



Finance and Operations
Dougherty Administration Building
438 Academy Street
ASU Box 32003
Boone, NC 28608-2003
(828) 262-2030
Fax: (828) 262-6472

To Whom It May Concern:

The University of North Carolina is a public, multicampus university, and governmental entity established pursuant to Article IX section 8 of the North Carolina State Constitution and Chapter 116 of the North Carolina General Statutes (“N.C.G.S.”). The University of North Carolina comprises 16 constituent institutions and other educational, research, and public service organizations.

The mission and exempt purpose of the University of North Carolina and its constituent institutions under N.C.G.S. § 116-1(b) is to serve the citizens of the State of North Carolina (the “State”) by discovering, creating, transmitting, and applying knowledge to address the needs of individuals and society through instruction, research, scholarship, and public service. As a constituent institution of the University of North Carolina pursuant to N.C.G.S. § 116-4, Appalachian State University (“Appalachian”) shares the same overall mission and purpose of University of North Carolina.

For federal tax purposes, Appalachian is considered either a political subdivision of the State or an “integral part” of the State. As such, Appalachian is a tax-exempt organization. Per Revenue Ruling 71-131, income earned by a political subdivision or an “integral part” of the State is not taxable in the absence of specific law or provision for taxing such income.

Appalachian’s exempt status is comparable to an entity exempt from tax under section 501(a) of the Internal Revenue Code (“IRC”), similar to a 501(c)(3) organization. However, Appalachian’s exempt status is not reliant on section 501(a) or 501(c)(3) to be recognized as an exempt organization.

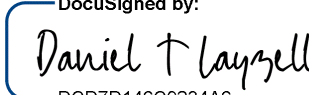
As a State governmental entity, Appalachian is able to receive charitable contributions for federal income, estate, and gift tax purposes under IRC section 170(c)(1). Appalachian is defined under

IRC section 170(b)(1)A(ii) as an “educational institution” and under IRC 170(b)(1)(A)(v) as a “governmental unit”. Contributions may be deductible by donors for federal income, estate, and gift tax purposes. Such contributions are used by Appalachian for public purposes only.

As an educational organization and political subdivision or integral part of the State, Appalachian is not required to file IRS form 990, *Return of Organization Exempt from Income Tax* in accordance with IRC 6033(a). Appalachian may file IRS form 990-T, *Exempt Organization Business Income Tax Return*, for activities that are not related to the institution’s mission.

For additional information, please see the attached governmental information letter provided by the IRS. The IRS no longer issues determination letters to governmental entities.

Sincerely,

DocuSigned by:

DCD7D146C9234A6...
Dr. Daniel T. Layzell
Vice Chancellor for Finance and Operations

DocuSigned by:

CA7CF9AE9DA4466...
Paul A. Meggett, Esq.
General Counsel



P.O. Box 2508
Cincinnati OH 45201

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APPALACHIAN STATE UNIVERSITY
FINANCIAL SERVICES
PO BOX 32125
BOONE NC 28608-2125



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CUT OUT AND RETURN THE VOUCHER AT THE BOTTOM OF THIS PAGE IF YOU ARE MAKING A PAYMENT,
EVEN IF YOU ALSO HAVE AN INQUIRY.



The IRS address must appear in the window.

Use for payments

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Letter Number: LTR4076C
Letter Date : 2012-12-11
Tax Period : 000000

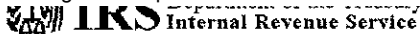


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INTERNAL REVENUE SERVICE
P.O. Box 2508
Cincinnati OH 45201

APPALACHIAN STATE UNIVERSITY
FINANCIAL SERVICES
PO BOX 32125
BOONE NC 28608-2125

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P.O. Box 2508
Cincinnati OH 45201

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APPALACHIAN STATE UNIVERSITY
FINANCIAL SERVICES
PO BOX 32125
BOONE NC 28608-2125



016217

Federal Identification Number: 56-1176030
Person to Contact: Mrs. Turner
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This responds to your request for information about your federal tax status. Our records do not specify your federal tax status. However, the following general information about the tax treatment of state and local governments and affiliated organizations may be of interest to you.

GOVERNMENTAL UNITS

Governmental units, such as States and their political subdivisions, are not generally subject to federal income tax. Political subdivisions of a State are entities with one or more of the sovereign powers of the State such as the power to tax. Typically they include counties or municipalities and their agencies or departments. Charitable contributions to governmental units are tax-deductible under section 170(c)(1) of the Internal Revenue Code if made for a public purpose.

ENTITIES MEETING THE REQUIREMENTS OF SECTION 115(1)

An entity that is not a governmental unit but that performs an essential government function may not be subject to federal income tax, pursuant to Code section 115(1). The income of such entities is excluded from the definition of gross income as long as the income (1) is derived from a public utility or the exercise of an essential government function, and (2) accrues to a State, a political subdivision of a State, or the District of Columbia. Contributions made to entities whose income is excluded income under section 115 may not be tax deductible to contributors.

TAX-EXEMPT CHARITABLE ORGANIZATIONS

An organization affiliated with a State, county, or municipal government may qualify for exemption from federal income tax under section 501(c)(3) of the Code, if (1) it is not an integral part of the government, and (2) it does not have governmental powers inconsistent with exemption (such as the power to tax or to exercise enforcement or regulatory powers). Note that entities may meet the requirements of both sections 501(c)(3) and 115 under certain circumstances. See Revenue Procedure 2003-12, 2003-1 C.B. 316.

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Most entities must file a Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, to request a determination that the organization is exempt from federal income tax under 501(c)(3) of the Code and that charitable contributions are tax deductible to contributors under section 170(c)(2). In addition, private foundations and other persons sometimes want assurance that their grants or contributions are made to a governmental unit or a public charity. Generally, grantors and contributors may rely on the status of governmental units based on State or local law. Form 1023 and Publication 4220, Applying for 501(c)(3) Tax-Exempt Status, are available online at www.irs.gov/eo.

We hope this general information will be of assistance to you. This letter, however, does not determine that you have any particular tax status. If you are unsure of your status as a governmental unit or state institution whose income is excluded under section 115(1) you may seek a private letter ruling by following the procedures specified in Revenue Procedure 2007-1, 2007-1 I.R.B. 1 (updated annually).

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,



Richard McKee, Department Manager
Accounts Management Operations