

## Fat City Farms, Inc.

### IRS Form 1023 – Tax Exempt Application

Questions:

*Jeff, we have a double-asterisk\*\* in the left margin wherever we have a specific question for you, so we can finish this up for the IRS.*

*\*\* First, what do we do in future if the answer to one of these questions changes? Will it matter, or do we need to write every possibility, every contingency we can imagine happening, and what is our plan for dealing with it? Or can we just give simple, efficient answers for everything?*

#### **A. Narrative Description of your Activities**

1. Describe past, present and planned activities of the organization. You need to include charitable activity and purpose of the entity. Also, if you have printed any brochures or newsletters, please mail me copies so we can submit with the application. *Before Fat City Farms, we were all just private gardeners. We are hereby joining our efforts to grow community-scale agriculture in our local area, for healthy, safe, and resource-efficient food. We are just at the beginning. Our only brochure so far is our website:*
2. Website – [www.fatcityfarms.org](http://www.fatcityfarms.org) – Will this website be used and owned exclusively by Fat City Farms or will it be used and owned by any other organizations (including any for-profit entities)? *This website is owned by Fat City Farms, inc., no one else.*

#### **B. Compensation and Other Financial Arrangements - These questions pertain to past, present or planned relationships**

1. Are any of the non-profit's officers, directors, or trustees related to each other through family or business relationships? If so, identify the individuals and explain the relationship. *No.*
2. Do any of the non-profit's officers, directors, or trustees receive compensation from any other organization that are related to the non-profit through common control? If yes, please identify the individuals and relationship. *No.*
3. Does the non-profit have a business relationship with any of its officers, directors, or trustees other than through their position as an officer, director, or trustee? If so, identify the individuals and explain the relationship. *No.*
4. For each of the non-profit's officers, directors, or trustees, list their name, mailing address, title, qualifications, average hours worked, anticipated compensation (if any) to be paid through the non-profit, and duties.

- a. *Officers: Susan Brady, President: (PO Box 5072 - Aspen, CO 81612 - Mother, Grandmother, Gardener, Community-builder, angel earning wings)*
- b. *Michael Thompson, Vice President: (PO Box 933 - Basalt, CO 81621 - Father, Husband, Gardener, Architect)*
- c. *David Bedford, Secretary: (Lifelong Gardener, Community-builder, Business Manager, sustainable food activist)*
- d. *Alfred Joos, Treasurer: (Businessman, Website-builder, Gardener, "Swiss-precision" treasurer)*
- e. *All officers are unpaid at the present time, all donating time required to launch local food-growing program, and none of them anticipate being paid in the near future.*

5. Does the non-profit or will the non-profit purchase any goods, services, or assets from any of its officers, directors, or trustees? If so, describe any such purchase that the non-profit made or intend to make, from whom it makes or will make purchases, how the terms are or will be negotiated at arm's length, and explain how the non-profit determined or will determine that it pays no more than fair market value. Also, if such contracts exist, provide copies of any written contracts or other agreements to make purchases.

- a. *Fat City Farms is not paying any of it's officers, directors or trustees for goods, services or assets, but is accepting generous donations of services from all of them.*

6. Does the non-profit or will it sell any goods, services, or assets to any of its officers, directors, or trustees? If so, describe any such sales that it made or will make, how the terms are or will be negotiated at arm's length, and explain how it determined or will determine that it will be paid fair market value. Also, if such contracts exist, provide copies of any written contracts or other agreements relating to such sales.

- a. *Fat City Farms will not sell any goods, services or assets to it's officers, directors or trustees.*

*\*\* Jeff - does it matter that Fat City Farms will eventually sell fresh-food subscriptions to it's members, including officers, directors and trustees? I imagine this question is about something that has nothing to do with us . . . ?*

7. Does the non-profit or will it have any leases, contracts, loans or other agreements with its officers, directors, or trustees? **No.** If so provide the following information:

- a. Describe any written or oral arrangements that it made or intends to make.
- b. Identify with whom it has or will have such arrangements.
- c. Explain how the terms are or will be negotiated at arm's length.
- d. Explain how the non-profit determines it pay at no more than fair market value or it is paid at least fair market value.

- e. Provide copies of any signed leases, contracts, loans, or other agreements relating to such arrangements.
8. Does the non-profit or will it have any leases, contracts, loans, or other agreements with any organization in which any of its officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than 35% interest? If yes, provide the information requested in 7a through 7e above. *No.*

### **C. Member Activity**

1. Do the non-profit provide goods, services, or funds to *individuals*? If so, describe each program that provides goods, services or funds to *individuals*.
  - a. *Fresh food subscription "CSA - community supported agriculture" - subscriber buys seasonal or annual membership, receives fresh, local food at regular intervals in return.*

*\*\* Jeff, will Fat City Farms be able to provide the above services to individuals and families in exchange for membership shares, while in non-profit status? Should FCF be a research entity whose only income is donations, or can we engage in actual commerce of this kind?*
2. Do the non-profit provide goods, services, or funds to *organizations*? If so, describe each program that provides goods, services or funds to *organizations*.
  - a. *Same answer and question as for individuals, above, plus:*
  - b. *We will exchange goods, services, and occasionally fund-raising efforts and donations with other non-profits. At this time, we see ourselves closely related to Slow Food International, through its Roaring Fork Valley chapter, especially in joint educational programs in our local public schools, and we will engage in joint fund-raising efforts.*
3. Do any of the non-profit programs limit the provision of goods, services, or funds to a specific individual or group of specific individuals? If so, explain the limitation and how recipients are selected for each program. *No.*
4. Do any individuals who receive goods, services or funds through the non-profit programs have a family or business relationship with any officer, director or trustee? If so, explain how these related individuals are eligible for goods, services or funds. *No.*

### **D. Specific Activities**

1. Does the non-profit support or oppose candidates in political campaigns in any way? If so, explain. *No?*

*\*\* Jeff, we may support and endorse candidates that help our cause or oppose those who hurt our cause, especially with regard to water and environmental issues. Can we say that, or will it hurt us to state it here?*

2. Does the non-profit attempt to influence legislation? If so, explain how. *No?*

*\*\* Jeff, we may engage in public debate and try to influence legislation that affects our interests, especially with regard to water and environmental issues. Can we say that, or will it hurt us to state it here?*

3. Does the non-profit or will it undertake fundraising activities? If so, indicate which of the following activities it will undertake:

*Yes - We may engage in all of the fundraising activities listed below, but at the beginning, we don't know which will be the most effective for us.*

- a. Mail solicitations
- b. Email solicitations
- c. Personal solicitations
- d. Vehicle, boat, plane or similar donations
- e. Foundation grant solicitations
- f. Phone solicitations
- g. Accept donations on your website
- h. Receive donations from another organizations website
- i. Government grant solicitations
- j. Other (Please detail)

4. Please provide a description of each proposed fundraising activity.

- a. *We are not prepared yet to describe what fundraising activities we will engage in, but for now we envision ourselves in:*
  - i. *Direct telephone and email solicitations among people we know who are interested in the success of this community-benefiting effort.*

5. Does the non-profit or will it have written or oral contracts with any individuals or organizations to raise funds for the non-profit? *No.* If so, describe these activities.

6. Does the non-profit or will it engage in fundraising activities for other organizations? *No.* If so, describe these arrangements.

7. List all states and local jurisdictions in which the non-profit will conduct fundraising. *Colorado*
8. Does the non-profit or will it maintain separate accounts for any contributor under which the contributor has the right to advise on the use or distribution of funds?  
*No.* If so, describe the program.
9. Does the non-profit or will it engage in economic development? If so, describe.
  - a. *Yes - we intend to build local food-production capacity, which will indeed result in positive economic development for our community.*

*\*\* Jeff - does economic development raise a flag with the IRS, in that it may lead to profitable ventures, and is there a better way to answer this question?*
10. Does the non-profit or will persons other than the non-profit volunteers develop your facilities? If so, describe.
  - a. *Yes - we intend to hire a crew to perform daily agricultural work;*
11. Does the non-profit or will persons other than the non-profit volunteers manage your facilities? If so, describe.
  - a. *Yes - same as above - crew will manage certain things related to actual food-growing facilities, but for the foreseeable future, the unpaid officers and trustees will be the overall managers of the effort.*
12. Please confirm that the non-profit will not be operating any gaming or bingo type activities. *Yes - we confirm that we are not a gaming or gambling operation.*
13. If there is a business or family relationship between any manager or developer and the non-profit officers, directors, or trustees, identify the individuals, explain the relationship, describe how contracts are negotiated at arms' length so that the non-profit pays no more than fair market value. Also, if such contracts exist, provide copies of any written contracts or other agreements relating to such. *None*
14. Does the non-profit or will it enter in to joint ventures, including partnerships or limited liability companies, in which it shares profits and losses with partners other than section 501(c)(3) organizations? If yes, describe these activities. *No*
15. Does the non-profit or will it accept contributions of: real property; conservation easements; closely held securities; intellectual property such as patents, trademarks and copyrights; works of music or art; licenses; royalties; automobiles, boats, planes, or other vehicles; or collectibles of any type? If yes, describe each type of contribution, any conditions imposed by the donor on the contribution, and any agreements with the donor regarding the contribution. *Yes, we intend to accept contributions of any kind we can, toward the purpose of growing our enterprise for our community. This may include, but should not be limited to a pickup truck, agricultural hand-tools, fence-building materials, irrigation equipment, and compost materials.*

*\*\* Jeff, is there anything wrong with accepting any of the donations listed in the question, that we should be aware of?*

16. Does the non-profit or will it make grants, loans, or other distributions to organization(s)? *No* If Yes, answer the following:
- a. Describe how the non-profit's grants, loans or other distributions to organizations further its exempt purpose.
  - b. Does the non-profit have written contracts with each of these organizations? If so, please provide a copy.
  - c. Identify each recipient organization and any relationship between the non-profit and the recipient organization.
  - d. Describe the records the non-profit keeps with respect to the grants, loans or other distributions it make.
  - e. Describe the selection process.
  - f. Describe the non-profit procedures for oversight of distributions that assure the non-profit the resources are used to further the non-profit's exempt purposes, including whether it requires periodic and final reports on the use of resources.
17. Does the non-profit or will it make grants, loans, or other distributions to any foreign organization(s)? *No*
18. Does the non-profit have a close connection with any other organizations? If yes, explain. *Yes:*
- a. *"Slow Food Roaring Fork" – Fat City Farms will assist Slow Food Roaring Fork in their efforts to teach local school children about nutrition and sustainable agriculture.*
19. Does the non-profit or will it provide scholarships, fellowships, educational loans, or other educational grants to individuals? If so, please explain. *Yes:*
- a. *Fat City Farms hopes someday to enjoy sufficient success to allow creation of educational scholarship programs*

## **E. Financial Data**

1. We need to submit a statement of projected revenue and expenses for this year and the next two years. As such, you need to provide the projected revenue and expense:

*AJ to develop some answers for this section. MT will get online banking set up and get AJ bank statements. Banking information to date:*

- *Michael Thompson paid personal funds of \$1,500. to The Cohen Law Firm for startup 501(c)3 application services, as a no-interest loan for a term of approx. 6 weeks, approved by Susan Brady, President;*

- *Susan Brady brought a donation of \$2,000. from the Brady Family Foundation, to deposit into the Fat City Farms, Inc. bank account, as it's startup donation, along with a check for \$100. from Tat & Bobbie Hillman of Aspen, and a check for \$100. from Paul Kovach and Katherine Kain Kitchen of Old Snowmass, resulting in FCF's initial bank account balance of \$2,200., on Tuesday, November 7, 2006.*
  - *Fat City Farms, Inc. repaid the \$1,500. loan to Michael Thompson, with check #1001, dated Nov. 16, 2006.*
  - *Michael Thompson donated \$200. to Fat City Farms, on Nov. 16, 2006;*
  - *Fat City Farms has received donated services and funds from AJ Joos, for website startup and development;*
  - *Fat City Farms has received additional donations from Michael Thompson and Jan Eagers in the amount of \$45. for seed potatoes, which were planted and multiplied in 2006, for 2007 planting season, and in the form of several hundred Iris Flower bulbs, to be propagated as a source of future revenue for FCF;*
  - *Fat City Farms hopes to receive additional donations from it's officers, trustees and other community members.*
  - *Fat City Farms, inc. Checking Account balance now stands at \$700.*
  - *Before end of 2006, we anticipate expenses for renting a post-office box in Basalt, and in early 2007, expenses for insurance to protect landowners from liability, and for plowing services and some agricultural fencing and irrigation materials and equipment.*
- a. 10/2006 through 12/2006
- 1) Revenue – Please list type of projected revenue (ex: member fees, grants, etc. and amount of each revenue)
  - 2) Expenses – Please list type of projected expense (ex: office expense, payroll, advertising and amount of each expense)
- b. 2007 Tax Year
- 1) Revenue – Please list type of projected revenue (ex: member fees, grants, etc. and amount of each revenue)
  - 2) Expenses – Please list type of projected expense (ex: office expense, payroll, advertising and amount of each expense)
- c. 2008 Tax Year
- 1) Revenue – Please list type of projected revenue (ex: member fees, grants, etc. and amount of each revenue)
  - 2) Expenses – Please list type of projected expense (ex: office expense, payroll, advertising and amount of each expense)

2. We need to submit a Balance Sheet (Assets, Liabilities, and Equity) as of 10/31/2006. As such, you need to provide the following:
  - a. Assets - Please list type of assets (ex: bank account balance, fixed assets and amount of each asset)
    - i. *Bank account balance as of 10/31 = \$0.00*
    - i. *Bank account balance as of 11/16 = \$700.*
  - b. Liabilities - Please list type of liability (ex: bank account balance, fixed assets and amount of each liability)