

Form **990**Department of the Treasury  
Internal Revenue Service**Return of Organization Exempt From Income Tax**Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung  
benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

**2005**Open to Public  
Inspection**A** For the 2005 calendar year, or tax year beginning **JUL 1, 2005** and ending **JUN 30, 2006**

<b>B</b> Check if applicable:  <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization  <b>GOVERNOR'S BOOKS FROM BIRTH FOUNDATION</b> Number and street (or P.O. box if mail is not delivered to street address) Room/suite <b>710 JAMES ROBERTSON PKWY, 11TH FLOOR</b> City or town, state or country, and ZIP + 4 <b>NASHVILLE, TN 37243</b>	<b>D</b> Employer identification number  <b>20-1115704</b>
		<b>E</b> Telephone number  <b>866-368-6371</b>
		<b>F</b> Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) ▶
		<p>• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).</p> <p><b>H and I are not applicable to section 527 organizations.</b></p> <p><b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>H(b)</b> If "Yes," enter number of affiliates ▶ <b>N/A</b></p> <p><b>H(c)</b> Are all affiliates included? <b>N/A</b> <input type="checkbox"/> Yes <input type="checkbox"/> No (If "No," attach a list.)</p> <p><b>H(d)</b> Is this a separate return filed by an organization covered by a group ruling? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>I</b> Group Exemption Number ▶ <b>N/A</b></p> <p><b>M</b> Check <input type="checkbox"/> if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).</p>

**G** Website: **WWW.GOVERNORSFOUNDATION.ORG****J** Organization type (check only one) ☒ 501(c) ( 3 ) (insert no.) ☐ 4947(a)(1) or ☐ 527**K** Check here ☐ if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization chooses to file a return, be sure to file a complete return. Some states require a complete return.**L** Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **3,634,801.****Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances**

<b>Revenue</b>	<b>1</b> Contributions, gifts, grants, and similar amounts received:			
	<b>a</b> Direct public support	1a	<b>361,074.</b>	
	<b>b</b> Indirect public support	1b		
	<b>c</b> Government contributions (grants)	1c	<b>2,011,400.</b>	
	<b>d</b> Total (add lines 1a through 1c) (cash \$ <b>2,372,474.</b> noncash \$ )	1d	<b>2,372,474.</b>	
	<b>2</b> Program service revenue including government fees and contracts (from Part VII, line 93)	2		
	<b>3</b> Membership dues and assessments	3		
	<b>4</b> Interest on savings and temporary cash investments	4	<b>25,701.</b>	
	<b>5</b> Dividends and interest from securities	5		
	<b>6 a</b> Gross rents	6a		
	<b>b</b> Less: rental expenses	6b		
	<b>c</b> Net rental income or (loss) (subtract line 6b from line 6a)	6c		
<b>7</b> Other investment income (describe ▶ )	7			
<b>Revenue</b>	<b>8 a</b> Gross amount from sales of assets other than inventory	(A) Securities	(B) Other	
	<b>b</b> Less: cost or other basis and sales expenses	8a		
	<b>c</b> Gain or (loss) (attach schedule)	8b		
	<b>d</b> Net gain or (loss) (combine line 8c, columns (A) and (B))	8c		
	<b>8d</b>			
	<b>9</b> Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>			
	<b>a</b> Gross revenue (not including \$ of contributions reported on line 1a)	9a		
	<b>b</b> Less: direct expenses other than fundraising expenses	9b		
	<b>c</b> Net income or (loss) from special events (subtract line 9b from line 9a)	9c		
	<b>10 a</b> Gross sales of inventory, less returns and allowances	10a		
	<b>b</b> Less: cost of goods sold	10b		
	<b>c</b> Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c		
<b>11</b> Other revenue (from Part VII, line 103)	11	<b>1,236,626.</b>		
<b>12</b> Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	<b>3,634,801.</b>		
<b>Expenses</b>	<b>13</b> Program services (from line 44, column (B))	13	<b>2,688,394.</b>	
	<b>14</b> Management and general (from line 44, column (C))	14	<b>203,023.</b>	
	<b>15</b> Fundraising (from line 44, column (D))	15	<b>211,114.</b>	
	<b>16</b> Payments to affiliates (attach schedule)	16		
	<b>17</b> Total expenses (add lines 16 and 44, column (A))	17	<b>3,102,531.</b>	
<b>Net Assets</b>	<b>18</b> Excess or (deficit) for the year (subtract line 17 from line 12)	18	<b>532,270.</b>	
	<b>19</b> Net assets or fund balances at beginning of year (from line 73, column (A))	19	<b>1,826,048.</b>	
	<b>20</b> Other changes in net assets or fund balances (attach explanation)	20	<b>0.</b>	
	<b>21</b> Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	<b>2,358,318.</b>	

523001  
02-03-06

LHA For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2005)

**Part II Statement of Functional Expenses**

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others.

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) ... (cash \$ <u>75,461.</u> noncash \$ <u>0.</u> ) If this amount includes foreign grants, check here <input type="checkbox"/>	22 75,461.	75,461.	STATEMENT 2	
23 Specific assistance to individuals (attach schedule) .....	23			
24 Benefits paid to or for members (attach schedule) .....	24			
25 Compensation of officers, directors, etc. **	25 162,263.	63,137.	35,989.	63,137.
26 Other salaries and wages .....	26 92,076.	35,826.	20,425.	35,825.
27 Pension plan contributions .....	27 24,398.		24,398.	
28 Other employee benefits .....	28 17,214.	5,738.	5,738.	5,738.
29 Payroll taxes .....	29 20,917.	8,136.	4,646.	8,135.
30 Professional fundraising fees .....	30			
31 Accounting fees .....	31 46,866.		46,866.	
32 Legal fees .....	32 21,084.		21,084.	
33 Supplies .....	33 3,739.		3,739.	
34 Telephone .....	34 5,668.		5,668.	
35 Postage and shipping .....	35 6,424.			6,424.
36 Occupancy .....	36 23,174.		23,174.	
37 Equipment rental and maintenance .....	37			
38 Printing and publications .....	38 11,571.			11,571.
39 Travel .....	39 9,311.			9,311.
40 Conferences, conventions, and meetings ...	40 2,383.		2,383.	
41 Interest .....	41			
42 Depreciation, depletion, etc. (attach schedule)	42			
43 Other expenses not covered above (itemize):				
a DISTRESSED COUNTY	43a			
b EXPENSE	43b 22,281.	22,281.		
c WORKSHOP	43c 4,559.	4,559.		
d ADVERTISING	43d 70,973.			70,973.
e BOOKS AND MAILINGS	43e 2,473,256.	2,473,256.		
f MISCELLANEOUS	43f 2,463.		2,463.	
g INSURANCE	43g 6,450.	0.	6,450.	0.
44 Total functional expenses. Add lines 22 through 43. (Organizations completing columns (B)-(D), carry these totals to lines 13-15) .....	44 3,102,531.	2,688,394.	203,023.	211,114.

Joint Costs. Check ☐ if you are following SOP 98-2.Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? ☐ Yes ☒ NoIf "Yes," enter (i) the aggregate amount of these joint costs \$ N/A; (ii) the amount allocated to Program services \$ N/A;(iii) the amount allocated to Management and general \$ N/A; and (iv) the amount allocated to Fundraising \$ N/A

Form 990 (2005)

\*\* SEE STATEMENT 1

**Part III** Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? ► <b>SEE STATEMENT 3</b>		Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)		
<b>a</b> <b>SEE STATEMENT 4.</b>		
(Grants and allocations \$ <b>75,461.</b> ) If this amount includes foreign grants, check here ► <input type="checkbox"/>		<b>2,688,394.</b>
<b>b</b>		
(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>		
<b>c</b>		
(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>		
<b>d</b>		
(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>		
<b>e</b> Other program services (attach schedule)		
(Grants and allocations \$ ) If this amount includes foreign grants, check here ► <input type="checkbox"/>		
<b>f</b> Total of Program Service Expenses (should equal line 44, column (B), Program services) ►		<b>2,688,394.</b>

Form 990 (2005)

**Part IV Balance Sheets** (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year
<b>Assets</b>	45 Cash - non-interest-bearing .....	163,154.	45	1,928,566.
	46 Savings and temporary cash investments .....		46	
	47 a Accounts receivable ..... 47a 409.			
	b Less: allowance for doubtful accounts ..... 47b	1,221,313.	47c	409.
	48 a Pledges receivable ..... 48a 463,878.			
	b Less: allowance for doubtful accounts ..... 48b	441,581.	48c	463,878.
	49 Grants receivable .....		49	
	50 Receivables from officers, directors, trustees, and key employees .....		50	
	51 a Other notes and loans receivable ..... 51a			
	b Less: allowance for doubtful accounts ..... 51b		51c	
	52 Inventories for sale or use .....		52	
	53 Prepaid expenses and deferred charges .....		53	
	54 Investments - securities ..... <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54	
	55 a Investments - land, buildings, and equipment: basis ..... 55a			
	b Less: accumulated depreciation ..... 55b		55c	
56 Investments - other .....		56		
57 a Land, buildings, and equipment: basis ..... 57a				
b Less: accumulated depreciation ..... 57b		57c		
58 Other assets (describe ► .....		58		
59 Total assets (must equal line 74). Add lines 45 through 58 .....	1,826,048.	59	2,392,853.	
<b>Liabilities</b>	60 Accounts payable and accrued expenses .....		60	34,535.
	61 Grants payable .....		61	
	62 Deferred revenue .....		62	
	63 Loans from officers, directors, trustees, and key employees .....		63	
	64 a Tax-exempt bond liabilities .....		64a	
	b Mortgages and other notes payable .....		64b	
	65 Other liabilities (describe ► .....		65	0.
66 Total liabilities. Add lines 60 through 65) .....	0.	66	34,535.	
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted .....	1,384,467.	67	1,894,440.
	68 Temporarily restricted .....	441,581.	68	463,878.
	69 Permanently restricted .....		69	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds .....		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund .....		71	
	72 Retained earnings, endowment, accumulated income, or other funds .....		72	
	73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21) .....	1,826,048.	73	2,358,318.
74 Total liabilities and net assets/fund balances. Add lines 66 and 73 .....	1,826,048.	74	2,392,853.	

Form 990 (2005)



Yes	No
-----	----

3

75b

x

75c

X

75d

x

**Benefits** (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

[illegible]

Yes	No
-----	----

76

X

77

X

78a

X

N/A

78b

\_\_\_\_\_

79

X

80a

X

N/A

8

Exempt or

☐ nonexempt

81a

1

0

81b

X

**Part VI Other Information** (continued)

		Yes	No
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? .....	82a	X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.) ..... <b>82b</b> 35,000.		
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications? .....	83a	X
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions? .....	83b	X
84 a	Did the organization solicit any contributions or gifts that were not tax deductible? .....	84a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? .....	84b	
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members? .....	85a	
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? .....	85b	
	If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
c	Dues, assessments, and similar amounts from members .....	85c	N/A
d	Section 162(e) lobbying and political expenditures .....	85d	N/A
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices .....	85e	N/A
f	Taxable amount of lobbying and political expenditures (line 85d less 85e) .....	85f	N/A
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? .....	85g	
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? .....	85h	
86	501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12 .....	86a	N/A
b	Gross receipts, included on line 12, for public use of club facilities .....	86b	N/A
87	501(c)(12) organizations. Enter: a Gross income from members or shareholders .....	87a	N/A
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) .....	87b	N/A
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX .....	88	X
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ 0.; section 4912 ▶ 0.; section 4955 ▶ 0.		
b	501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction .....	89b	X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 .....		0.
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization .....		0.
90 a	List the states with which a copy of this return is filed ▶ TN		
b	Number of employees employed in the pay period that includes March 12, 2005 .....	90b	5
91 a	The books are in care of ▶ LADY BIRD Telephone no. ▶ 615-253-3600 Located at ▶ 710 JAMES ROBERTSON PARKWAY, 11TH FLOOR, NASHVIL ZIP + 4 ▶ 37243		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? .....	91b	X
	If "Yes," enter the name of the foreign country ▶ N/A		
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
c	At any time during the calendar year, did the organization maintain an office outside of the United States? If "Yes," enter the name of the foreign country ▶ N/A	91c	X
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here ..... and enter the amount of tax-exempt interest received or accrued during the tax year .....	92	N/A

Form 990 (2005)

**Part VII Analysis of Income-Producing Activities** (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 Program service revenue:					
a					
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	25,701.	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a COUNTY REIMBURSEMENT FOR					
b BOOKS					1,236,626.
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0.		25,701.	1,236,626.
105 Total (add line 104, columns (B), (D), and (E))					1,262,327.

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes** (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
103A	MONEY PROVIDED BY VARIOUS COUNTIES TO REIMBURSE GOVERNOR'S BOOKS FROM BIRTH FOR BOOKS PURCHASED

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts** (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Please Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.	
	Signature of officer <i>Kent Hamel</i>	Date 12-21-06
Paid Preparer's Use Only	Type or print name and title. LADY A. BIRD, PRESIDENT	
	Preparer's signature <i>Kent Hamel</i>	Date 12/19/06
523183 02-03-06	Firm's name (or yours if self-employed), address, and ZIP + 4 KRAFTCPAS PLLC 555 GREAT CIRCLE ROAD, SUITE 200 NASHVILLE, TN 37228-1310	Check if self-employed <input checked="" type="checkbox"/> Preparer's SSN or PTIN
	EIN	Phone no. (615) 242-7351



**SCHEDULE A**  
(Form 990 or 990-EZ)

**Organization Exempt Under Section 501(c)(3)**

OMB No. 1545-0047

(Except Private Foundation) and Section 501(e), 501(f), 501(k),  
501(n), or 4947(a)(1) Nonexempt Charitable Trust

**2005**

**Supplementary Information-(See separate instructions.)**

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Department of the Treasury  
Internal Revenue Service

Name of the organization

**GOVERNOR'S BOOKS FROM BIRTH FOUNDATION**

Employer identification number

**20 1115704**

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**

(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
NONE				
Total number of other employees paid over \$50,000	0			

**Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services**

(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over \$50,000 for professional services	0	

**Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services**

(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of other contractors receiving over \$50,000 for other services	0	

**Part III** Statements About Activities (See page 2 of the instructions.)

	Yes	No
1 During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ _____ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.	1	X
2 During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a Sale, exchange, or leasing of property? .....	2a	X
b Lending of money or other extension of credit? .....	2b	X
c Furnishing of goods, services, or facilities? .....	2c	X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? SEE PART V-A, FORM 990	2d	X
e Transfer of any part of its income or assets? .....	2e	X
3 a Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments.) .....	3a	X
b Do you have a section 403(b) annuity plan for your employees? .....	3b	X
c During the year, did the organization receive a contribution of qualified real property interest under section 170(h)? .....	3c	X
4 a Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds? .....	4a	X
b Do you provide credit counseling, debt management, credit repair, or debt negotiation services? .....	4b	X

**Part IV** Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)

The organization is not a private foundation because it is: (Please check only ONE applicable box.)

- 5 ☐ A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 ☐ A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7 ☐ A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 ☐ A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 ☐ A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ► \_\_\_\_\_
- 10 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the Support Schedule in Part IV-A.)
- 11a ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
- 11b ☐ A community trust. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
- 12 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the Support Schedule in Part IV-A.)
- 13 ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: (1) lines 5 through 12 above; or (2) sections 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). Check the box that describes the type of supporting organization: ► ☐ Type 1 ☐ Type 2 ☐ Type 3

Provide the following information about the supported organizations. (See page 6 of the instructions.)

(a) Name(s) of supported organization(s)

(b) Line number from above

- 14 ☐ An organization organized and operated to test for public safety. Section 509(a)(4). (See page 6 of the instructions.)

**Part IV-A****Support Schedule** (Complete only if you checked a box on line 10, 11, or 12.) Use cash method of accounting.

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in) .....	(a) 2004	(b) 2003	(c) 2002	(d) 2001	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.) .....	1,384,313.				1,384,313.
16 Membership fees received .....					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose .....					
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975 .....	217.				217.
19 Net income from unrelated business activities not included in line 18 .....					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf .....					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge .....					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets .....					
23 Total of lines 15 through 22 .....	1,384,530.	0.	0.	0.	1,384,530.
24 Line 23 minus line 17 .....	1,384,530.				1,384,530.
25 Enter 1% of line 23 .....	13,845.				
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24 .....					27,691.
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2001 through 2004 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts .....					104,618.
c Total support for section 509(a)(1) test: Enter line 24, column (e) .....					1,384,530.
d Add: Amounts from column (e) for lines: 18 217. 19 22 104,618. ....					104,835.
e Public support (line 26c minus line 26d total) .....					1,279,695.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) .....					92.4281%
27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: N/A (2004) ..... (2003) ..... (2002) ..... (2001) .....					
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: N/A (2004) ..... (2003) ..... (2002) ..... (2001) .....					
c Add: Amounts from column (e) for lines: 15 ..... 16 ..... 17 ..... 20 ..... 21 ..... .....					N/A
d Add: Line 27a total ..... and line 27b total .....					N/A
e Public support (line 27c total minus line 27d total) .....					N/A
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e) .....					N/A
g Public support percentage (line 27e (numerator) divided by line 27f (denominator)) .....					N/A %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) .....					N/A %

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2001 through 2004, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

**Part V****Private School Questionnaire** (See page 7 of the instructions.)

N/A

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

	Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body? .....	29	
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships? .....	30	
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? .....	31	
If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)		
32 Does the organization maintain the following:		
a Records indicating the racial composition of the student body, faculty, and administrative staff? .....	32a	
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis? .....	32b	
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships? .....	32c	
d Copies of all material used by the organization or on its behalf to solicit contributions? .....	32d	
If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)		
33 Does the organization discriminate by race in any way with respect to:		
a Students' rights or privileges? .....	33a	
b Admissions policies? .....	33b	
c Employment of faculty or administrative staff? .....	33c	
d Scholarships or other financial assistance? .....	33d	
e Educational policies? .....	33e	
f Use of facilities? .....	33f	
g Athletic programs? .....	33g	
h Other extracurricular activities? .....	33h	
If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)		
34 a Does the organization receive any financial aid or assistance from a governmental agency? .....	34a	
b Has the organization's right to such aid ever been revoked or suspended? .....	34b	
If you answered "Yes" to either 34a or b, please explain using an attached statement.		
35 Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation .....	35	

Schedule A (Form 990 or 990-EZ) 2005

**Part VI-A Lobbying Expenditures by Electing Public Charities** (See page 9 of the instructions.)

N/A

(To be completed ONLY by an eligible organization that filed Form 5768)

Check ☒ a ☐ if the organization belongs to an affiliated group. Check ☐ b ☐ if you checked "a" and "limited control" provisions apply.**Limits on Lobbying Expenditures**

(The term "expenditures" means amounts paid or incurred.)

	(a) Affiliated group totals	(b) To be completed for ALL electing organizations
	N/A	
36 Total lobbying expenditures to influence public opinion (grassroots lobbying) .....	36	
37 Total lobbying expenditures to influence a legislative body (direct lobbying) .....	37	
38 Total lobbying expenditures (add lines 36 and 37) .....	38	
39 Other exempt purpose expenditures .....	39	
40 Total exempt purpose expenditures (add lines 38 and 39) .....	40	
41 Lobbying nontaxable amount. Enter the amount from the following table -		
If the amount on line 40 is -                      The lobbying nontaxable amount is -		
Not over \$500,000                      20% of the amount on line 40 .....		
Over \$500,000 but not over \$1,000,000                      \$100,000 plus 15% of the excess over \$500,000 .....		
Over \$1,000,000 but not over \$1,500,000                      \$175,000 plus 10% of the excess over \$1,000,000 .....	41	
Over \$1,500,000 but not over \$17,000,000                      \$225,000 plus 5% of the excess over \$1,500,000 .....		
Over \$17,000,000                      \$1,000,000 .....		
42 Grassroots nontaxable amount (enter 25% of line 41) .....	42	
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36 .....	43	
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38 .....	44	

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 11 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period					N/A
	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total	
45 Lobbying nontaxable amount .....					0.	
46 Lobbying ceiling amount (150% of line 45(e)) .....					0.	
47 Total lobbying expenditures .....					0.	
48 Grassroots nontaxable amount .....					0.	
49 Grassroots ceiling amount (150% of line 48(e)) .....					0.	
50 Grassroots lobbying expenditures .....					0.	

**Part VI-B Lobbying Activity by Nonelecting Public Charities**

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

N/A

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:

	Yes	No	Amount
a Volunteers .....			
b Paid staff or management (Include compensation in expenses reported on lines c through h.) .....			
c Media advertisements .....			
d Mailings to members, legislators, or the public .....			
e Publications, or published or broadcast statements .....			
f Grants to other organizations for lobbying purposes .....			
g Direct contact with legislators, their staffs, government officials, or a legislative body .....			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means .....			
i Total lobbying expenditures (Add lines c through h.) .....			0.

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

**Part VII** Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 12 of the instructions.)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting organization to a noncharitable exempt organization of:

(i) Cash

(ii) Other assets

b Other transactions:

(i) Sales or exchanges of assets with a noncharitable exempt organization

(ii) Purchases of assets from a noncharitable exempt organization

(iii) Rental of facilities, equipment, or other assets

(iv) Reimbursement arrangements

(v) Loans or loan guarantees

(vi) Performance of services or membership or fundraising solicitations

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received:

N/A

[illegible]

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

☐ Yes ☒ No

b. If "Yes," complete the following schedule:

N/A

[illegible]

RM 990 OFFICER COMPENSATION ALLOCATION STATEMENT 1  
PART II, LINE 25

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
JOHN JACKSON	98,370.			98,370.
PROGRAM SERVICES	38,276.			38,276.
MANAGEMENT AND GENERAL	21,818.			21,818.
FUNDRAISING	38,276.			38,276.

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
DAVID GAYDEN	63,893.			63,893.
PROGRAM SERVICES	24,861.			24,861.
MANAGEMENT AND GENERAL	14,171.			14,171.
FUNDRAISING	24,861.			24,861.

TOTAL PROGRAM SERVICES				63,137.
TOTAL MANAGEMENT AND GENERAL				35,989.
TOTAL FUNDRAISING				63,137.
TOTAL OFFICER, ETC., COMPENSATION INCLUDED ON PARTS V-A AND V-B				162,263.

RM 990 CASH GRANTS AND ALLOCATIONS STATEMENT 2

CLASSIFICATION	DONEE'S NAME	DONEE'S ADDRESS	DONEE'S RELATIONSHIP	AMOUNT
GRANT	SEE ATTACHED LIST OF GRANTS		NONE	75,461.

TOTAL INCLUDED ON FORM 990, PART II, LINE 22				75,461.
--	--	--	--	---------

---

FORM 990	STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE	STATEMENT	3
	PART III		

---

EXPLANATION

TO SOLELY PROMOTE AND ENCOURAGE READING BY THE CHILDREN OF TN, INCLUDING THE  
PROVISION OF BOOKS TO CHILDREN THROUGH ACTIVITIES, PROGRAMS, AND BENEFITS.



# Application for Extension of Time To File an Exempt Organization Return

OMB No. 1545-1709

Department of the Treasury  
Internal Revenue Service

► File a separate application for each return.

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ☒ **X**
  - If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).
- Do not complete **Part II** unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

## **Part I** Automatic 3-Month Extension of Time - Only submit original (no copies needed)

Form 990-T corporations requesting an automatic 6-month extension - check this box and complete Part I only ☐

All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs, and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

**Electronic Filing (e-file).** Form 8868 can be filed electronically if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for corporate Form 990-T filers). However, you cannot file it electronically if you want the additional (not automatic) 3-month extension, instead you must submit the fully completed signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit [www.irs.gov/efile](http://www.irs.gov/efile).

Type or print	Name of Exempt Organization	Employer identification number
	GOVERNOR'S BOOKS FROM BIRTH FOUNDATION	20-1115704
	Number, street, and room or suite no. If a P.O. box, see instructions. 710 JAMES ROBERTSON PKWY, 11TH FLOOR	
File by the due date for filing your return. See instructions.	City, town or post office, state, and ZIP code. For a foreign address, see instructions. NASHVILLE, TN 37243	

Check type of return to be filed (file a separate application for each return):

- |  |   |                                    |
|--|---|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation)                 | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL         | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ         | <input type="checkbox"/> Form 990-T (trust other than above)      | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF         | <input type="checkbox"/> Form 1041-A                              | <input type="checkbox"/> Form 8870 |

- The books are in the care of ► LADY BIRD  
Telephone No. ► 615-253-3600 FAX No. ► \_\_\_\_\_
- If the organization does **not** have an office or place of business in the United States, check this box ☐
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_. If this is for the **whole group**, check this box ☐. If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension will cover.

- I request an automatic 3-month (6-months for a Form 990-T corporation) extension of time until FEBRUARY 15, 2007 to file the exempt organization return for the organization named above. The extension is for the organization's return for:
  - ☐ calendar year \_\_\_\_\_ or
  - ☒ tax year beginning JUL 1, 2005, and ending JUN 30, 2006
- If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period
- 3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \_\_\_\_\_ \$ \_\_\_\_\_
- b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \_\_\_\_\_ \$ \_\_\_\_\_
- c **Balance Due.** Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \_\_\_\_\_ \$ N/A

**Caution.** If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

LHA For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Form 8868 (Rev. 12-2004)

## Statement 4

### About Governor's Books from Birth Foundation

In May 2004, Governor Bredesen created the Governor's Books from Birth Foundation to serve as a catalyst and tangible resource to Tennesseans seeking to establish countywide Imagination Library programs.

The Governor's Books from Birth Foundation staff is charged with raising statewide funds, administering the Imagination Library statewide rollout, and providing support, training and resources to county efforts.

In just one year, Tennessee's Imagination Library has grown leaps and bounds:

- 66 of Tennessee's 95 counties are providing a new, age-appropriate, hardcover book each month to their children from birth to age five at no cost to the family, regardless of income.
- More than 63,500 Tennessee children will receive books in September, 2005.
- More than 70% of Tennessee's 375,000 children under age five now have access to the Imagination Library.
- Only 4 counties remain with no significant Imagination Library involvement.

### About the Imagination Library

The Imagination Library was created by Dolly Parton in 1996 for the children in her home town of Sevierville, TN.

The cost of the program is \$27 per child, per year, and is split evenly between each countywide program and the Governor's Books from Birth Foundation.

A blue ribbon committee of childhood education experts selects the books for the Imagination Library, which includes such beloved classics as *The Little Engine That Could*, *Spot Goes to the Farm*, *Snowy Day*, *The Very Hungry Caterpillar*, and *Look Out Kindergarten, Here I Come!*

- We are also proud to offer eleven bilingual books this year featuring Spanish and English text on the same page. This is an excellent way to expose Tennessee families to both languages.
- For many families, books are a luxury, and we have an opportunity to provide them with an entire library in the most important years of their child's development.
- Momentum is building! In many communities, hospital nurses are giving children their first book the very day they are born, and local pediatricians and family physicians are giving the parents of their preschool patients a "prescription to read."

### About the Resources

To assist with countywide Imagination Library efforts, Governor Bredesen obtained the General Assembly's approval of a 50% match grant to cover half of the cost of providing the books to the state's 375,000 children under age five each month. With the match grant program in place, countywide Imagination Library programs will pay just \$13.50 per child, per year.

The operations of the Foundation were actually performed by the Governor's Books From Birth Fund, an agency of the State of Tennessee, for the year ended June 30, 2005.

See the attached NOTE 1.

**GOVERNOR'S BOOKS FROM BIRTH FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2006 and 2005

**NOTE 1 – ORGANIZATION**

The Governor's Books From Birth Foundation (the "Foundation"), a not-for-profit organization, was formed in March 2004. The Foundation was established to serve as a catalyst and tangible resource to Tennesseans seeking to establish county-wide Imagination Library programs throughout the State. The purpose of the Foundation is to promote and encourage reading by the children of the State of Tennessee.

In June 2004, the Governor of Tennessee and the General Assembly established the Governor's Books From Birth Fund (the "Fund"), an agency of the State of Tennessee. The Fund was established to promote and foster the development of a comprehensive statewide program for encouraging children to read. The Fund's staff was charged with managing and promoting the statewide rollout of this program to every county in Tennessee, with providing support and resources to county efforts, and with raising funds statewide to assist distressed counties with their share of the costs. The Fund received an appropriation from the State of Tennessee that paid the related operating expenses and a 50% match grant to cover the cost of providing books to any county organization that offered the program to every child under the age of five in that county. Effective May 26, 2005, the State of Tennessee General Assembly approved a bill that authorized the Fund to partner with a not-for-profit organization for the administration of this program and transferred the balance of the funds held by the Fund to the not-for-profit partner. The Fund has partnered with the Foundation, and, accordingly, the balance of such funds was transferred to the Foundation and is reported as revenue in the statement of activities for 2005. In addition, the State of Tennessee appropriated \$2,011,400 and \$2,692,300 to the Foundation for the years ended June 30, 2006 and 2007, respectively.

Governor's Books from Birth Foundation Board and Cabinet, 2006

Directors:

1. Byron Trauger, Chairman
2. Lady Jackson, President
3. Tam Gordon, Secretary

Cabinet:

1. Nancy Bogatin
2. Charles Burkett
3. Jeff Byrd
4. Marty Dickens
5. David Dotson
6. John Gauder
7. Dan Gaudette
8. Barbara Holden Nixon
9. Steve Lake
10. David Perdue
11. Patricia Rogers
12. Maxine Smith
13. Frank Sutherland
14. Philip Wenk
15. AC Wharton

## Conflict of Interest Policy

### Article I

#### PURPOSE

The purpose of the conflict of interest policy is to protect the Governor's Books From Birth Foundation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

### Article II

#### DEFINITIONS

1. Interested Person. Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
2. Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
  - (a) An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
  - (b) A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
  - (c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

### Article III PROCEDURES

1. Duty to Disclose. In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.
2. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.
3. Procedures for Addressing the Conflict of Interest.
  - (a) An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
  - (b) The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
  - (c) After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
  - (d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.
4. Violations of the Conflicts of Interest Policy.
  - (a) If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
  - (b) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

### Article IV RECORDS OF PROCEEDINGS

The minutes of the governing board and all committees with board delegated powers shall contain:

- (a) The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any

action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

(b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

#### Article V COMPENSATION

(a) A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

(b) A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

(c) No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

#### Article VI ANNUAL STATEMENTS

Each director, principal officer and member of a committee with governing board-delegated powers shall annually sign a statement which affirms such person:

- (a) Has received a copy of the conflicts of interest policy,
- (b) Has read and understands the policy,
- (c) Has agreed to comply with the policy, and
- (d) Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

#### Article VII PERIODIC REVIEWS

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- (a) Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- (b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

**Article VIII**  
**USE OF OUTSIDE EXPERTS**

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.



GBBF Distressed County Grant Distributions FYE June 30, 2006  
*All listed organizations are countywide IL sponsor organizations*

Bledsoe County Imagination Library 3,107.25

Attn: Barbara Young  
Bledsoe County Literacy Council  
Rt. 6, Box 8  
Pikeville, TN 37367

Clay County Imagination Library 3,679.94

Clay County Education Foundation  
P.O. Box 769  
Celina, TN 38551

Cocke County Imagination Library 3,437.42

Cocke County Education Foundation  
Mr. Doug Shoemaker  
132 E. Broadway  
Newport, TN 37821

Jackson County Imagination Library 1,022.76

Jackson County Chamber of Commerce  
P.O. Box 827  
Gainseboro, TN 38562

Lake County Imagination Library 1,291.72

Reelfoot Rural Ministries, Inc.  
Attn: Philip Cook  
65 Lawson Lane  
Dyersburg, TN 38024

Roane County Imagination Library 1,284.72

Roane County Literacy Council  
Attn: Leslie Henderson  
President  
Roane Alliance  
1209 N. Kentucky Street  
Kingston, TN 37763

Warren County Imagination Library 253.29

Attn: Lauren Zechman  
Southern Standard Newspaper  
105 College Street  
McMinnville, TN 37110