

EXHIBIT 1 (PART 2)

(Section 1 has not been submitted to the subcommittee.)

Section 2

ORGANIZATION OF 501 (c) (3) PRIVATE FOUNDATION
and
DISCUSSION OF CIVIC LEAGUE 501 (c) (4)
NFP FOUNDATION MANAGEMENT

Preface

Last evening you began work on your foundation by briefly discussing the legal purpose of your foundation. In addition, the preliminary reading material which you completed prior to the seminar gave you insight into the proper philosophy for managing foundation activities to avoid questions, harassment or trouble. With these principles in mind, we would like to discuss and teach in a seminar style the procedures and principles which would best be employed to operate a small NFP tax-exempt corporation.

These procedures will be discussed in three classifications:

1. The organization of the foundation
2. The operation of the foundation
3. Miscellaneous principles and rules to provide protection or ease of operation.

This will be basic material but it will be discussed in some detail. Some subjects, however, may not be discussed as extensively as you desire. If you desire a deeper understanding of any subject,