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Form **990-EZ**
 Department of the Treasury
 Internal Revenue Service

Short Form
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)

OMB No 1545-1150
2009
Open to Public Inspection

▶ Sponsoring organizations of donor advised funds and controlling organizations as defined in section 512(b)(13) must file Form 990. All other organizations with gross receipts less than \$500,000 and total assets less than \$1,250,000 at the end of the year may use this form.
 ▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2009 calendar year, or tax year beginning 01-01-2009, and ending 12-31-2009

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See Specific Instructions.	C Name of organization CHIPS FOUNDATION INC <hr/> Number and street (or P O box, if mail is not delivered to street address) Room/suite 3250 CHURCH ST <hr/> City or town, state or country, and ZIP + 4 PARIS, TX 75462	D Employer identification number 31-1645302 <hr/> E Telephone number (903) 737-2830 <hr/> F Group Exemption Number _____ ▶
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Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ). **G** Accounting method: Cash Accrual
 Other (specify) ▶ _____

I Website: ▶ N/A
H Check if the organization is **not** required to attach Schedule B (Form 990, 990-EZ, or 990-PF)
J Tax-Exempt status (check only one) — 501(c)(3) (insert no) 4947(a)(1) or 527

K Check if the organization is not a section 509(a)(3) supporting organization and its gross receipts are normally **not** more than \$25,000. A Form 990-EZ or Form 990 return is not required, but if the organization chooses to file a return, be sure to file a complete return.
L Add lines 5b, 6b, and 7b, to line 9 to determine gross receipts, if \$500,000 or more, file Form 990 instead of Form 990-EZ. ▶ \$ 29,138

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions for Part I)

	Description	Code	Amount
Revenue	1 Contributions, gifts, grants, and similar amounts received	1	25,393
	2 Program service revenue including government fees and contracts	2	0
	3 Membership dues and assessments	3	0
	4 Investment income	4	125
	5a Gross amount from sale of assets other than inventory	5a	
	b Less cost or other basis and sales expenses	5b	0
	c Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a)	5c	0
	6 Special events and activities (complete applicable parts of Schedule G) If any amount is from gaming, check here <input type="checkbox"/>		
	a Gross revenue (not including \$ ___ of contributions reported on line 1)	6a	3,620
b Less direct expenses other than fundraising expenses	6b	3,250	
c Net income or (loss) from special events and activities (Subtract line 6b from line 6a)	6c	370	
7a Gross sales of inventory, less returns and allowances	7a		
b Less cost of goods sold	7b	0	
c Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7c	0	
8 Other revenue (describe ▶ _____)	8		
9 Total revenue. Add lines 1, 2, 3, 4, 5c, 6c, 7c, and 8	9	25,888	
Expenses	10 Grants and similar amounts paid (attach schedule) <input checked="" type="checkbox"/>	10	18,625
	11 Benefits paid to or for members	11	
	12 Salaries, other compensation, and employee benefits	12	
	13 Professional fees and other payments to independent contractors	13	350
	14 Occupancy, rent, utilities, and maintenance	14	
	15 Printing, publications, postage, and shipping	15	
	16 Other expenses (describe ▶ _____)	16	2,267
17 Total expenses. Add lines 10 through 16	17	21,242	
Net Assets	18 Excess or (deficit) for the year (Subtract line 17 from line 9)	18	4,646
	19 Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	43,338
	20 Other changes in net assets or fund balances (attach explanation)	20	
	21 Net assets or fund balances at end of year. Combine lines 18 through 20	21	47,984

Part II Balance Sheets—If total assets on line 25, column (B) are \$1,250,000 or more, file Form 990 instead of Form 990-EZ

(See the instructions for Part II)

	(A) Beginning of year		(B) End of year
22 Cash, savings, and investments	43,338	22	47,984
23 Land and buildings		23	
24 Other assets (describe ▶ _____)		24	
25 Total assets	43,338	25	47,984
26 Total liabilities (describe ▶ _____)		26	
27 Net assets or fund balances (line 27 of column (B) must agree with line 21)	43,338	27	47,984

Part III Statement of Program Service Accomplishments (See the instructions for Part III)	Expenses (Required for section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts, optional for others)	
What is the organization's primary exempt purpose? PROVIDE SCHOLARSHIPS TO SENIORS		
Describe what was achieved in carrying out the organization's exempt purposes. In a clear and concise manner, describe the services provided, the number of persons benefited, and other relevant information for each program title		
28 37 SENIORS RECEIVED SCHOLARSHIPS FOR HIGHER EDUCATION COURSES (Grants \$) If this amount includes foreign grants, check here . . . <input type="checkbox"/>	28a	18,625
29 (Grants \$) If this amount includes foreign grants, check here . . . <input type="checkbox"/>	29a	
30 (Grants \$) If this amount includes foreign grants, check here . . . <input type="checkbox"/>	30a	
31 Other program services (attach schedule) (Grants \$) If this amount includes foreign grants, check here . . . <input type="checkbox"/>	31a	
32 Total program service expenses (add lines 28a through 31a)	32	18,625

Part IV List of Officers, Directors, Trustees, and Key Employees. List each one even if not compensated (See the instructions for Part IV)				
(a) Name and address	(b) Title and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-.)	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances

Part VI Section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts only.

All section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts must answer questions 46-49b and complete the tables for lines 50 and 51.

	Yes	No
46 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		No
47 Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II		No
48 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		No
49a Did the organization make any transfers to an exempt non-charitable related organization?		No
49b If "Yes," was the related organization a section 527 organization?		

50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and address of each employee paid more than \$100,000	(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				

50(f) Total number of other employees paid over \$100,000

51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation
NONE		

51(d) Total number of other independent contractors each receiving over \$100,000

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: ***** Date: 2010-04-26

Type or print name and title: KRISTI TOWNES, PRESIDENT

Paid Preparer's Use Only

Preparer's signature: JOHNNA MCNEAL Date: 2010-05-13 Check if self-employed:

Firm's name (or yours if self-employed), address, and ZIP + 4: MALNORY MCNEAL & COMPANY PC, 1711 CLARKSVILLE ST, PARIS, TX 75460

Preparer's identifying number (See instructions): EIN: Phone no: (903) 784-6700

May the IRS discuss this return with the preparer shown above? See instructions Yes No

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

2009

Open to Public Inspection

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

Department of the Treasury
Internal Revenue Service

Name of the organization
CHIPS FOUNDATION INC

Employer identification number

31-1645302

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

- 1 A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**
- 2 A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 8 A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9 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 exempt 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).** (Complete Part III)
- 10 An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h
 a Type I b Type II c Type III - Functionally integrated d Type III - Other
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 (i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?
 (ii) a family member of a person described in (i) above?
 (iii) a 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of support?
			Yes	No	Yes	No	Yes	No	
Total									

Part II Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						0

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						0
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions)					12	

13 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2009 (line 6 column (f) divided by line 11 column (f))	14	0 %
15 Public Support Percentage for 2008 Schedule A, Part II, line 14	15	
16a 33 1/3% support test—2009. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
b 33 1/3% support test—2008. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
17a 10%-facts-and-circumstances test—2009. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization <input type="checkbox"/>		
b 10%-facts-and-circumstances test—2008. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization <input type="checkbox"/>		
18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions <input type="checkbox"/>		

Part III Support Schedule for Organizations Described in IRC 509(a)(2)

(Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")	13,167	11,320	15,061	23,123	25,393	88,064
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5	13,167	11,320	15,061	23,123	25,393	88,064
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6)						88,064

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
9 Amounts from line 6	13,167	11,320	15,061	23,123	25,393	88,064
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	664	1,464	1,771	800	125	4,824
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b	664	1,464	1,771	800	125	4,824
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on					370	370
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11 and 12)						93,258
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2009 (line 8 column (f) divided by line 13 column (f))	15	94.430 %
16 Public support percentage from 2008 Schedule A, Part III, line 15	16	94.070 %

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2009 (line 10c column (f) divided by line 13 column (f))	17	5.170 %
18 Investment income percentage from 2008 Schedule A, Part III, line 17	18	5.930 %

19a 33 1/3% support tests—2009. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization

b 33 1/3% support tests—2008. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization

20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions

Part IV **Supplemental Information.** Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Provide any other additional information. See instructions

Additional Data

Software ID:
Software Version:
EIN: 31-1645302
Name: CHIPS FOUNDATION INC

Form 990EZ, Part IV - List of Officers, Directors, Trustees, and Key Employees

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
LALONNA WEST 3250 CHURCH ST PARIS, TX 75462	TREASURER 2 00	0		
KRISTI TOWNES 3250 CHURCH ST PARIS, TX 75462	PRESIDENT 2 00	0		
STEPHANIE HUFF 3250 CHURCH ST PARIS, TX 75462	BOARD MEMBER 2 00	0		
CHERYL JOHNSON 3250 CHURCH ST PARIS, TX 75462	BOARD MEMBER 2 00	0		
RENEE NEWSOM 3250 CHURCH ST PARIS, TX 75462	BOARD MEMBER 2 00	0		
TINA HALLIBURTON 3250 CHURCH ST PARIS, TX 75462	BOARD MEMBER 2 00	0		
LISA BUTLER 3250 CHURCH ST PARIS, TX 75462	SECRETARY 2 00	0		
KATHERINE JACKSON 3250 CHURCH ST PARIS, TX 75462	VICE PRES 2 00	0		
TAMMY MOSS 3250 CHURCH ST PARIS, TX 75462	BOARD MEMBER 2 00	0		
TERRY HUTTO 3250 CHURCH ST PARIS, TX 75462	BOARD MEMBER 2 00	0		
LISA CHAPMAN 3250 CHURCH ST PARIS, TX 75462	BOARD MEMBER 2 00	0		

TY 2009 Grants and Similar Amounts Paid Schedule

Name: CHIPS FOUNDATION INC

EIN: 31-1645302

Item No.	1
Class of Activity	SCHOLARSHIPS
Donee's Name	HIGH SCHOOL STUDENTS
Donee's Address	
Amount (FMV)	18,625
Purpose of Payment to Affiliate	SCHOLARSHIPS TO SENIORS THAT GO TO COLLEGE
Relationship	
Description	
Book Value	
How BV Determined	
How FMV Determined	
Date of Gift	

TY 2009 Other Expenses Schedule

Name: CHIPS FOUNDATION INC

EIN: 31-1645302

Description	Amount
SUPPLIES	1,057
SIGNS	240
DONATION	250
CAMPUS WINNERS	520
CASH FOR GRILL	200