.
P.O. Drawer 7157
Columbia, SC 29202
(803) 765-1818**

OPERATING POLICIES, PROCEDURES AND GUIDELINES

EXHIBIT E

ATTACHMENT TO FORM 1023

March 10, 2000

**SOUTH CAROLINA FIRST STEPS TO SCHOOL READINESS BOARD OF
TRUSTEES, A SOUTH CAROLINA NONPROFIT CORPORATION**

**c/o THEODORE J. HOPKINS JR.
Attorney at Law
Haynsworth, Marion, McKay & Guérard, L.L.P.
P.O. Drawer 7157
Columbia, SC 29202
(803) 765-1818**

INITIAL DIRECTORS AND OFFICERS

EXHIBIT E

EXHIBIT F

**SOUTH CAROLINA FIRST STEPS TO SCHOOL READINESS
BOARD OF TRUSTEES, A SOUTH CAROLINA NONPROFIT CORPORATION**

INITIAL DIRECTORS AND OFFICERS

<u>Name, Category*, Address</u>	<u>Title</u>	<u>Annual Compensation</u>
Jim Hodges Governor of South Carolina P.O. Box 11829 Columbia, SC 29211	Director	\$ <u>-0-</u>
E. Vernon Anderson, Jr. Medical/Childcare Provider 64 Forest Lane Greenville, SC 29605	Director	\$ <u>-0-</u>
Doris D. Ballard Early Childhood Educator 111 Laurens Rd. Greenville, SC 29607	Director	\$ <u>-0-</u>
Bobby M. Bowers Budget & Control Board, Office of Research & Statistics 425 Dennis Bldg. Columbia, SC 29201	Director	\$ <u>-0-</u>
Kay E. Broxton Early Childhood Educator P.O. Drawer 309 Beaufort, SC 29901	Director	\$ <u>-0-</u>
Douglas E. Bryant Dept. of Health & Environmental Control 2600 Bull St. Columbia, SC 29201	Director	\$ <u>-0-</u>

* Category as set forth in Enabling Act, Section 3 (S.C. Code § 20-7-9710).

<u>Name, Category*, Address</u>	<u>Title</u>	<u>Annual Compensation</u>
Stanley J. Butkus Dept. of Disabilities & Special Needs P.O. Box 4706 Columbia, SC 29240	Director	\$ <u>-0-</u>
G. Lee Cory Member of Business Community 100 Newman St. Greenville, SC 29601-3802	Director	\$ <u>-0-</u>
Susan W. DeVenny Parent of Young Child 1006 Westover Pl. Lancaster, SC 29720	Director	\$ <u>-0-</u>
Margaret C. Galloway Parent of Young Child 4 Rock Creek Court Greenville, SC 29605	Director	\$ <u>-0-</u>
J. Samuel Griswold Dept. of Health & Human Services P.O. Box 8206 Columbia, SC 29202	Director	\$ <u>-0-</u>
Frank S. Holleman, III Member of Business Community P.O. Box 728 Greenville, SC 29602	Director	\$ <u>-0-</u>
James B. Johnson, Jr. South Carolina State Library P.O. Box 11469 Columbia, SC 29211	Director	\$ <u>-0-</u>
Ruby H. Jones Early Childhood Educator 652 Rutherford Rd. Greenville, SC 29609	Director	\$ <u>-0-</u>

* Category as set forth in Enabling Act, Section 3 (S.C. Code § 20-7-9710).

<u>Name, Category*, Address</u>	<u>Title</u>	<u>Annual Compensation</u>
Elizabeth S. Mabry Department of Transportation P.O. Box 191 Columbia, SC 29202	Director	\$ <u>-0-</u>
Lois D. Mufuka Martin Parent of Young Child 410 Epting Ave. Greenwood, SC 29646	Director	\$\$ <u>-0-</u>
John W. Matthews, Jr. Designee, Senate Education Committee P.O. Box 460 Bowman, SC 29018	Director	\$ <u>-0-</u>
Juanita Middleton Medical/Childcare Provider 8900 Highway 17N McClellanville, SC 29458	Director	\$ <u>-0-</u>
Elizabeth G. Patterson Department of Social Services 1535 Confederate Ave. Columbia, SC 29201	Director	\$ <u>-0-</u>
Tina L. Polite-Caldwell Parent of Young Child 214 Sloan Rd. Columbia, SC 29223	Director	\$ <u>-0-</u>
Terry E. Richardson, Jr. Member of Business Community P.O. Box 365 Barnwell, SC 29812-0365	Director	\$ <u>-0-</u>
Robert A. Saul Medical/Childcare Provider 1 Gregor Mendel Cir. Greenwood, SC 29646	Director	\$ <u>-0-</u>

* Category as set forth in Enabling Act, Section 3 (S.C. Code § 20-7-9710).

<u>Name, Category*, Address</u>	<u>Title</u>	<u>Annual Compensation</u>
Linda H. Short Member, S.C. Senate 120 West End St. Chester, SC 29706	Director	\$ <u>-0-</u>
James E. Smith, Jr. Member, SC House of Representatives P.O. Box 50333 Columbia, SC 29250	Director	\$ <u>-0-</u>
Stephen M. Soltys Department of Mental Health 2414 Bull Street Columbia, SC 29202	Director	\$ <u>-0-</u>
Sonia B. Spivey Transportation Association of SC SWRTA Box 2462 Columbia, SC 29151	Director	\$ <u>-0-</u>
Inez M. Tenenbaum State Superintendent of Education 1429 Senate St. Columbia, SC 29201	Director	\$ <u>-0-</u>
Rick C. Wade Dept. of Alcohol & Other Drug Abuse Services 3700 Forest Dr., Ste 3 Columbia, SC 29204	Director	\$ <u>-0-</u>
Robert E. Walker Designee, House Education & Public Works Committee P.O. Box 159 Landrum, SC 29356	Director	\$ <u>0</u>
Harry H. Wright Medical/Childcare Provider 3555 Harden St. Ext. Columbia, SC 29203	Director	\$ <u>-0-</u>

* Category as set forth in Enabling Act, Section 3 (S.C. Code § 20-7-9710).

<u>Name, Category*, Address</u>	<u>Title</u>	<u>Annual Compensation</u>
Daniel F. Wuori Early Childhood Educator 209 White Wing Dr. Columbia, SC 29229	Director	\$ <u>-0-</u>
Claudia E. Davant-DeLoach Member of Business Community 1426 Main St., Ste 1301 Columbia, SC 29201	Director and Secretary	\$ <u>-0-</u>
Marie-Louise Ramsdale Brown Bldg., Room 369 1205 Pendleton St. Columbia, SC 29201	Executive Director	\$ <u>64,000</u>

* Category as set forth in Enabling Act, Section 3 (S.C. Code § 20-7-9710).

ATTACHMENT TO FORM 1023

March 10, 2000

**SOUTH CAROLINA FIRST STEPS TO SCHOOL READINESS BOARD OF
TRUSTEES, A SOUTH CAROLINA NONPROFIT CORPORATION**

**c/o THEODORE J. HOPKINS JR.
Attorney at Law
Haynsworth, Marion, McKay & Guérard, L.L.P.
P.O. Drawer 7157
Columbia, SC 29202
(803) 765-1818**

**TRANSACTIONS WITH OTHER EXEMPT ORGANIZATIONS
[Other Than § 501(c)(3) Organizations]**

EXHIBIT G

EXHIBIT G

As described in IRS Form 1023, Part II, Questions 1, 4c and 5, Corporation activities are an integral part of a larger program of state government. The purposes and activities of the Corporation are specifically set forth in the Enabling Act passed by the General Assembly (Exhibit C) and, in accordance with the Enabling Act, the Corporation regularly receives funding through state appropriations in the form of grants. Thus, there is a clear objective manifestation that the activities of the Corporation are considered to be a part of the burden and responsibility of state government, and the Corporation's activities actually lessen that burden. See, generally, Rev. Ruls. 85-1, 1985-1 C.B. 177, and 85-2, 1985-1 C.B. 178.

In view of the foregoing, the following response is pertinent to IRS Form 1023, Part II, Question 6 regarding Corporation transactions with the state:

- 6(a): **Grants.** In accordance with the Enabling Act, the Corporation receives grants from the state as authorized annually by the General Appropriation Act (See, e.g., 1999 Act No. 100, attached hereto as Schedule 1).
- 6(b): **Purchases or Sales of Assets.** From time to time, the Corporation purchases assets as permitted by the State Procurement Code (Title 11, Chapter 35, Code of Laws of South Carolina) and Regulations (Title 11, Chapter 19, Code of Laws of South Carolina).
- 6(c): **Rental of Facilities or Equipment.** Office space, copier, etc., are rented from the State/Office of the Governor (See, e.g., copy of February 4, 2000 letter from the Governor's Office, attached hereto as Schedule 2).
- 6(g): **Sharing of Facilities, Equipment, Mailing Lists or Other Assets, or Paid Employees.** Two full-time and 10-20 part-time (as needed) employees of various state agencies (full-time from the Department of Health and Environmental Control and Department of Social Services; and part-time from the Department of Health and Human Services, Department of Mental Health, and Department of Education) provide contractual services to the Corporation [See, generally, Part IV.A., line 22 (page 8 of this Application), Schedule 1].

Approp. Act FY 2000

42

STATUTES AT LARGE (No. 100)
 General and Permanent Laws—1999
H63-DEPARTMENT OF EDUCATION-1

	<u>TOTAL FUNDS</u>	<u>GENERAL FUNDS</u>
GRANTS MANAGER		
PROGRAM MANAGER	(1.00)	(1.00)
DIRECTOR FIRST STEPS	(1.00)	(1.00)
	<u>(1.00)</u>	<u>(1.00)</u>
TOTAL PERSONAL SERVICE		
SPECIAL ITEMS	(5.00)	(5.00)
S.C. FIRST STEPS	20,000,000	20,000,000
TOTAL SPECIAL ITEMS	<u>20,000,000</u>	<u>20,000,000</u>
TOTAL FIRST STEPS TO SCHL READINESS	20,000,000	20,000,000
	<u>(5.00)</u>	<u>(5.00)</u>
XVII. EMPLOYEE BENEFITS		
C. STATE EMPL CONTRIB EMP CONTRIB	7,291,845	5,874,942
TOTAL FRINGE BENEFITS	<u>7,291,845</u>	<u>5,874,942</u>
TOTAL EMPLOYEE BENEFITS	<u>7,291,845</u>	<u>5,874,942</u>
XVIII. NON-RECURRING		
TOTAL NON-RECURRING		
TOTAL DEPT OF EDUC	2,555,555,972	1,706,817,381
TOTAL AUTHORIZED FTE POS	<u>(1.024.45)</u>	<u>(842.68)</u>

SECTION 2
H71-WIL LOU GRAY OPPORTUNITY SCHOOL

	<u>TOTAL FUNDS</u>	<u>GENERAL FUNDS</u>
I. ADMINISTRATION		
PERSONAL SERVICE		

Approp. Act. FY2000

No. 100)

OF SOUTH CAROLINA
General and Permanent Laws--1999
H63-DEPARTMENT OF EDUCATION-1

41

	<u>TOTAL FUNDS</u>	<u>GENERAL FUNDS</u>
OTHER OPERATING EXPENSES	1,200,827	394,363
EMP CONTRIB	561,738	539,100
TOTAL FRINGE BENEFITS	<u>561,738</u>	<u>539,100</u>
TOTAL GOV SCHOOL FOR THE ARTS AND HUMA	4,315,855	3,383,855
	(65.00)	(63.25)
XV. EDUC ACCNTABILITY ACT PERSONAL SERVICE NEW POSITIONS: EDUCATION ASSOCIATE	104,000	104,000
	(2.00)	(2.00)
TOTAL PERSONAL SERVICE	104,000	104,000
	(2.00)	(2.00)
SPECIAL ITEMS ALTERNATIVE SCHOOLS ASSESSMENT SCHOOL GRANTS PROG. PRINCIPALS AND TEACHERS ON SITE SUMMER SCHOOLS PRINCIPAL MENTORS MODIFIED SCHOOL YEAR	6,600,000 10,116,527 750,000 791,239 10,000,000 100,000 250,000	6,600,000 10,116,527 750,000 791,239 10,000,000 100,000 250,000
TOTAL SPECIAL ITEMS	<u>28,607,766</u>	<u>28,607,766</u>
TOTAL EDUC ACCT ACT	28,711,766	28,711,766
	(2.00)	(2.00)
XVI. FIRST STEPS TO SCHOOL READINESS PERSONAL SERVICE NEW POSITIONS ADMIN ASST PROGRAM COORDINATOR	(1.00)	(1.00)
	(1.00)	(1.00)



State of South Carolina

Office of the Governor

JAMES H. HODGES
Governor

OFFICE OF EXECUTIVE
POLICY AND PROGRAMS

February 4, 2000

Mr. Rodney Jenkins
Department of Education
First Steps Program
1429 Senate Street
Columbia, SC 29201

Dear Rodney:

Attached please find the charges incurred by the First Steps Program for use of Governor's Office postage, copiers and office space. Per our July 1, 1999 agreement, the Governor's Office will provide office space, copying machine access and postage to the First Steps Program. The cost of such items will be reimbursed to the Governor's Office upon presentation of a detailed invoice with supporting documentation. Please allow this letter to serve as confirmation of the agreement and as an invoice for services rendered.

As agreed, please remit the total amount due of \$ 32,979.83 within 30 days. Attached, for your convenience, is our completed portion of the IDT. If you have any questions, please feel free to contact me at (803) 734-0298. Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Philip A. Campolo".

Philip A. Campolo
Accounting Manager
Division of Administration & Economic Services

Office Space: July 1, 1999 – June 30, 2000

Edgar Brown Building, Third Floor: 2,010 Square Feet @ \$ 11.29 \$ 22,692.90

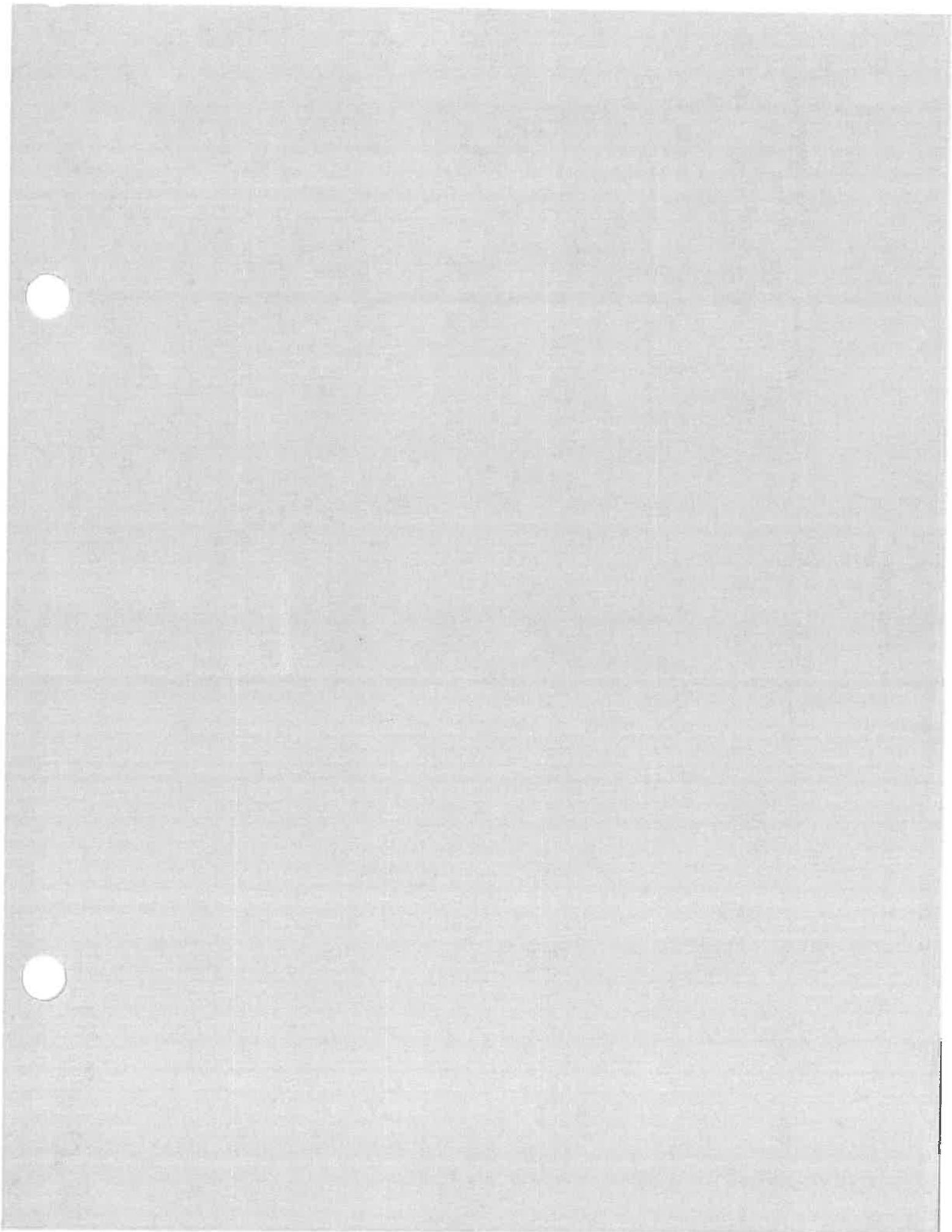
Postage: July 1, 1999-January 31, 2000

Per the attached \$ 6,925.99

Copiers: July 1, 1999-January 31, 2000

Per the attached \$ 3,360.94

Total Due \$ 32,979.83



Internal Revenue Service
Director, Exempt Organizations

Department of the Treasury
P.O. Box 2508 - Room 5106
Cincinnati, Ohio 45201

Date: April 12, 2000

South Carolina First Steps To School
Readiness Board of Trustees, A South
Carolina Non-Profit Corporation
C/O Ms. Marie-Louise Ramsdale
Brown Building, Suite #369
Columbia, South Carolina 29201

Employer Identification Number:
57-1087576
Person to Contact - ID#:
Richard K. Dolfi - 31-03907
Contact Telephone Numbers:
513-263-3665 Phone
513-263-3669 FAX
Response Due Date:
May 3, 2000

Dear Ms. Ramsdale:

Before we can determine whether your organization is exempt from Federal income tax, we must have enough information to show that you have met all legal requirements. You did not include the information needed to make that determination on your Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.

To help us determine whether your organization is exempt from Federal income tax, please send us the requested information by the above date. We can then complete our review of your application.

If we do not hear from you within that time, we will assume you do not want us to consider the matter further and will close your case. In that event, as required by Code section 6104(c), we will notify the appropriate state officials that, based on the information we have, we cannot recognize you as an organization of the kind described in Code section 501(c)(3). As a result, the Internal Revenue Service will treat your organization as a taxable entity. If we receive the information after the response due date, we may ask you to send us a new Form 1023.

In addition, if you do not provide the requested information in a timely manner, we will consider that you have not taken all reasonable steps to secure the determination you requested. Under Code section 7428(b)(2), your not taking all reasonable steps in a timely manner to secure the determination may be considered as failure to exhaust administrative remedies available to you within the Service. Therefore, you may lose your rights to a declaratory judgment under Code section 7428.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,



Richard K. Dolfi
Exempt Organizations Specialist

Enclosure

Letter 1312 (DO)

Page 2

Name: South Carolina First Steps to School Readiness Board of Trustees,
A South Carolina Nonprofit Corporation
FIN: 57-1087576

Note: Your response to this letter must be submitted over the signature of an authorized person or of an officer whose name is listed on page 3 of the application. If we do not receive your complete response by the due date, we will close your case temporarily. If you submit your response within 90 days after your case has been closed, we will re-open it for processing and you will neither have to file a new application nor lose your user fee.

PLEASE ATTACH A COPY OF THIS LETTER TO ALL CORRESPONDENCE.

Additional Information Requested:

1. Please provide additional information regarding the specific activities of your organization.
2. Please provide specific information regarding how the above activities will be implemented.
3. Please provide specific information regarding how your organization will lessens the burdens of government through the exercise of its activities.
4. How will your organization improve early childhood development by providing services and support to children and their families to enable children to reach school ready to learn?
5. What are the qualifications that organizations such as yours must meet in order to qualify to operate and receive funding under the South Carolina First Steps Readiness Act, 1999 Act No.99?
6. In Part II., item 2. on page 2. of Form 1023, Application for Recognition of Exemption, please provide information regarding how your organization will solicit donations, contributions, gifts, and grants of money and property from charitable organizations, business corporations, and industry?
7. In Part III., item 10. on page 7. of Form 1023, you have requested a definitive ruling but your organization has not completed a tax year of least eight months. Therefore, you will need to change your response to request an advance ruling and have an officer of the organization or an individual holding power of attorney sign, date, and return the enclosed Form 872-C.
8. What are the duties, responsibilities, and qualifications for the position of Executive Director of your organization? How many hours per week does your this individual spend on the activities of the organization?

Page 3

Name: South Carolina First Steps to School Readiness Board of Trustees,
A South Carolina Nonprofit Corporation

FIN: 57-1087576

9. In Part IV., Financial Data, on page 8. of Form 1023, please provide information regarding the contractual services as represented by the amounts shown on the supplemental schedule you provided for line 22.
10. You have indicated that Federal Employer Identification Numbers have been applied for each of your subordinate organizations. Please forward a listing of the numbers that have been assigned to the subordinate organizations.

Page 4

Name: South Carolina First Steps to School Readiness Board of Trustees,
A South Carolina Nonprofit Corporation
FIN: 57-1087576

PLEASE DIRECT ALL CORRESPONDENCE REGARDING YOUR CASE TO:

US Mail:

Internal Revenue Service
Exempt Organizations
P. O. Box 2508
Cincinnati, OH 45201
ATT: Richard K. Dolfi
Room 5106

Federal Express:

Internal Revenue Service
Exempt Organizations
550 Main St, Federal Bldg.
Cincinnati, OH 45202
ATT: Richard K. Dolfi
Room 5106

CC: Mr. Theodore J. Hopkins, Jr.
P.O. Drawer 7157
Columbia, South Carolina 29202



HAYNSWORTH, MARION, McKAY & GUÉRARD, L.L.P.
ATTORNEYS AT LAW

75 Beattie Place, Eleventh Floor
Two Insignia Financial Plaza
Post Office Box 2048
Greenville, South Carolina 29602
(864) 240-3200
Facsimile (864) 240-3300

1201 Main Street, Suite 2400 (29201)
Post Office Drawer 7157
Columbia, South Carolina 29202
(803) 765-1818
Facsimile (803) 765-2399

134 Meeting Street
Fourth Floor
Post Office Box 1118
Charleston, South Carolina 29401
(803) 722-7806
Facsimile (803) 724-8015

April 20, 2000

VIA FACSIMILE (513) 263-3669

Richard K. Dolfi
Exempt Organizations Specialist
Internal Revenue Service
Department of the Treasury
P.O. Box 2508 – Room 5106
Cincinnati, OH 45201

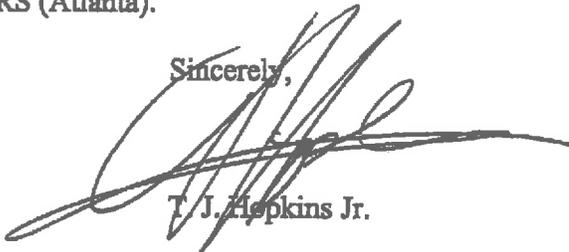
Re: EIN 57-1087576
South Carolina First Steps to School Readiness Board of Trustees,
A South Carolina Non-Profit Corporation

Dear Mr. Dolfi:

This response addresses Item 7 in your letter dated April 12, 2000, which we discussed yesterday. Enclosed please find IRS Form 872-C, in duplicate, signed and dated. Also enclosed is page 7 of IRS Form 1023, as amended to reflect our request for an advance ruling.

I intend to have the remaining nine points in your letter answered and in your hands no later than Thursday, April 27, 2000, with the exception of Item 10, which will be answered as soon as we have a response from the IRS (Atlanta).

Sincerely,



T. J. Hopkins Jr.

TJHjr/dh
Enclosures
cc: Marie-Louise Ramsdale (w/encl.)

Form **872-C**

Consent Fixing Period of Limitation Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code

OMB No. 1545-0056

(Rev. September 1998)

Department of the Treasury
Internal Revenue Service

(See instructions.)

To be used with
Form 1023. Submit
in duplicate.

Under section 6501(c)(4) of the Internal Revenue Code, and as part of a request filed with Form 1023 that the organization named below be treated as a publicly supported organization under section 170(b)(1)(A)(vi) or section 509(a)(2) during an advance ruling period,

South Carolina First Steps to School Readiness Board of Trustees, a South Carolina Nonprofit Corporation

(Exact legal name of organization as shown in organizing document)

Brown Bldg, Suite 369, 1205 Pendleton St.

Columbia, South Carolina 29201

(Number, street, city or town, state, and ZIP code)

and the

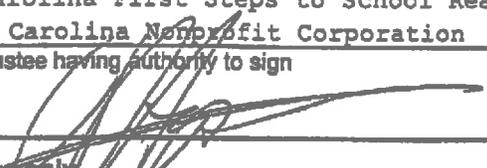
District Director of
Internal Revenue, or
Assistant
Commissioner
(Employee Plans and
Exempt Organizations)

consent and agree that the period for assessing tax (imposed under section 4940 of the Code) for any of the 5 tax years in the advance ruling period will extend 8 years, 4 months, and 15 days beyond the end of the first tax year.

However, if a notice of deficiency in tax for any of these years is sent to the organization before the period expires, the time for making an assessment will be further extended by the number of days the assessment is prohibited, plus 60 days.

Ending date of first tax year June 30, 2000

(Month, day, and year)

Name of organization (as shown in organizing document) South Carolina First Steps to School Readiness Board of Trustees, A South Carolina Nonprofit Corporation	Date 4-20-00
Officer or trustee having authority to sign Signature ▶ 	Type or print name and title Theodore J. Hopkins Jr. Attorney
For IRS use only	
District Director or Assistant Commissioner (Employee Plans and Exempt Organizations)	Date

By ▶

For Paperwork Reduction Act Notice, see page 7 of the Form 1023 Instructions.

ISA
STF FED1565F

Form **872-C**

Consent Fixing Period of Limitation Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code

OMB No. 1545-0066

(Rev. September 1998)

Department of the Treasury
Internal Revenue Service

(See instructions.)

To be used with
Form 1023. Submit
in duplicate.

Under section 6501(c)(4) of the Internal Revenue Code, and as part of a request filed with Form 1023 that the organization named below be treated as a publicly supported organization under section 170(b)(1)(A)(vi) or section 509(a)(2) during an advance ruling period,

South Carolina First Steps to School Readiness Board of Trustees, a South Carolina Nonprofit Corporation

(Exact legal name of organization as shown in organizing document)

Brown Bldg, Suite 369, 1205 Pendleton St.
Columbia, South Carolina 29201

(Number, street, city or town, state, and ZIP code)

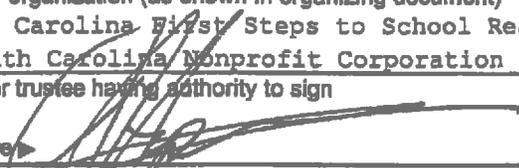
and the

District Director of
Internal Revenue, or
Assistant
Commissioner
(Employee Plans and
Exempt Organizations)

consent and agree that the period for assessing tax (imposed under section 4940 of the Code) for any of the 5 tax years in the advance ruling period will extend 8 years, 4 months, and 15 days beyond the end of the first tax year.

However, if a notice of deficiency in tax for any of these years is sent to the organization before the period expires, the time for making an assessment will be further extended by the number of days the assessment is prohibited, plus 60 days.

Ending date of first tax year June 30, 2000
(Month, day, and year)

Name of organization (as shown in organizing document) South Carolina First Steps to School Readiness Board of Trustees, A South Carolina Nonprofit Corporation	Date 4-20-00
Officer or trustee having authority to sign Signature 	Type or print name and title Theodore J. Hopkins Jr. Attorney
For IRS use only	
District Director or Assistant Commissioner (Employee Plans and Exempt Organizations)	Date

By ▶

For Paperwork Reduction Act Notice, see page 7 of the Form 1023 Instructions.

Part III Technical Requirements (Continued)

- 10 If you checked box h, i, or j in question 9, has the organization completed a tax year of at least 8 months?
 Yes — Indicate whether you are requesting:
 A definitive ruling. (Answer questions 11 through 14.)
 An advance ruling. (Answer questions 11 and 14 and attach two Forms 872-C completed and signed.)
 No — You must request an advance ruling by completing and signing two Forms 872-C and attaching them to the Form 1023.

- 11 If the organization received any unusual grants during any of the tax years shown in Part IV-A, Statement of Revenue and Expenses, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.

- 12 If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here and:
 a Enter 2% of line 8, column (e), Total, of Part IV-A. 2,220,000
 b Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts, grants, contributions, etc., were more than the amount entered on line 12a above.

- 13 If you are requesting a definitive ruling under section 509(a)(2), check here and:
 a For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each "disqualified person." (For a definition of "disqualified person," see Specific Instructions, Part II, Line 4d, on page 3.)
 b For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payer" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

14 Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. Do not submit blank schedules.)

	Yes	No	If "Yes," complete Schedule:
Is the organization a church?		X	A
Is the organization, or any part of it, a school?		X	B
Is the organization, or any part of it, a hospital or medical research organization?		X	C
Is the organization a section 509(a)(3) supporting organization?		X	D
Is the organization a private operating foundation?		X	E
Is the organization, or any part of it, a home for the aged or handicapped?		X	F
Is the organization, or any part of it, a child care organization?		X	G
Does the organization provide or administer any scholarship benefits, student aid, etc.?		X	H
Has the organization taken over, or will it take over, the facilities of a "for profit" institution?		X	I

HAYNSWORTH, MARION, McKAY & GUÉRARD, L.L.P.
ATTORNEYS AT LAW

75 Beattie Place, Eleventh Floor
Two Insignia Financial Plaza
Post Office Box 2048
Greenville, South Carolina 29602
(864) 240-3200
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1201 Main Street, Suite 2400 (29201)
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Columbia, South Carolina 29202
(803) 765-1818
Facsimile (803) 765-2399

134 Meeting Street
Fourth Floor
Post Office Box 1119
Charleston, South Carolina 29401
(803) 722-7806
Facsimile (803) 724-8015

May 4, 2000

Hand Delivered

Marie-Louise Ramsdale, Executive Director
South Carolina First Steps to School Readiness
Brown Building, Room 369
1205 Pendleton Street
Columbia, SC 29201

Re: Application for Recognition of Exemption and Request for Group Exemptions

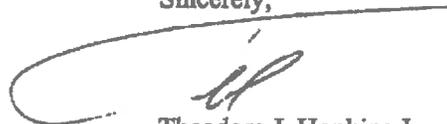
Dear Marie-Louise:

Enclosed please find copy of May 4, 2000 Determination Letters in connection with the following:

1. South Carolina First Steps to School Readiness Board of Trustees, a South Carolina Nonprofit Corporation:
 - Recognition of exemption from federal income taxation under IRC § 501(c)(3), and
 - Advanced ruling regarding exclusion from private foundation status under IRC § 509(a)(1) and 170(b)(1)(A)(vi).
2. 46 County First Steps to School Readiness Partnerships:
 - Recognition of exemption from federal income taxation under IRC § 501(c)(3);
 - Recognition of exclusion from private foundation status under IRC § 509(a)(1) and 170(b)(1)(A)(vi); and
 - Information in connection with Group Exemption No. 3590.

Let's talk as soon as you and Rodney have reviewed all of this.

Sincerely,



Theodore J. Hopkins Jr.

TJHjr/dh
Enclosures

cc: Rodney Jenkins (w/encl.)



Internal Revenue Service
Tax Exempt/Government Entities Division (TE/GE)
 [fka Employee Plans/Exempt Organizations (EP/EO)]

Facsimile Cover Sheet

To: <i>Theodore J. Hopkins Jr</i>	From: Terry L. Barker ID Number: 31-31092
Phone Number: <i>803-254-1378</i>	Phone Number: 513-263-3411 Group Phone Number: 513-263-3407 <i>#3427</i>
FAX Number: <i>863-254-1343</i>	Date: <i>5/4/00</i>
Form Number:	Response Date: <i>NA</i>
Application Form Number:	Number of Pages (including cover sheet): <i>15</i>

Copy to:

For forms/information see the IRS Web site at www.irs.gov to download forms, instructions and publications

Comments:

<u>Mailing Address</u> TE/GE Division P.O. Box 2508 Cincinnati, OH 45201 Attn: T. Barker, EO Reviewer	<u>Fax Numbers*</u> (513) 263-3413	<u>Office Delivery</u> TE/GE Division F.O.B. Room 4010 550 Main Street Cincinnati, OH 45202 Attn: T. Barker, Review Staff
--	--	---

***Please DO NOT fax the additional information requested if it is more than 10 pages.**
 This communication is intended for the sole use of the individual to whom it is addressed and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this communication is not the intended recipient or the employee or agent for delivering the communication to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication may be strictly prohibited. If you have received this communication in error, please notify the sender immediately by telephone, and return the communication at the address via the United States Postal Service. Thank you.

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **MAY 04 2000**

SOUTH CAROLINA FIRST STEPS TO
SCHOOL READINESS BOARD OF TRUSTEES
A SOUTH CAROLINA NONPROFIT
CORPORATION
C/O THEODORE J HOPKINS JR
PO DRAWER 7157
COLUMBIA, SC 29202

Employer Identification Number:
57-1087576
DLN:
17053080029030
Contact Person:
RICHARD K DOLFI ID# 31363
Contact Telephone Number:
(877) 829-5500

Accounting Period Ending:
June 30
Foundation Status Classification:
509(a)(1)
Advance Ruling Period Begins:
August 20, 1999
Advance Ruling Period Ends:
June 30, 2004
Addendum Applies:
No

Dear Applicant:

Based on information you supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably expect to be a publicly supported organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

Accordingly, during an advance ruling period you will be treated as a publicly supported organization, and not as a private foundation. This advance ruling period begins and ends on the dates shown above.

Within 90 days after the end of your advance ruling period, you must send us the information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, we will classify you as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, we will classify you as a private foundation for future periods. Also, if we classify you as a private foundation, we will treat you as a private foundation from your beginning date for purposes of section 507(d) and 4940.

Grantors and contributors may rely on our determination that you are not a private foundation until 90 days after the end of your advance ruling period.

Letter 1045 (DO/CG)

SOUTH CAROLINA FIRST STEPS TO

If you send us the required information within the 90 days, grantors and contributors may continue to rely on the advance determination until we make a final determination of your foundation status.

If we publish a notice in the Internal Revenue Bulletin stating that we will no longer treat you as a publicly supported organization, grantors and contributors may not rely on this determination after the date we publish the notice. In addition, if you lose your status as a publicly supported organization, and a grantor or contributor was responsible for, or was aware of, the act or failure to act, that resulted in your loss of such status, that person may not rely on this determination from the date of the act or failure to act. Also, if a grantor or contributor learned that we had given notice that you would be removed from classification as a publicly supported organization, then that person may not rely on this determination as of the date he or she acquired such knowledge.

If you change your sources of support, your purposes, character, or method of operation, please let us know so we can consider the effect of the change on your exempt status and foundation status. If you amend your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, let us know all changes in your name or address.

As of January 1, 1984, you are liable for social security taxes under the Federal Insurance Contributions Act on amounts of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the private foundation excise taxes under Chapter 42 of the Internal Revenue Code. However, you are not automatically exempt from other federal excise taxes. If you have any questions about excise, employment, or other federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Internal Revenue Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Donors may deduct contributions to you only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as deductible contributions, depending on the circumstances. Revenue Ruling 67-246, published in Cumulative Bulletin 1967-2, on page 104, gives guidelines regarding when taxpayers may deduct payments for admission to, or other participation in, fundraising activities for charity.

You are not required to file Form 990, Return of Organization Exempt From Income Tax, if your gross receipts each year are normally \$25,000 or less. If you receive a Form 990 package in the mail, simply attach the label provided, check the box in the heading to indicate that your annual gross receipts are normally \$25,000 or less, and sign the return. Because you will be treated as

SOUTH CAROLINA FIRST STEPS TO

a public charity for return filing purposes during your entire advance ruling period, you should file Form 990 for each year in your advance ruling period that you exceed the \$25,000 filing threshold even if your sources of support do not satisfy the public support test specified in the heading of this letter.

If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$20 a day is charged when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed \$10,000 or 5 percent of your gross receipts for the year, whichever is less. For organizations with gross receipts exceeding \$1,000,000 in any year, the penalty is \$100 per day per return, unless there is reasonable cause for the delay. The maximum penalty for an organization with gross receipts exceeding \$1,000,000 shall not exceed \$50,000. This penalty may also be charged if a return is not complete. So, please be sure your return is complete before you file it.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You are required to make your annual information return, Form 990 or Form 990-EZ, available for public inspection for three years after the later of the due date of the return or the date the return is filed. You are also required to make available for public inspection your exemption application, any supporting documents, and your exemption letter. Copies of these documents are also required to be provided to any individual upon written or in person request without charge other than reasonable fees for copying and postage. You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax-Exempt Status for Your Organization, or you may call our toll free number shown above.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, we will assign a number to you and advise you of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

This determination is based on evidence that your funds are dedicated to the purposes listed in section 501(c)(3) of the Code. To assure your continued exemption, you should keep records to show that funds are spent only for those purposes. If you distribute funds to other organizations, your records should show whether they are exempt under section 501(c)(3). In cases where the recipient organization is not exempt under section 501(c)(3), you must have evidence that the funds will remain dedicated to the required purposes and that the recipient will use the funds for those purposes.

SOUTH CAROLINA FIRST STEPS TO

If we said in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help us resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

Steven T. Miller
Steven T. Miller
Director, Exempt Organizations

Enclosure(s):
Form 872-C

Form **872-C**

Consent Fixing Period of Limitation Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code

OMB No. 1545-0038

(Rev. September 1998)

Department of the Treasury
Internal Revenue Service

(See instructions.)

To be used with
Form 1023. Submit
in duplicate.

Under section 5501(c)(4) of the Internal Revenue Code, and as part of a request filed with Form 1023 that the organization named below be treated as a publicly supported organization under section 170(b)(1)(A)(vi) or section 509(a)(2) during an advance ruling period,

South Carolina First Steps to School Readiness Board of Trustees, a South Carolina Nonprofit Corporation

(Exact legal name of organization as shown in organizing document)

Brown Bldg. Suite 369, 1205 Pendleton St.
Columbia, South Carolina 29201

(Number, street, city or town, state, and ZIP code)

and the

District Director of
Internal Revenue, or
Assistant
Commissioner
(Employee Plans and
Exempt Organizations)

consent and agree that the period for assessing tax (imposed under section 4940 of the Code) for any of the 5 tax years in the advance ruling period will extend 8 years, 4 months, and 15 days beyond the end of the first tax year.

However, if a notice of deficiency in tax for any of these years is sent to the organization before the period expires, the time for making an assessment will be further extended by the number of days the assessment is prohibited, plus 60 days.

Ending date of first tax year June 30, 2000

(Month, day, and year)

Name of organization (as shown in organizing document) <u>South Carolina First Steps to School Readiness Board of Trustees, a South Carolina Nonprofit Corporation</u>	Date <u>4-20-00</u>
Officer or trustee having authority to sign 	Type or print name and title <u>Theodore J. Hopkins Jr. Attorney</u>

District Director or Assistant Commissioner (Employee Plans and Exempt Organizations) <u>Steven T Miller, Director Exempt Organizations</u>	Date <u>5/4/00</u>
--	-----------------------

By: T Barker, Esq. Revenue

Charitable Contributions - Substantiation and Disclosure Requirements

UNDER THE NEW LAW, CHARITIES WILL NEED TO PROVIDE NEW KINDS OF INFORMATION TO DONORS. Failure to do so may result in denial of deductions to donors and the imposition of penalties on charities.

Legislation signed into law by the President on August 10, 1993, contains a number of significant provisions affecting tax-exempt charitable organizations described in section 501 (c)(3) of the Internal Revenue Code. These provisions include: (1) new substantiation requirements for donors, and (2) new public disclosure requirements for charities (with potential penalties for failing to comply). Additionally, charities should note that donors could be penalized by loss of the deduction if they fail to substantiate. **THE SUBSTANTIATION AND DISCLOSURE PROVISIONS APPLY TO CONTRIBUTIONS MADE AFTER DECEMBER 31, 1993.**

Charities need to familiarize themselves with these tax law changes in order to bring themselves into compliance. This Publication alerts you to the new provisions affecting tax-exempt charitable organizations. Set forth below are brief descriptions of the new law's key provisions. The Internal Revenue Service plans to provide further guidance in the near future.

Donor's Substantiation Requirements

Documenting Certain Charitable Contributions. — Beginning January 1, 1994, no deduction will be allowed under section 170 of the Internal Revenue Code for any charitable contribution of \$250 or more unless the donor has contemporaneous written substantiation from the charity. In cases where the charity has provided goods or services to the donor in exchange for making the contribution, this contemporaneous written acknowledgement must include a good faith estimate of the value of such goods or services. Thus, taxpayers may no longer rely solely on a cancelled check to substantiate a cash contribution of \$250 or more.

The substantiation must be "contemporaneous." That is, it must be obtained by the donor no later than the date the donor actually files a return for the tax year in which the contribution was made. If the return is filed after the due date or extended due date, then the substantiation must have been obtained by the due date or extended due date.

The responsibility for obtaining this substantiation lies with the donor, who must request it from the charity. The charity is not required to respond or report this information to the IRS on behalf of donors.

The legislation provides that substantiation will not be required if, in accordance with regulations prescribed by the Secretary, the charity reports directly to the IRS the information required to be provided in the written substantiation. At present, there are no regulations establishing procedures for direct reporting by charities to the IRS of charitable contributions made in 1994. Consequently, charities and donors should be prepared to provide/obtain the described substantiation for 1994 contributions of \$250 or more.

There is no prescribed format for the written acknowledgement. For example, letters, postcards or computer-generated forms may be acceptable. The acknowledgement does not have to include the donor's social security or tax identification number. It must, however, provide sufficient information to substantiate the amount of the deductible contribution. The acknowledgement should note the amount of any cash contribution. However, if the donation is in the form of property, then the acknowledgement must describe, but need not value, such property. Valuation of the donated property is the responsibility of the donor.

The written substantiation should also note whether the donee organization provided any goods or services in consideration, in whole or in part, for the contribution and, if so, must provide a description and good-faith estimate of the value of the goods or services. In the new law these are referred to as "quid pro quo contributions."

Please note that there is a new law requiring charities to furnish disclosure statements to donors for such quid pro quo donations in excess of \$75. This is addressed in the next section regarding Disclosure By Charity.

If the goods or services consist entirely of intangible religious benefits, the statement should indicate this, but the statement need not describe or provide an estimate of the value of these benefits. "Intangible religious benefits" are also discussed in the following section on Disclosure By Charity. If, on the other hand, the donor received nothing in return for the contribution, the written substantiation must so state.

The present law remains in effect that, generally, if the value of an item or group of like items exceeds \$5,000, the donor must obtain a qualified appraisal and submit an appraisal summary with the return claiming the deduction.

The organization may either provide separate statements for each contribution of \$250 or more from a taxpayer, or furnish periodic statements substantiating contributions of \$250 or more.

Separate payments are regarded as independent contributions and are not aggregated for purposes of measuring the \$250 threshold. However, the Service is authorized to establish anti-abuse rules to prevent avoidance of the substantiation requirement by taxpayers writing separate smaller checks on the same date.

If donations are made through payroll deductions, the deduction from each paycheck is regarded as a separate payment.

A charity that knowingly provides false written substantiation to a donor may be subject to the penalties for aiding and abetting an understatement of tax liability under section 6701 of the Code.

Disclosure by Charity of Receipt of Quid Pro Quo Contribution

Beginning January 1, 1994, under new section 6115 of the Internal Revenue Code, a charitable organization must provide a written disclosure statement to donors who make a payment, described as a "quid pro quo contribution," in excess of \$75. This requirement is separate from the written substantiation required for deductibility purposes as discussed above. While, in certain circumstances, an organization may be able to meet both requirements with the same written document, an organization must be careful to satisfy the section 6115 written disclosure statement requirement in a timely manner because of the penalties involved.

A quid pro quo contribution is a payment made partly as a contribution and partly for goods or services provided to the donor by the charity. An example of a quid pro quo contribution is where the donor gives a charity \$100 in consideration for a concert ticket valued at \$40. In this example, \$60 would be deductible. Because the donor's payment (quid pro quo contribution) exceeds \$75, the disclosure statement must be furnished, even though the deductible amount does not exceed \$75.

Separate payments of \$75 or less made at different times of the year for separate fund-raising events will not be aggregated for purposes of the \$75 threshold. However, the Service is authorized to develop anti-abuse rules to prevent avoidance of this disclosure requirement in situations such as the writing of multiple checks for the same transaction.

The required written disclosure statement must:

- (1) inform the donor that the amount of the contribution that is de-

deductible for federal income tax purposes is limited to the excess of any money (and the value of any property other than money) contributed by the donor over the value of goods or services provided by the charity, and

- (2) provide the donor with a good-faith estimate of the value of the goods or services that the donor received.

The charity must furnish the statement in connection with either the solicitation or the receipt of the quid pro quo contribution. If the disclosure statement is furnished in connection with a particular solicitation, it is not necessary for the organization to provide another statement when the associated contribution is actually received.

The disclosure must be in writing and must be made in a manner that is reasonably likely to come to the attention of the donor. For example, a disclosure in small print within a larger document might not meet this requirement.

In the following three circumstances, the disclosure statement is not required.

- (1) Where the only goods or services given to a donor meet the standards for "insubstantial value" set out in section 3.01, paragraph 2 of Rev. Proc. 90-12, 1990-1 C.B. 471, as amplified by section 2.01 of Rev. Proc. 92-49, 1992-1 C.B. 987 (or any updates or revisions thereof);
- (2) Where there is no donative element involved in a particular transaction with a charity, such as in a typical museum gift shop sale.
- (3) Where there is only an intangible religious benefit provided to the donor. The intangible religious benefit must be provided to

the donor by an organization organized exclusively for religious purposes, and must be of a type that generally is not sold in a commercial transaction outside the donative context. An example of an intangible religious benefit would be admission to a religious ceremony. The exception also generally applies to de minimis tangible benefits, such as wine, provided in connection with a religious ceremony. The intangible religious benefit exception, however, does not apply to such items as payments for tuition for education leading to a recognized degree, or for travel services, or consumer goods.

A penalty is imposed on charities that do not meet the disclosure requirements. For failure to make the required disclosure in connection with a quid pro quo contribution of more than \$75, there is a penalty of \$10 per contribution, not to exceed \$5,000 per fundraising event or mailing. The charity may avoid the penalty if it can show that the failure was due to reasonable cause.

Please note that the prevailing basic rule allowing donor deductions only to the extent that the payment exceeds the fair market value of the goods or services received in return still applies generally to all quid pro quo contributions. The \$75 threshold pertains only to the obligation to disclose and the imposition of the \$10 per contribution penalty, not the rule on deductibility of the payment.



Department of the Treasury
Internal Revenue Service
Publication 1771 (11-83)
Catalog Number 20054Q

Internal Revenue Service
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Washington, D.C. 20224

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INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **MAY 04 2000**

SOUTH CAROLINA FIRST STEPS TO
SCHOOL READINESS BOARD OF TRUSTEES
C/O THEODORE J HOPKINS JR
PO DRAWER 7157
COLUMBIA, SC 29202

Employer Identification Number:
57-1087576

DIN:

17053080029040

Contact Person:

RICHARD K DOLFI

ID# 31363

Contact Telephone Number:

(877) 829-5500

Addendum Applies:

No

Dear Applicant:

We have considered your application for a group exemption letter recognizing your subordinates as exempt from federal income tax under section 501(a) of the Internal Revenue Code as organizations of the type described in section 501(c) (3).

Our records show that you were recognized as exempt from federal income tax under section 501(c) (3) of the Code. Your exemption letter remains in effect.

Based on information you supplied, we recognize your subordinates whose names appear on the list you submitted as exempt from federal income tax under section 501(c) (3) of the Code.

Additionally, we have classified the organizations that you operate, supervise, or control, and that are covered by your notification to us, as organizations that are not private foundations because they are organizations of the type described in sections 509(a) (1) and 170(b) (1) (A) (vi) of the Code.

Donors may deduct contributions to your subordinates as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your subordinates or for their use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of section 2055, 2106, and 2522 of the Code.

Your subordinates whose gross receipts each year are normally more than \$25,000 are each required to file Form 990, Return of Organization Exempt From Income Tax, by the 15th day of the fifth month after the end of their annual accounting period. If you prefer, you may file a group return for those subordinates that authorize you in writing to include them in that return. If you are required to file Form 990 for your own activities, you must file a separate return and may not be included on any group return that you file for your subordinates. The law imposes a penalty of \$20 a day when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty imposed cannot exceed \$10,000 or 5 percent of your gross receipts for the year, whichever is less. For organizations with gross receipts exceeding \$1,000,000 in any year, the penalty is \$100 per day per return, unless there is reasonable

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SOUTH CAROLINA FIRST STEPS TO

cause for the delay. The maximum penalty for an organization with gross receipts exceeding \$1,000,000 shall not exceed \$50,000. This penalty may also be charged if a return is not complete, so your subordinates should make sure their returns are complete before filing them. Please advise your subordinates that, if they receive a Form 990 package in the mail, they should file the return even if their gross receipts do not exceed the \$25,000 minimum. If not required to file, a subordinate should simply attach the label provided, check the box in the heading to indicate that its annual gross receipts are normally \$25,000 or less and sign the return. This will allow us to update our records to show that the subordinate is not required to file and to delete that subordinate from the list of organizations that will receive Form 990 packages in future years.

Your subordinates are required to make their annual information return, Form 990 or Form 990-EZ, available for public inspection for three years after the later of the due date of the return or the date the return is filed. You and your subordinates are also required to make available for public inspection your group exemption application, any supporting documents and this exemption letter. Copies of these documents are also required to be provided to any individual upon written or in person request without charge other than reasonable fees for copying and postage. You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax-Exempt Status for Your Organization, or you may call our toll free number shown above.

Your subordinates are not required to file federal income tax returns unless subject to the tax on unrelated business income under section 511 of the Code. Each organization subject to this tax must file Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your subordinates' present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

As of January 1, 1984, each of your subordinates is liable for social security taxes under the Federal Insurance Contributions Act on remuneration of \$100 or more they pay to each of their employees during a calendar year. Your subordinates are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Each year, at least 90 days before the end of your annual accounting period, please send the items listed below to the Internal Revenue Service Center at the address shown below.

1. A statement describing any changes during the year in the purposes, character, or method of operation of your subordinates;
2. A list showing the names, mailing addresses (including Postal ZIP codes), actual addresses if different, and employer identification numbers of subordinates that, since your previous report:
 - a. Changed names or address;
 - b. Were deleted from your roster; or

Letter 2419 (DO/CG)

SOUTH CAROLINA FIRST STEPS TO

- c. Were added to your roster.
3. For subordinates to be added, attach:
- a. A statement that the information on which your present group exemption letter is based applies to the new subordinates;
 - b. A statement that each has given you written authorization to add its name to the roster;
 - c. A list of those to which the Service previously issued exemption rulings or determination letters;
 - d. A statement that none of the subordinates is a private foundation as defined in section 509(a) of the Code if the group exemption letter covers organizations described in section 501(c)(3);
 - e. The street address of each subordinate whose mailing address is a P.O. Box; and
 - f. The information required by Revenue Procedure 75-50, 1975-2 C.B. 587, for each subordinate that is a school claiming exemption under section 501(c)(3). Also include any other information necessary to establish that the school is complying with the requirements of Revenue Ruling 71-447, 1971-2 C.B. 230. This is the same information required by Schedule A, Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.
4. If applicable, a statement that your group exemption roster did not change since your previous report.

Please mail the information requested in this letter to the following address:

Internal Revenue Service
Ogden UT 84201

Your Group Exemption Number is 3590. Your subordinates are required to include this number on each Form 990, Return of Organization Exempt From Income Tax, and Form 990-T, Exempt Organization Business Income Tax Return, that they file. Please advise your subordinates of this requirement and provide them with the Group Exemption Number.

If the heading of this letter indicates that an addendum applies, the enclosed addendum is an integral part of this letter.

Because this letter could help resolve any questions about the exempt status and foundation status of your subordinates, you should keep it for your records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

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SOUTH CAROLINA FIRST STEPS TO

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

~~Steven T. Miller~~

Steven T. Miller
Director, Exempt Organizations

Form **872-C**

Consent Fixing Period of Limitation Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code

OMB No. 1545-0058

(Rev. September 1998)

To be used with Form 1023. Submit in duplicate.

Department of the Treasury
Internal Revenue Service

(See instructions.)

Under section 6501(c)(4) of the Internal Revenue Code, and as part of a request filed with Form 1023 that the organization named below be treated as a publicly supported organization under section 170(b)(1)(A)(vi) or section 509(s)(2) during an advance ruling period.

South Carolina First Steps to School Readiness Board of Trustees, a South Carolina Nonprofit Corporation

(Exact legal name of organization as shown in organizing document)

Down Bldg, Suite 369, 1205 Pendleton St.
Columbia, South Carolina 29201

(Number street, city or town, state, and ZIP code)

and the

District Director of Internal Revenue, or Assistant - Commissioner (Employee Plans and Exempt Organizations)

consent and agree that the period for assessing tax (imposed under section 4940 of the Code) for any of the 5 tax years in the advance ruling period will extend 8 years, 4 months, and 15 days beyond the end of the first tax year.

However, if a notice of deficiency in tax for any of these years is sent to the organization before the period expires, the time for making an assessment will be further extended by the number of days the assessment is prohibited, plus 60 days.

Ending date of first tax year June 30, 2000

(Month, day, and year)

Name of organization (as shown in organizing document) <u>South Carolina First Steps to School Readiness Board of Trustees, A South Carolina Nonprofit Corporation</u>	Date <u>4-20-00</u>
Officer or trustee having authority to sign <u>[Signature]</u>	Type or print name and title <u>Theodore J. Hopkins Jr. Attorney</u>

District Director or Assistant Commissioner (Employee Plans and Exempt Organizations) <u>Steven T Miller, Director Exempt Organizations</u>	Date <u>5/4/00</u>
--	-----------------------

By: T Barber, Esq. Reviewer

For Paperwork Reduction Act Notice, see page 7 of the Form 1023 instructions.

Charitable Contributions - Substantiation and Disclosure Requirements

UNDER THE NEW LAW, CHARITIES WILL NEED TO PROVIDE NEW KINDS OF INFORMATION TO DONORS. Failure to do so may result in denial of deductions to donors and the imposition of penalties on charities.

Legislation signed into law by the President on August 10, 1993, contains a number of significant provisions affecting tax-exempt charitable organizations described in section 501 (c)(3) of the Internal Revenue Code. These provisions include: (1) new substantiation requirements for donors, and (2) new public disclosure requirements for charities (with potential penalties for failing to comply). Additionally, charities should note that donors could be penalized by loss of the deduction if they fail to substantiate. **THE SUBSTANTIATION AND DISCLOSURE PROVISIONS APPLY TO CONTRIBUTIONS MADE AFTER DECEMBER 31, 1993.**

Charities need to familiarize themselves with these tax law changes in order to bring themselves into compliance. This Publication alerts you to the new provisions affecting tax-exempt charitable organizations. Set forth below are brief descriptions of the new law's key provisions. The Internal Revenue Service plans to provide further guidance in the near future.

Donor's Substantiation Requirements

Documenting Certain Charitable Contributions. — Beginning January 1, 1994, no deduction will be allowed under section 170 of the Internal Revenue Code for any charitable contribution of \$250 or more unless the donor has contemporaneous written substantiation from the charity. In cases where the charity has provided goods or services to the donor in exchange for making the contribution, this contemporaneous written acknowledgement must include a good faith estimate of the value of such goods or services. Thus, taxpayers may no longer rely solely on a cancelled check to substantiate a cash contribution of \$250 or more.

The substantiation must be "contemporaneous." That is, it must be obtained by the donor no later than the date the donor actually files a return for the tax year in which the contribution was made. If the return is filed after the due date or extended due date, then the substantiation must have been obtained by the due date or extended due date.

The responsibility for obtaining this substantiation lies with the donor, who must request it from the charity. The charity is not required to record or report this information to the IRS on behalf of donors.

The legislation provides that substantiation will not be required if, in accordance with regulations prescribed by the Secretary, the charity reports directly to the IRS the information required to be provided in the written substantiation. At present, there are no regulations establishing procedures for direct reporting by charities to the IRS of charitable contributions made in 1994. Consequently, charities and donors should be prepared to provide/obtain the described substantiation for 1994 contributions of \$250 or more.

There is no prescribed format for the written acknowledgement. For example, letters, postcards or computer-generated forms may be acceptable. The acknowledgement does not have to include the donor's social security or tax identification number. It must, however, provide sufficient information to substantiate the amount of the deductible contribution. The acknowledgement should note the amount of any cash contribution. However, if the donation is in the form of property, then the acknowledgement must describe, but need not value, such property. Valuation of the donated property is the responsibility of the donor.

The written substantiation should also note whether the donee organization provided any goods or services in consideration, in whole or in part, for the contribution and, if so, must provide a description and good-faith estimate of the value of the goods or services. In the new law these are referred to as "quid pro quo contributions."

Please note that there is a new law requiring charities to furnish disclosure statements to donors for such quid pro quo donations in excess of \$75. This is addressed in the next section regarding Disclosure By Charity.

If the goods or services consist entirely of intangible religious benefits, the statement should indicate this, but the statement need not describe or provide an estimate of the value of these benefits. "Intangible religious benefits" are also discussed in the following section on Disclosure By Charity. If, on the other hand, the donor received nothing in return for the contribution, the written substantiation must so state.

The present law remains in effect that, generally, if the value of an item or group of like items exceeds \$5,000, the donor must obtain a qualified appraisal and submit an appraisal summary with the return claiming the deduction.

The organization may either provide separate statements for each contribution of \$250 or more from a taxpayer, or furnish periodic statements substantiating contributions of \$250 or more.

Separate payments are regarded as independent contributions and are not aggregated for purposes of measuring the \$250 threshold. However, the Service is authorized to establish anti-abuse rules to prevent avoidance of the substantiation requirement by taxpayers writing separate smaller checks on the same date.

If donations are made through payroll deductions, the deduction from each paycheck is regarded as a separate payment.

A charity that knowingly provides false written substantiation to a donor may be subject to the penalties for aiding and abetting an understatement of tax liability under section 6701 of the Code.

Disclosure by Charity of Receipt of Quid Pro Quo Contribution

Beginning January 1, 1994, under new section 6115 of the Internal Revenue Code, a charitable organization must provide a written disclosure statement to donors who make a payment, described as a "quid pro quo contribution," in excess of \$75. This requirement is separate from the written substantiation required for deductibility purposes as discussed above. While, in certain circumstances, an organization may be able to meet both requirements with the same written document, an organization must be careful to satisfy the section 6115 written disclosure statement requirement in a timely manner because of the penalties involved.

A quid pro quo contribution is a payment made partly as a contribution and partly for goods or services provided to the donor by the charity. An example of a quid pro quo contribution is where the donor gives a charity \$100 in consideration for a concert ticket valued at \$40. In this example, \$60 would be deductible. Because the donor's payment (quid pro quo contribution) exceeds \$75, the disclosure statement must be furnished, even though the deductible amount does not exceed \$75.

Separate payments of \$75 or less made at different times of the year for separate fund-raising events will not be aggregated for purposes of the \$75 threshold. However, the Service is authorized to develop anti-abuse rules to prevent avoidance of this disclosure requirement in situations such as the writing of multiple checks for the same transaction.

The required written disclosure statement must:

(1) inform the donor that the amount of the contribution that is de-

deductible for federal income tax purposes is limited to the excess of any money (and the value of any property other than money) contributed by the donor over the value of goods or services provided by the charity, and

- (2) provide the donor with a good-faith estimate of the value of the goods or services that the donor received.

The charity must furnish the statement in connection with either the solicitation or the receipt of the quid pro quo contribution. If the disclosure statement is furnished in connection with a particular solicitation, it is not necessary for the organization to provide another statement when the associated contribution is actually received.

The disclosure must be in writing and must be made in a manner that is reasonably likely to come to the attention of the donor. For example, a disclosure in small print within a larger document might not meet this requirement.

In the following three circumstances, the disclosure statement is not required.

- (1) Where the only goods or services given to a donor meet the standards for "insubstantial value" set out in section 3.01, paragraph 2 of Rev. Proc. 90-12, 1990-1 C.B. 471, as amplified by section 2.01 of Rev. Proc. 92-49, 1992-1 C.B. 987 (or any updates or revisions thereof);
- (2) Where there is no donative element involved in a particular transaction with a charity, such as in a typical museum gift shop sale.
- (3) Where there is only an intangible religious benefit provided to the donor. The intangible religious benefit must be provided to

the donor by an organization organized exclusively for religious purposes, and must be of a type that generally is not sold in a commercial transaction outside the donative context. An example of an intangible religious benefit would be admission to a religious ceremony. The exception also generally applies to de minimis tangible benefits, such as wine, provided in connection with a religious ceremony. The intangible religious benefit exception, however, does not apply to such items as payments for tuition for education leading to a recognized degree, or for travel services, or consumer goods.

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Please note that the prevailing basic rule allowing donor deductions only to the extent that the payment exceeds the fair market value of the goods or services received in return still applies generally to all quid pro quo contributions. The \$75 threshold pertains only to the obligation to disclose and the imposition of the \$10 per contribution penalty, not the rule on deductibility of the payment.



Department of the Treasury
Internal Revenue Service
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1111 Constitution Avenue, NW
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Permit No. G-48



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Facsimile (803) 765-2399

134 Meeting Street
Fourth Floor
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Charleston, South Carolina 29401
(803) 722-7606
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April 26, 2000

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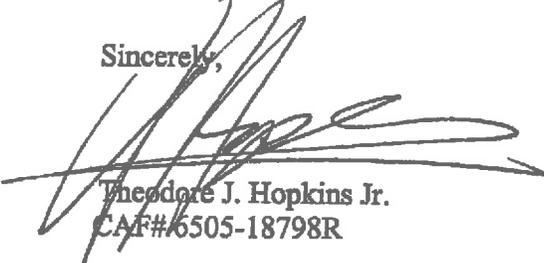
Internal Revenue Service
Exempt Organizations Division
Attn: Richard K. Dolfi
550 Main Street
Federal Building, Room 5106
Cincinnati, OH 45201

Re: EIN 57-1087576
South Carolina First Steps to School Readiness Board of Trustees,
A South Carolina Non-Profit Corporation (the "Corporation")

Dear Mr. Dolfi:

Enclosed please find the Corporation's response to your April 12, 2000 letter. Please let me know if further information is needed so that I can expedite such response as may be necessary.

Sincerely,



Theodore J. Hopkins Jr.
CAF# 6505-18798R

TJHjr/dh
Enclosure

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FROM: Donna Hunter (803)765-1818
HAYNSWORTH MARION MCKAY SHIPPER'S FEDEX ACCOUNT NUMBER
1201 MAIN ST BLDG STE 2400
COLUMBIA, SC 29201



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Federal Express

TO: Richard K. Dolfi (513)263-3665
IRS, Exempt Org Division
550 Main Street
Rm 5106, Federal Bldg
Cincinnati, OH 45202-
REF: 20-8263-1

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April 26, 2000

FEDEX 7925 8128 8733

Internal Revenue Service
Exempt Organizations Division
Attn: Richard K. Dolfi
550 Main Street
Federal Building, Room 5106
Cincinnati, OH 45201

Re: EIN 57-1087576
South Carolina First Steps to School Readiness Board of Trustees,
A South Carolina Non-Profit Corporation (the "Corporation")

Dear Mr. Dolfi:

In response to your April 12, 2000 letter to me (copy attached), I am providing additional information which you requested. The information is keyed to the 10 items/questions in your letter and the specific responses are numbered accordingly. For answers to questions 3, 7 and 10, please refer to the attached Memorandum from our attorney (**Exhibit A**).

1. As called for in The South Carolina First Steps to School Readiness Act (the "Enabling Act"), and in § 20-7-9700 *et seq.* of the South Carolina Code of Laws ("S.C. Code"), the Corporation was established to oversee the South Carolina First Steps to School Readiness initiative. (See generally, IRS Form 1023, Exhibit C.) The Corporation is carrying out all assigned functions as mandated in S.C. Code § 20-7-9720, to-wit:

- (1) Developing a comprehensive long-range initiative for improving early childhood development and increasing school readiness;
- (2) Promulgating regulations, establishing guidelines, policies and procedures for implementation of the South Carolina First Steps to School Readiness initiative;
- (3) Providing oversight on the implementation of the South Carolina First Steps to School Readiness initiative at the state and county levels;
- (4) Facilitating and directing the establishment of developing County First Steps Partnerships and establishing the criteria for designation of County First Steps Partnerships;

First Steps

1205 Pendleton Street • 369 Brown Building • Columbia, South Carolina 29201
Phone 803-734-0479 • Fax 803-734-1431 • 1/877-621-0865

- (5) Establishing criteria and procedures for awarding state First Steps grants to County First Steps Partnerships;
- (6) Providing technical assistance, consultation services, and support to County First Steps Partnerships including: the creation and annual revision of county needs assessments; the prioritization, implementation, and evaluation of each First Steps Partnership's strategic plans based on needs assessments; and the identification of assets from other funding sources;
- (7) Assessing and developing recommendations for ensuring coordination and collaboration among service providers at both the state and county level, for increasing the efficiency and effectiveness of state programs and funding and other programs and funding sources, as allowable, as necessary to carry out the First Steps to School Readiness initiative, including additional fiscal strategies, redeployment of state resources, and development of new programs;
- (8) Establishing results oriented measures and objectives and assessing whether services provided by County First Steps Partnerships are meeting the goals and achieving the results established for the First Steps initiative pursuant to Chapter 152, Title 59;
- (9) Receiving gifts, bequests, and devises for deposit for awarding grants to First Steps Partnerships; and
- (10) Reporting annually to the General Assembly by January first on activities and progress to include recommendations for changes and legislative initiatives and results of program evaluations.

2. The following specific information illustrates how the above stated activities are implemented:

- (1) Developing a comprehensive long-range initiative for improving early childhood development and increasing school readiness.

Under the leadership of the Corporation, an extensive, state-level strategic plan has been developed. The plan promotes the development of efforts of agencies, private providers, and public and private organizations at the state and county levels, to work together to improve school readiness. The Corporation is also supervising and providing guidance to the Office of First Steps with the development of this education initiative.

- (2) Promulgating regulations, establishing guidelines, policies and procedures for implementation of the South Carolina First Steps to School Readiness initiative.

The Corporation oversees the Office of First Steps staff as the following items are promulgated:

- All governing documents for the Corporation, the Office of First Steps and the First Steps County Partnerships.
- Procedures to ensure that the Office of First Steps and County Partnerships implement a standard fiscal accountability system that meets all state and legislative requirements.
- The Level One and Level Two grant applications, supporting materials and review procedures.

(3) Providing oversight on the implementation of the South Carolina First Steps to School Readiness initiative at the state and county levels.

The Corporation is developing a broad range of oversight activities that will include comprehensive, scientifically-based evaluations at the state and county levels. S.C. Code § 59-152-160 mandates a program evaluation of the First Steps to School Readiness initiative at the state and county level by an independent, external evaluator under contract to the Corporation. A three-person committee to select an external evaluator has been appointed, as required by S.C. Code § 59-152-160 in the Enabling Act. A Request for Proposals has been developed to guide the selection process for an external evaluator.

The results-oriented grant-making process developed by the Office of First Steps includes an internal evaluation process, which will track and monitor statewide efforts. Evaluations are already being conducted to assess the process, products and capacity building of the results-oriented grant-making process. In addition, staff, state agency representatives and consultants are working with the Corporation to ensure that Level Two (implementation/management) grants will include a monitoring system to ensure quality programming and an evaluation system that provides information on the efficacy of the program, a continuous quality improvement system that can be used to improve the program and methods for sustaining the program if results are positive.

(4) Facilitating and directing the establishment of developing County First Steps Partnerships and establishing the criteria for designation of County First Steps Partnerships.

The Corporation has overseen and continues to oversee technical assistance activities by the Office of First Steps towards this directive, which activities include the following:

- Participation in 46 initial county forums attended by more than 5,000 people statewide, and corresponding provision of technical assistance to help each county form a First Steps County Partnership Board.
- Providing training to more than 900 County Partnership board members at six, all-day training sessions on the Level One grant application.
- Incorporating all 46 County Partnerships.

- Beginning the process of applying for 501(c)(3) status and creating and disseminating all governing documents.
- Implementing the results-oriented grant-making process and creating extensive support materials for County Partnership Boards.

(5) Establishing criteria and procedures for awarding state First Steps grants to County First Steps Partnerships.

The Applications/Grants Committee of the Board of Directors of the Corporation has worked closely with the Office of First Steps to develop a comprehensive Level One application packet which was provided to all County Partnership boards. Additionally, the Level Two application has been developed and distributed.

The Corporation also approved Level One and Level Two grant review processes and members of the Board of Directors of the Corporation are actively participating in the Level One and Level Two grant review processes.

(6) Providing technical assistance, consultation services, and support to County First Steps Partnerships including: the creation and annual revision of county needs assessments; the prioritization, implementation, and evaluation of each First Steps Partnership's strategic plans based on needs assessments; and the identification of assets from other funding sources.

Under the direction of the Corporation, the Office of First Steps has provided extensive technical assistance and consultation to the First Steps County Partnerships, including six day-long seminars attended by more than 900 representatives of County Partnership Boards on the Level One grant application and extensive technical assistance through attendance at county meetings, telephone conferences and e-mails. Documents have been developed to provide additional training in the areas of county needs and resources assessments and strategic planning processes, as well as identification of non-governmental funding sources. A training conference was held in February for First Steps County Partnership board members that included training in these critical areas.

(7) Assessing and developing recommendations for ensuring coordination and collaboration among service providers at both the state and county level, for increasing the efficiency and effectiveness of state programs and funding and other programs and funding sources, as allowable, as necessary to carry out the First Steps to School Readiness initiative, including additional fiscal strategies, redeployment of state resources, and development of new programs.

Each state agency cited in the Enabling Act is represented on the Board of Directors of the Corporation by the agency director or his or her official designee, and, as appropriate, agency staff serve on or assist with County

to meet all requirements in the Enabling Act and, thereby, improve school readiness.

3. See attached Memorandum from our attorney.

4. The Office of South Carolina First Steps to School Readiness ("Office of First Steps") has been established as part of the Corporation, as called for in S.C. Code § 59-152-50. Under the direction of the Corporation, the Office of First Steps, through duties mandated (S.C. Code § 59-152-50), will improve early childhood development by providing services and support to children and their families to enable children to reach school ready to learn. The Office of First Steps shall fulfill the following statutory duties and responsibilities. (See attached Annual Report.)

- (1) [P]rovide to the board information on best practice, successful strategies, model programs, and financing mechanisms[.]
- (2) [R]eview the County Partnerships' plans and budgets in order to provide technical assistance and recommendations regarding local grant proposals and improvement in meeting statewide and local goals[.]
- (3) [P]rovide technical assistance, consultation and support to county partnerships to facilitate their success including, but not limited to, model programs, strategic planning, leadership development, best practice, successful strategies, collaboration, financing and evaluation[.]
- (4) [R]ecommend to the [B]oard the applicants meeting the criteria for First Steps partnerships and the grants to be awarded[.]
- (5) [S]ubmit an annual report to the [B]oard by December first which includes, but is not limited to, the statewide needs and resources available to meet the goals and purposes of [First Steps], the ongoing progress and results of the First Steps to School Readiness initiative statewide and locally, fiscal information on the expenditure of funds, and recommendations and legislative proposals to further implement the [First Steps] initiative statewide[.]
- (6) [P]rovide for on-going data collection and contract for an in-depth performance audit due January 1, 2003 and every three years thereafter, to ensure that statewide goals and requirements of the [First Steps] initiative are being met[.]
- (7) [C]oordinate the First Steps to School Readiness initiative with all other state, federal, and local public and private efforts to promote good health and school readiness of young children and support for their families.

5. As contained in the Enabling Act and § 20-7-9710 of the S.C. Code, a complete report of the activities of the Corporation must be made annually to the General Assembly and the State Auditor to ensure compliance with the law and the intent of the General Assembly in enacting the law.

Partnership boards. The presence of these agency directors and staff helps ensure cooperation and collaboration among agencies. In addition, the Legislative and Agency Relations Committee of the Board of Directors of the Corporation works to meet this goal.

The Office of First Steps, under the direction of the Board of Directors of the Corporation, is surveying relevant state agencies, state-level non-profit organizations, institutions of higher learning and faith-based organizations about existing programs that serve children ages zero to six and their families. The results of this survey will help ensure coordination and collaboration among service providers and will provide County Partnerships with extensive information about existing resources.

- (8) Establishing results oriented measures and objectives and assessing whether services provided by County First Steps Partnerships are meeting the goals and achieving the results established for the First Steps initiative pursuant to Chapter 152, Title 59.

To date, 41 County Partnership Boards have submitted applications for Level One (planning) grants, and 25 counties have been approved for Level One grants. This section of the Enabling Act addresses activities that will begin as County Partnership Boards begin to implement Level Two (implementation) grants. Full internal and external evaluation procedures are being developed by the Office of First Steps, under the direction of the Corporation and the Fiscal Accountability and Evaluation Committee of the Board of Directors of the Corporation. The State Department of Education is also assisting with the evaluative effort.

- (9) Receiving gifts, bequests, and devises for deposit for awarding grants to First Steps Partnerships.

In conjunction with the Corporation, the Office of First Steps solicits non-governmental grants, gifts and donations from private and public sources. To date, over \$6 million in private dollars have been committed to the First Steps initiative. Funds are received by the Comptroller General's office and held in a separate account. The State Treasurer invests the monies in the same manner as other funds under his control.

- (10) Reporting annually to the General Assembly by January first on activities and progress to include recommendations for changes and legislative initiatives and results of program evaluations.

Enclosed with this letter/response as **Exhibit B** is the Corporation's January 1, 2000 Report to the General Assembly (the "Annual Report"), which includes extensive information on activities completed to date and on the extensive plans

6. The Executive Director will solicit donations, contributions, gifts, and grants of money and property from charitable organizations, business corporations, and industry by targeting those groups known to have an interest in early childhood education. Potential donors will be contacted through introductory letters and follow-up phone calls and meetings. Primary potential donors will be South Carolina-based charitable organizations, business corporations and industry, as well as those type organizations with a substantial interest in South Carolina. From time to time, members of the Board of Trustees will assist the Executive Director in making the necessary contacts

7. See attached Memorandum from our attorney.

8. Qualifications for, duties and responsibilities of and time spent in the position of Executive Director are as follows:

Qualifications:

- Minimum of a Bachelor's degree (graduate degree preferred); at least three years' experience in managing a non-profit; experience in working with governing boards; demonstrated fund-raising ability; demonstrated ability to handle multiple complex tasks as part of strategy towards organization's goals.

Duties/Responsibilities:

- Oversee general direction, message and vision of First Steps
- Primary liaison with Governor's Office and Cabinet agencies
- Public speaking/presentations
- Facilitate relationship building with other state-level non-profits
- Manage Board of Trustees and Board Executive and Strategic Planning/ Administration and Legislative/Agency Relations Committees, as well as Advisory Board
- Oversee private sector fundraising and coordinate as necessary with the Board of Directors of the Corporation
- Hire/Supervise First Steps Senior Staff
- Develop new initiatives (e.g., T.E.A.C.H.)
- Oversee public education and information campaign
- Lead staff person on strategic plan
- Coordinate all activities with state government, working with Governor's Office
- Respond to correspondence/phone calls relating to First Steps

Hours spent per week on the activities of the organization: 40-50

Richard K. Dolfi
April 26, 2000
Page 8

9. Breakdown of contractual services portion of Line 22, Part IV, IRS Form 1023:

(Estimates)	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02</u>	<u>TOTAL</u>
Training	35,000	65,340	108,900	209,240
Printing/binding/advertising	60,000	108,900	181,500	350,400
Freight/Express/Delivery	1,000	1,000	1,000	3,000
Bldg Renovations	50,000	82,462	137,437	269,899
Non-State Employee Travel	150,000	247,387	412,312	809,699
Telecommunication Services	1,000	1,649	2,748	5,397
Vendor-Meals/Refreshments	15,000	24,739	41,231	80,970
Other Professional Services	943,604	1,539,322	2,566,203	5,049,129
Telephone/Telegraph	15,000	24,739	41,231	80,970
Other Miscellaneous	<u>50,000</u>	<u>82,462</u>	<u>137,438</u>	<u>269,900</u>
TOTAL	1,320,604	2,178,000	3,630,000	7,128,604

10. See attached Memorandum from our attorney.

In the event additional information is needed, please notify our attorney, Theodore J. Hopkins Jr., so that he can expedite such response as may be necessary.

Sincerely,


~~Marie Louise Ramsdale~~
Executive Director

Enclosures

cc: Theodore J. Hopkins Jr. (w/encl.)
Attorney for the Corporation

**Haynsworth, Marion,
McKay & Guérard, L.L.P.**

M E M O

TO: Marie-Louise Ramsdale, Director
South Carolina First Steps to School Readiness Board of Trustees,
A South Carolina Nonprofit Corporation

FROM: Theodore J. Hopkins Jr., Esq.

DATE: April 26, 2000

RE: Response to April 12, 2000 Letter from Richard K. Dolfi, Exempt
Organizations Specialist, Internal Revenue Service ("IRS")

You have asked me to respond to certain IRS requests for additional information, specifically the information requested in paragraphs/questions numbered 3, 7 and 10 of the April 12, 2000 IRS letter to you, to-wit:

3. **"Please provide specific information regarding how your organization will lessen the burdens of government through the exercise of its activities."**

As stated in the Articles of Incorporation, the purposes for which the Corporation is organized are as follows:

The Corporation is organized and will operate in accordance with The South Carolina First Steps to School Readiness Act, 1999 Act No. 99 (the "Act") to lessen the burdens of government by overseeing the South Carolina First Steps to School Readiness initiative for improving early childhood development, and to carry out the purposes of the Act.

Authority/Criteria

Section 501(c)(3) of the Code provides for the exemption from federal income tax of organizations organized and operated exclusively for charitable purposes.

Treas. Reg. § 1.501(c)(3)-1(d)(2) provides that the term "charitable" is used in § 501(c)(3) of the Code in its generally accepted legal sense, and includes "relief of the poor and distressed or of the underprivileged," "advancement of education or science" and/or "*lessening of the burdens of Government.*" (Emphasis supplied.)

Revenue Ruling ("Rev. Rul.") 85-1, 1985-1 C.B. 177, emphasizes the criteria set out in Rev. Rul. 85-2, 1985-1 C.B. 178, for determining whether an organization's activities are lessening the burdens of government:

The criteria set out in Rev. Rul. 85-2, for determining whether an organization's activities are lessening the burdens of government are: *first*, whether the governmental unit considers the organization's activities to be its burden; and *second*, whether these activities actually lessen the burden of the governmental unit. An activity is a burden of the government if there is an objective manifestation by the governmental unit that it considers the activities of the organization to be its burden. The interrelationship between the governmental unit and the organization may provide evidence that the governmental unit considers the activity to be its burden. Whether the organization is actually lessening the burdens of government is determined by considering all of the relevant facts and circumstances. (Emphasis supplied)

Rev. Rul. 85-2 analyzes as follows:

A favorable working relationship between the government and the organization is strong evidence that the organization is actually "lessening" the burdens of the government.

General Counsel's Memorandum ("G.C.M.") 39347 provides an analysis of the legal criteria that underpin Rev. Ruls. 85-1 and 85-2. The following authority is cited in G.C.M. 39347 to illustrate a variety of factors relied upon by the IRS as evidence of a government's objective manifestation that it considers an activity to be its burden:

G.C.M. 38396 recognizes that an organization may conduct an activity which is an integral part of a larger program of a governmental unit. Alternatively, it recognizes that the government may allow an organization to assume the operations of an activity it is carrying on. It describes circumstances whereunder the government contractually arranged with the organization for the provision of the organization's services and recognizes that, without the services of the organization, the government could not continue its present program unless it either undertook the services itself or appointed others to act in its place. The IRS recognized that the organization's activities were an integral part of the government program thus providing evidence that the government considered its burden to be lessened.

G.C.M. 38577 emphasizes the strong governmental endorsement of a program in which the organization participated. General Counsel was of the opinion that the organization's program was an integral part of the government program and could not be treated as entirely separate and apart from the government's other activities because the organization's program reinforced the goals/standards set by the government program and the governmental units involved. Thus, the organization's role in the governmental program partially relieved the governmental burden.

Authority/Criteria Applied To Instant Organization

In 1999, the General Assembly of South Carolina enacted into law the "South Carolina First Steps to School Readiness Act" (the "Enabling Act") which is a major governmental initiative for improving early childhood development by providing state appropriated funds/grants to local partnerships to provide services and support to children and their families to enable children to reach school ready to learn (IRS Form 1023, Exhibit C). In addition, the Enabling Act established the South Carolina First Steps to School Readiness Board of Trustees (the "Corporation") to oversee the initiative and generally to conduct activities that are an integral part of this program of state government. See generally: March 3, 2000 letter from Governor of South Carolina accompanying IRS Form 1023; Section IV(b), Bylaws of the Corporation (IRS Form 1023, Exhibit B); § 20-7-9700, SC Code of Laws, 1976 (IRS Form 1023, Exhibit C); Organizational Resolutions of the Corporation (IRS Form 1023, Exhibit D); and Operating Policies, Procedures and Guidelines of the Corporation (IRS Form 1023, Exhibit E). The Corporation was established separately by state government and does not exercise powers typically reserved to the sovereign.

The fact that the Corporation is the principal entity responsible for oversight and accountability with respect to the annual distribution of millions of dollars of state appropriations/funds for the First Steps initiative is ample evidence of the essential role that the Corporation plays in this major program of government. (See attached 2000 Annual Report of the Corporation to the General Assembly.) Thus, by specifically establishing the Corporation as the principal means by which the essential functions of a program of government are carried out, it is clear that the Corporation's activities are an integral part of this program of government, and that state government could not continue the program/initiative unless it either undertook the services itself or established or appointed another entity to act in its place. The strong governmental endorsement of this state program/initiative of which the Corporation is an integral part, and the daily interrelationship between the Corporation and state and county government, as evidenced in the foregoing documentation and in the Corporation's responses to the IRS request for information, provide ample reason for concluding that the Corporation is lessening the burdens of government.

7. **"...Change your response to request an advance ruling..."**

In accordance with the IRS request, a signed, dated IRS Form 872-C and a revised page 7 of IRS Form 1023 have been delivered to the IRS by facsimile.

10. **“Please forward a listing of the numbers that have been assigned to the subordinate organizations.”**

The federal employer identification numbers (EINs) are as follows:

	<u>Name</u>	<u>EIN</u>
1.	Abbeville County First Steps to School Readiness Partnership	57-1097774
2.	Aiken County First Steps to School Readiness Partnership	57-1097775
3.	Allendale County First Steps to School Readiness Partnership	57-1097999
4.	Anderson County First Steps to School Readiness Partnership	57-1097776
5.	Bamberg County First Steps to School Readiness Partnership	57-1097777
6.	Barnwell County First Steps to School Readiness Partnership	57-1097778
7.	Beaufort County First Steps to School Readiness Partnership	57-1097779
8.	Berkeley County First Steps to School Readiness Partnership	57-1097780
9.	Calhoun County First Steps to School Readiness Partnership	57-1097781
10.	Charleston County First Steps to School Readiness Partnership	57-1097784
11.	Cherokee County First Steps to School Readiness Partnership	57-1097785
12.	Chester County First Steps to School Readiness Partnership	57-1097786
13.	Chesterfield County First Steps to School Readiness Partnership	57-1097787
14.	Clarendon County First Steps to School Readiness Partnership	57-1097789
15.	Colleton County First Steps to School Readiness Partnership	57-1097790
16.	Darlington County First Steps to School Readiness Partnership	57-1097791
17.	Dillon County First Steps to School Readiness Partnership	57-1098006
18.	Dorchester County First Steps to School Readiness Partnership	57-1097806
19.	Edgefield County First Steps to School Readiness Partnership	57-1097809
20.	Fairfield County First Steps to School Readiness Partnership	57-1097810
21.	Florence County First Steps to School Readiness Partnership	57-1097811
22.	Georgetown County First Steps to School Readiness Partnership	57-1097813
23.	Greenville County First Steps to School Readiness Partnership	57-1097814
24.	Greenwood County First Steps to School Readiness Partnership	57-1097815
25.	Hampton County First Steps to School Readiness Partnership	57-1097816
26.	Horry County First Steps to School Readiness Partnership	57-1098007
27.	Jasper County First Steps to School Readiness Partnership	57-1097817

	<u>Name</u>	<u>EIN</u>
28.	Kershaw County First Steps to School Readiness Partnership	57-1097818
29.	Lancaster County First Steps to School Readiness Partnership	57-1097819
30.	Laurens County First Steps to School Readiness Partnership	57-1098008
31.	Lee County First Steps to School Readiness Partnership	57-1097820
32.	Lexington County First Steps to School Readiness Partnership	57-1097821
33.	Marion County First Steps to School Readiness Partnership	57-1097822
34.	Marlboro County First Steps to School Readiness Partnership	57-1097823
35.	McCormick County First Steps to School Readiness Partnership	57-1097862
36.	Newberry County First Steps to School Readiness Partnership	57-1097864
37.	Oconee County First Steps to School Readiness Partnership	57-1097866
38.	Orangeburg County First Steps to School Readiness Partnership	57-1097868
39.	Pickens County First Steps to School Readiness Partnership	57-1097863
40.	Richland County First Steps to School Readiness Partnership	57-1097865
41.	Saluda County First Steps to School Readiness Partnership	57-1097867
42.	Spartanburg County First Steps to School Readiness Partnership	57-1097869
43.	Sumter County First Steps to School Readiness Partnership	57-1098010
44.	Union County First Steps to School Readiness Partnership	57-1097870
45.	Williamsburg County First Steps to School Readiness Partnership	57-1097861
46.	York County First Steps to School Readiness Partnership	57-1097951

MAY 09 2000

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **MAY 04 2000**

Employer Identification Number:
57-1087576

DLN:
17053080029040

Contact Person:
RICHARD K DOLFI

ID# 31363

Contact Telephone Number:
(877) 829-5500

SOUTH CAROLINA FIRST STEPS TO
SCHOOL READINESS BOARD OF TRUSTEES
C/O MARIE-LOUISE RAMSDALE
1205 PENDLETON ST, SUITE 369
COLUMBIA, SC 29201

Addendum Applies:
No

Dear Applicant:

We have considered your application for a group exemption letter recognizing your subordinates as exempt from federal income tax under section 501(a) of the Internal Revenue Code as organizations of the type described in section 501(c)(3).

Our records show that you were recognized as exempt from federal income tax under section 501(c)(3) of the Code. Your exemption letter remains in effect.

Based on information you supplied, we recognize your subordinates whose names appear on the list you submitted as exempt from federal income tax under section 501(c)(3) of the Code.

Additionally, we have classified the organizations that you operate, supervise, or control, and that are covered by your notification to us, as organizations that are not private foundations because they are organizations of the type described in sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code.

Donors may deduct contributions to your subordinates as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your subordinates or for their use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of section 2055, 2106, and 2522 of the Code.

Your subordinates whose gross receipts each year are normally more than \$25,000 are each required to file Form 990, Return of Organization Exempt From Income Tax, by the 15th day of the fifth month after the end of their annual accounting period. If you prefer, you may file a group return for those subordinates that authorize you in writing to include them in that return. If you are required to file Form 990 for your own activities, you must file a separate return and may not be included on any group return that you file for your subordinates. The law imposes a penalty of \$20 a day when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty imposed cannot exceed \$10,000 or 5 percent of your gross receipts for the year, whichever is less. For organizations with gross receipts exceeding \$1,000,000

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in any year, the penalty is \$100 per day per return, unless there is reasonable cause for the delay. The maximum penalty for an organization with gross receipts exceeding \$1,000,000 shall not exceed \$50,000. This penalty may also be charged if a return is not complete, so your subordinates should make sure their returns are complete before filing them. Please advise your subordinates that, if they receive a Form 990 package in the mail, they should file the return even if their gross receipts do not exceed the \$25,000 minimum. If not required to file, a subordinate should simply attach the label provided, check the box in the heading to indicate that its annual gross receipts are normally \$25,000 or less and sign the return. This will allow us to update our records to show that the subordinate is not required to file and to delete that subordinate from the list of organizations that will receive Form 990 packages in future years.

Your subordinates are required to make their annual information return, Form 990 or Form 990-EZ, available for public inspection for three years after the later of the due date of the return or the date the return is filed. You and your subordinates are also required to make available for public inspection your group exemption application, any supporting documents and this exemption letter. Copies of these documents are also required to be provided to any individual upon written or in person request without charge other than reasonable fees for copying and postage. You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax-Exempt Status for Your Organization, or you may call our toll free number shown above.

Your subordinates are not required to file federal income tax returns unless subject to the tax on unrelated business income under section 511 of the Code. Each organization subject to this tax must file Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your subordinates' present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

As of January 1, 1984, each of your subordinates is liable for social security taxes under the Federal Insurance Contributions Act on remuneration of \$100 or more they pay to each of their employees during a calendar year. Your subordinates are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Each year, at least 90 days before the end of your annual accounting period, please send the items listed below to the Internal Revenue Service Center at the address shown below.

1. A statement describing any changes during the year in the purposes, character, or method of operation of your subordinates;
2. A list showing the names, mailing addresses (including Postal ZIP codes), actual addresses if different, and employer identification numbers of subordinates that, since your previous report:
 - a. Changed names or address;

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- b. Were deleted from your roster; or
 - c. Were added to your roster.
3. For subordinates to be added, attach:
- a. A statement that the information on which your present group exemption letter is based applies to the new subordinates;
 - b. A statement that each has given you written authorization to add its name to the roster;
 - c. A list of those to which the Service previously issued exemption rulings or determination letters;
 - d. A statement that none of the subordinates is a private foundation as defined in section 509(a) of the Code if the group exemption letter covers organizations described in section 501(c)(3);
 - e. The street address of each subordinate whose mailing address is a P.O. Box; and
 - f. The information required by Revenue Procedure 75-50, 1975-2 C.B. 587, for each subordinate that is a school claiming exemption under section 501(c)(3). Also include any other information necessary to establish that the school is complying with the requirements of Revenue Ruling 71-447, 1971-2 C.B. 230. This is the same information required by Schedule A, Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.
4. If applicable, a statement that your group exemption roster did not change since your previous report.

Please mail the information requested in this letter to the following address:

Internal Revenue Service
Ogden UT 84201

Your Group Exemption Number is 3590. Your subordinates are required to include this number on each Form 990, Return of Organization Exempt From Income Tax, and Form 990-T, Exempt Organization Business Income Tax Return, that they file. Please advise your subordinates of this requirement and provide them with the Group Exemption Number.

If the heading of this letter indicates that an addendum applies, the enclosed addendum is an integral part of this letter.

Because this letter could help resolve any questions about the exempt status and foundation status of your subordinates, you should keep it for your records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

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If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

Steven T. Miller

Steven T. Miller
Director, Exempt Organizations

COUNTY	FEIN#	STATE #
Abbeville	57-1097774	25409909 6
Aiken	57-1097775	25409912 1
Allendale	57-1097999	25409913 0
Anderson	57-1097776	25409915 8
Bamberg	57-1097777	25409916 7
Barnwell	57-1097778	25407523 7
Beaufort	57-1097779	25409894 3
Berkeley	57-1097780	25409897 0
Calhoun	57-1097781	25409899 8
Charleston	57-1097784	25409900 5
Cherokee	57-1097785	25409901 4
Chester	57-1097786	25409902 3
Chesterfield	57-1097787	25409903 2
Clarendon	57-1097789	25409904 1
Colleton	57-1097790	25409875 6
Darlington	57-1097791	25409877 4
Dillon	57-1098006	25409880 9
Dorchester	57-1097806	25409881 8
Edgefield	57-1097809	25409882 7
Fairfield	57-1097810	25409883 6
Florence	57-1097811	25409885 4
Georgetown	57-1097813	25409886 3
Greenville	57-1097814	25409879 2
Greenwood	57-1097815	25409891 6
Hampton	57-1097816	25409895 2
Horry	57-1098007	25409898 9
Jasper	57-1097817	25409905 0
Kershaw	57-1097818	25409907 8
Lancaster	57-1097819	25409911 2
Laurens	57-1098008	25409925 6
Lee	57-1097820	25409917 6
Lexington	57-1097821	25409919 4
Marion	57-1097822	25409920 1
Marlboro	57-1097823	25409922 9
McCormick	57-1097862	25409923 8
Newberry	57-1097864	25409926 5
Oconee	57-1097866	25409928 3
Orangeburg	57-1097868	25409931 8
Pickens	57-1097863	25409869 4
Richland	57-1097865	25409870 1
Saluda	57-1097867	25409871 0
Spartanburg	57-1097869	25409872 9
Sumter	57-1098010	25409873 8
Union	57-1097870	25409874 7
Williamsburg	57-1097861	25409876 5
York	57-1097951	25409878 3