

## Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code

OMB No. 1545-0056

*Note: If exempt status is approved, this application will be open for public inspection.*

Read the instructions for each Part carefully.

**A User Fee must be attached to this application.**

If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to you.

**Complete the Procedural Checklist on page 8 of the instructions.**

### Part I Identification of Applicant

<b>1a</b> Full name of organization (as shown in organizing document)  <b>The Anderson Springs Community Alliance</b>	<b>2</b> Employer identification number (EIN) (If none, see page 3 of the Specific Instructions.)  <b>06 : 1661314</b>		
<b>1b</b> c/o Name (if applicable)	<b>3</b> Name and telephone number of person to be contacted if additional information is needed  <b>( 707 ) 569-5616 Jeff Gospe</b>		
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"><b>1c</b> Address (number and street)  <b>PO Box 884</b></td> <td style="width: 20%;">Room/Suite</td> </tr> </table>	<b>1c</b> Address (number and street)  <b>PO Box 884</b>	Room/Suite	<b>4</b> Month the annual accounting period ends  <b>December 31</b>
<b>1c</b> Address (number and street)  <b>PO Box 884</b>	Room/Suite		
<b>1d</b> City, town, or post office, state, and ZIP + 4. If you have a foreign address, see Specific Instructions for Part I, page 3.  <b>Middletown, CA 95461</b>	<b>5</b> Date incorporated or formed <b>November 20, 2002</b>		
<b>1e</b> Web site address <b>www.AndersonSprings.org</b>	<b>6</b> Check here if applying under section: a <input type="checkbox"/> 501(e) b <input type="checkbox"/> 501(f) c <input type="checkbox"/> 501(k) d <input type="checkbox"/> 501(n)		
<b>7</b> Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? . . . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," attach an explanation.			
<b>8</b> Is the organization required to file Form 990 (or Form 990-EZ)? . . . . . <input type="checkbox"/> N/A <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach an explanation (see page 3 of the Specific Instructions).			
<b>9</b> Has the organization filed Federal income tax returns or exempt organization information returns? . . . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.			

**10** Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING. (See Specific Instructions for Part I, Line 10, on page 3.) See also Pub. 557 for examples of organizational documents.)

a  **Corporation**—Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also include a copy of the bylaws.

b  **Trust**— Attach a copy of the Trust Indenture or Agreement, including all appropriate signatures and dates.

c  **Association**— Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence the organization was formed by adoption of the document by more than one person; also include a copy of the bylaws.

If the organization is a corporation or an unincorporated association that has not yet adopted bylaws, check here

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please Sign Here Jeffrey D. Gospe, President/Director 12/16/02  
 (Signature) (Type or print name and title or authority of signer) (Date)

**Part II** Activities and Operational Information

- 1 Provide a detailed narrative description of all the activities of the organization—past, present, and planned. **Do not merely refer to or repeat the language in the organizational document.** List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

PLEASE SEE RESPONSE ON ATTACHED PAGES ENTITLED "IRS FORM 1023, Part II, Page 2, Question 1"

- 
- 2 What are or will be the organization's sources of financial support? List in order of size.

PLEASE SEE RESPONSE ON ATTACHED PAGES ENTITLED "IRS FORM 1023, Part II, Page 2, Questions 2 & 3"

- 
- 3 Describe the organization's fundraising program, both actual and planned, and explain to what extent it has been put into effect. Include details of fundraising activities such as selective mailings, formation of fundraising committees, use of volunteers or professional fundraisers, etc. Attach representative copies of solicitations for financial support.

PLEASE SEE RESPONSE ON ATTACHED PAGES ENTITLED "IRS FORM 1023, Part II, Page 2, Questions 2 & 3"

---

**Part II** Activities and Operational Information (Continued)

4 Give the following information about the organization's governing body:

a Names, addresses, and titles of officers, directors, trustees, etc.	b Annual compensation
Jeffrey D. Gospe, 131-B Stony Circle, Suite 2000, Santa Rosa, CA 95401 (President of the nonprofit and also a Director)	NONE
Joan K. Clay, 11153 Anderson Springs Road, Middletown, CA 95461 (Treasurer of the nonprofit and also a Director)	NONE
Jean L. Palmer, 7214 Fairfield Drive, Santa Rosa, CA 95409 (Secretary of the nonprofit and also a Director)	NONE

c Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials?  Yes  No  
 If "Yes," name those persons and explain the basis of their selection or appointment.

d Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons"? (See Specific Instructions for Part II, Line 4d, on page 3.)  Yes  No  
 If "Yes," explain.

5 Does the organization control or is it controlled by any other organization?  Yes  No  
 Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors?  Yes  No  
 If either of these questions is answered "Yes," explain.

6 Does or will the organization directly or indirectly engage in any of the following transactions with any political organization or other exempt organization (other than a 501(c)(3) organization): (a) grants; (b) purchases or sales of assets; (c) rental of facilities or equipment; (d) loans or loan guarantees; (e) reimbursement arrangements; (f) performance of services, membership, or fundraising solicitations; or (g) sharing of facilities, equipment, mailing lists or other assets, or paid employees?  Yes  No  
 If "Yes," explain fully and identify the other organizations involved.

7 Is the organization financially accountable to any other organization?  Yes  No  
 If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

**Part II** Activities and Operational Information (Continued)

**8** What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken. If none, indicate "N/A."  
N/A

**9** Will the organization be the beneficiary of tax-exempt bond financing within the next 2 years? . . . .  Yes  No

**10a** Will any of the organization's facilities or operations be managed by another organization or individual under a contractual agreement? . . . .  Yes  No

**b** Is the organization a party to any leases? . . . .  Yes  No  
If either of these questions is answered "Yes," attach a copy of the contracts and explain the relationship between the applicant and the other parties.

**11** Is the organization a membership organization? . . . .  Yes  No  
If "Yes," complete the following:

**a** Describe the organization's membership requirements and attach a schedule of membership fees and dues.

**b** Describe the organization's present and proposed efforts to attract members and attach a copy of any descriptive literature or promotional material used for this purpose.

**c** What benefits do (or will) the members receive in exchange for their payment of dues?

**12a** If the organization provides benefits, services, or products, are the recipients required, or will they be required, to pay for them? . . . .  N/A  Yes  No  
If "Yes," explain how the charges are determined and attach a copy of the current fee schedule.

**b** Does or will the organization limit its benefits, services, or products to specific individuals or classes of individuals? . . . .  N/A  Yes  No  
If "Yes," explain how the recipients or beneficiaries are or will be selected.

**13** Does or will the organization attempt to influence legislation? . . . .  Yes  No  
If "Yes," explain. Also, give an estimate of the percentage of the organization's time and funds that it devotes or plans to devote to this activity.

**14** Does or will the organization intervene in any way in political campaigns, including the publication or distribution of statements? . . . .  Yes  No  
If "Yes," explain fully.

**Part III** Technical Requirements

1 Are you filing Form 1023 within 15 months from the end of the month in which your organization was created or formed?  Yes  No  
If you answer "Yes," do not answer questions on lines 2 through 6 below.

2 If one of the exceptions to the 15-month filing requirement shown below applies, check the appropriate box and proceed to question 7.

Exceptions—You are not required to file an exemption application within 15 months if the organization:

- a Is a church, interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church. See **Specific Instructions**, Line 2a, on page 4;
- b Is not a private foundation and normally has gross receipts of not more than \$5,000 in each tax year; or
- c Is a subordinate organization covered by a group exemption letter, but only if the parent or supervisory organization timely submitted a notice covering the subordinate.

3 If the organization does not meet any of the exceptions on line 2 above, are you filing Form 1023 within 27 months from the end of the month in which the organization was created or formed?  Yes  No

If "Yes," your organization qualifies under Regulation section 301.9100-2, for an automatic 12-month extension of the 15-month filing requirement. Do not answer questions 4 through 6.

If "No," answer question 4.

4 If you answer "No" to question 3, does the organization wish to request an extension of time to apply under the "reasonable action and good faith" and the "no prejudice to the interest of the government" requirements of Regulations section 301.9100-3?  Yes  No

If "Yes," give the reasons for not filing this application within the 27-month period described in question 3. See **Specific Instructions**, Part III, Line 4, before completing this item. Do not answer questions 5 and 6.

If "No," answer questions 5 and 6.

5 If you answer "No" to question 4, your organization's qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed. Therefore, do you want us to consider the application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date the organization was created or formed?  Yes  No

6 If you answer "Yes" to question 5 above and wish to request recognition of section 501(c)(4) status for the period beginning with the date the organization was formed and ending with the date the Form 1023 application was received (the effective date of the organization's section 501(c)(3) status), check here  and attach a completed page 1 of Form 1024 to this application.

**Part III** Technical Requirements (Continued)

7 Is the organization a private foundation?

- Yes (Answer question 8.)  
 No (Answer question 9 and proceed as instructed.)

8 If you answer "Yes" to question 7, does the organization claim to be a private operating foundation?

- Yes (Complete Schedule E.)  
 No

After answering question 8 on this line, go to line 14 on page 7.

9 If you answer "No" to question 7, indicate the public charity classification the organization is requesting by checking the box below that most appropriately applies:

**THE ORGANIZATION IS NOT A PRIVATE FOUNDATION BECAUSE IT QUALIFIES:**

- |   |   |   |
|---|---|---|
| a | <input type="checkbox"/> As a church or a convention or association of churches (CHURCHES MUST COMPLETE SCHEDULE A.)  | Sections 509(a)(1) and 170(b)(1)(A)(i)                        |
| b | <input type="checkbox"/> As a school (MUST COMPLETE SCHEDULE B.)  | Sections 509(a)(1) and 170(b)(1)(A)(ii)                       |
| c | <input type="checkbox"/> As a hospital or a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital (These organizations, except for hospital service organizations, MUST COMPLETE SCHEDULE C.)   | Sections 509(a)(1) and 170(b)(1)(A)(iii)                      |
| d | <input type="checkbox"/> As a governmental unit described in section 170(c)(1).   | Sections 509(a)(1) and 170(b)(1)(A)(v)                        |
| e | <input type="checkbox"/> As being operated solely for the benefit of, or in connection with, one or more of the organizations described in a through d, g, h, or i (MUST COMPLETE SCHEDULE D.)  | Section 509(a)(3)   |
| f | <input type="checkbox"/> As being organized and operated exclusively for testing for public safety.   | Section 509(a)(4)   |
| g | <input type="checkbox"/> As being operated for the benefit of a college or university that is owned or operated by a governmental unit.   | Sections 509(a)(1) and 170(b)(1)(A)(iv)                       |
| h | <input checked="" type="checkbox"/> As receiving a substantial part of its support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public.  | Sections 509(a)(1) and 170(b)(1)(A)(vii)                      |
| i | <input checked="" type="checkbox"/> As normally receiving not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions). | Section 509(a)(2)   |
| j | <input checked="" type="checkbox"/> The organization is a publicly supported organization but is not sure whether it meets the public support test of h or i. The organization would like the IRS to decide the proper classification.  | Sections 509(a)(1) and 170(b)(1)(A)(vii) or Section 509(a)(2) |

If you checked one of the boxes a through f in question 9, go to question 14. If you checked box g in question 9, go to questions 11 and 12. If you checked box h, i, or j, in question 9, go to question 10.

**Part III** Technical Requirements (Continued)

- 10** If you checked box **h**, **i**, or **j** in question 9, has the organization completed a tax year of at least 8 months?
- Yes**—Indicate whether you are requesting:
    - A definitive ruling. (Answer questions 11 through 14.)
    - An advance ruling. (Answer questions 11 and 14 and attach two Forms 872-C completed and signed.)
  - No**—You must request an advance ruling by completing and signing two Forms 872-C and attaching them to the Form 1023.
- 11** If the organization received any unusual grants during any of the tax years shown in Part IV-A, **Statement of Revenue and Expenses**, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.

- 12** If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here  and:
- a** Enter 2% of line 8, column (e), Total, of Part IV-A . . . . . \_\_\_\_\_
  - b** Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts, grants, contributions, etc., were more than the amount entered on line 12a above.

- 13** If you are requesting a definitive ruling under section 509(a)(2), check here  and:
- a** For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each "disqualified person." (For a definition of "disqualified person," see **Specific Instructions**, Part II, Line 4d, on page 3.)
  - b** For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payer" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

**14** Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. Do not submit blank schedules.)

	Yes	No	If "Yes," complete Schedule:
Is the organization a church? . . . . .		✓	A
Is the organization, or any part of it, a school? . . . . .		✓	B
Is the organization, or any part of it, a hospital or medical research organization? . . . . .		✓	C
Is the organization a section 509(a)(3) supporting organization? . . . . .		✓	D
Is the organization a private operating foundation? . . . . .		✓	E
Is the organization, or any part of it, a home for the aged or handicapped? . . . . .		✓	F
Is the organization, or any part of it, a child care organization? . . . . .		✓	G
Does the organization provide or administer any scholarship benefits, student aid, etc.? . . . .		✓	H
Has the organization taken over, or will it take over, the facilities of a "for profit" institution? . . .		✓	I

**Part IV Financial Data**

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

**A. Statement of Revenue and Expenses \***

	Current tax year	3 prior tax years or proposed budget for 2 years			(e) TOTAL
		(a) From 11/20 to 12/31/02	(b) 2003	(c) 2004	
<b>Revenue</b>					
1 Gifts, grants, and contributions received (not including unusual grants—see page 6 of the instructions).	\$982.44	\$85,600	\$157,300		\$243,882.44
2 Membership fees received					
3 Gross investment income (see instructions for definition)					
4 Net income from organization's unrelated business activities not included on line 3					
5 Tax revenues levied for and either paid to or spent on behalf of the organization					
6 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge)					
7 Other income (not including gain or loss from sale of capital assets) (attach schedule)					
8 Total (add lines 1 through 7)	\$982.44	\$85,600	\$157,300		\$243,882.44
9 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity that is not an unrelated business within the meaning of section 513. Include related cost of sales on line 22					
10 Total (add lines 8 and 9)	\$982.44	\$85,600	\$157,300		\$243,882.44
11 Gain or loss from sale of capital assets (attach schedule)					
12 Unusual grants					
13 Total revenue (add lines 10 through 12)	\$982.44	\$85,600	\$157,300		\$243,882.44
<b>Expenses</b>					
14 Fundraising expenses		\$800	\$2,000		
15 Contributions, gifts, grants, and similar amounts paid (attach schedule)	\$1,624.08	\$83,044.20	\$152,441.00		
16 Disbursements to or for benefit of members (attach schedule)					
17 Compensation of officers, directors, and trustees (attach schedule)					
18 Other salaries and wages					
19 Interest					
20 Occupancy (rent, utilities, etc.)					
21 Depreciation and depletion					
22 Other (attach schedule)					
23 Total expenses (add lines 14 through 22)	\$1,624.08	\$83,844.20	\$154,441.00		
24 Excess of revenue over expenses (line 13 minus line 23)	(\$641.64)	\$1,755.80	\$2,859.00		

\* Please see Footnote about Purpose & Use of these funds on attached page entitled "IRS Form 1023, Part IV, Page 8"

**Part IV** Financial Data (Continued)

B. Balance Sheet (at the end of the period shown)		Current tax year Date 12/31/02
<b>Assets</b>		
1	Cash . . . . .	\$158.36
2	Accounts receivable, net . . . . .	
3	Inventories . . . . .	
4	Bonds and notes receivable (attach schedule) . . . . .	
5	Corporate stocks (attach schedule) . . . . .	
6	Mortgage loans (attach schedule) . . . . .	
7	Other investments (attach schedule) . . . . .	
8	Depreciable and depletable assets (attach schedule) . . . . .	
9	Land . . . . .	
10	Other assets (attach schedule) . . . . .	
11	<b>Total assets</b> (add lines 1 through 10) . . . . .	<b>\$158.36</b>
<b>Liabilities</b>		
12	Accounts payable . . . . .	
13	Contributions, gifts, grants, etc., payable . . . . .	
14	Mortgages and notes payable (attach schedule) * . . . . .	\$800.00
15	Other liabilities (attach schedule) . . . . .	
16	<b>Total liabilities</b> (add lines 12 through 15) . . . . .	<b>\$800.00</b>
<b>Fund Balances or Net Assets</b>		
17	Total fund balances or net assets . . . . .	
18	<b>Total liabilities and fund balances or net assets</b> (add line 16 and line 17) . . . . .	<b>(\$641.64)</b>

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation

\* Schedule for Note Payable on Line 14:

Item	Reason	Terms
Short-term Note Payable to Jean L. Palmer	\$800 loan serves as bridge capital to ensure organization's operation until repaid by pending contributions/donations from the Public.	0% interest with the \$800 principal due in full by no later than Jan. 31, 2003,

IRS FORM 1023, PART II, PAGE 2, QUESTION 1

Applicant was formed to protect, preserve, and restore the environment in the area of Anderson Springs, Lake County, California. It is a grass roots organization and has operated informally as a non-incorporated association for the past several months.

Its primary activity in protecting, preserving, and restoring the environment is to analyze proposed developments in the Anderson Springs area, Lake County, California and determine if they meet applicable environmental standards and if not, to bring suit under the California Environmental Quality Act against the County of Lake and the developer to assure that the environment is protected.

Specifically, Applicant was organized to engage exclusively in the charitable activities within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended:

- (1) By protecting, preserving, and restoring environmental quality in the area surrounding Anderson Springs, Lake County, California and protecting the natural environment and public safety in the area of Anderson Springs, Lake County, California for the benefit of the general public, including residents of the area of Anderson Springs, Lake County, California;
- (2) By instituting litigation as a party plaintiff to enforce California and Federal environmental legislation to protect, preserve, and restore the environmental quality in the area of Anderson Springs, Lake County, California;
- (3) By instituting litigation and pursuing other remedies, both legal and equitable, under Federal laws and the laws of the State of California to protect, preserve, and restore the environmental quality in the area of Anderson Springs, Lake County, California; and,
- (4) By conducting research, education, advocacy, and mitigation activities— scientific, legal, financial, or otherwise— concerning various means of understanding, improving & resolving disputes relative to environmental issues in the area of Anderson Springs, Lake County, California and arranging for, and participating in, the resolution of such disputes through mediation and other types of dispute resolutions.

In the event litigation is required, substantial sums will be required to hire legal counsel and environmental consultants. It is anticipated that the cost of legal counsel and consultants could amount to approximately \$150,000 over a three (3) year period.

The main source of funding this effort is direct solicitation of the general public within the area of Anderson Springs, Lake County, California.

Other funds will be obtained via corporate contributions from companies like the geothermal operators at The Geysers, as well as by applying for and managing grants, loans, and other types of support available through public and private sources related to the purposes & objectives of the Applicant.

Funding for The Anderson Springs Community Alliance's research, education, advocacy, and mitigation activities will be supported through the nonprofit's ongoing direct solicitation of funds from public donations and corporate contributions, as well as by applying for and managing grants, loans, and other types of monetary resources/support available through public and private sources related to the purposes & objectives of the nonprofit.

By far the largest and most relevant funding sources are currently available through California's Geothermal Resources Development Account in the State's General Fund, which was created in 1980 by Assembly Bill 1905 to channel revenues paid to the US government (by geothermal developers for leases on Federal lands in California) to mitigate areas directly impacted by geothermal development. These funds are allocated & distributed at both the State level via the California Energy Commission, as well as at the local level through the Counties of Origin (in this case, Lake & Sonoma Counties) to assist with geothermal development, research, planning, mitigation, and environmental enhancement projects like those envisioned by this nonprofit.

The total of these funds awarded by the California Energy Commission for 2002 amounted to \$7.5 million, appropriated funds for Lake County in Fiscal Year 2002/2003 are an additional \$627,000, and available funds for Sonoma County in Fiscal Year 2002/2003 are another \$500,000. Because The Geysers is the only geothermal area in Lake and Sonoma Counties and Anderson Springs' surroundings are by far the most significant area impacted by geothermal development, the founders of this nonprofit are confident that their funding expectations are realistic and that they will be able to secure a substantial amount of funds from these sources to support the nonprofit's goals and objectives.

The second largest source of funds for the nonprofit will likely come from the geothermal operators themselves, as well as the City of Santa Rosa, Lake County, Sonoma County, and the State of California, through some combination of matching funds, grants, and other contributions as well as possible settlements from litigation necessary to enforce local, State & Federal laws, statutes, and ordinances related to the environment.

A third source of funds will be a number of ongoing programs operated by volunteers of the nonprofit for direct solicitation of funds from the general public, including regular community mailings with donation inserts, fund-raising drives & public events focused on topics concerning environmental issues and the area's geothermal activities, wildlife, creeks, culture, and history. The nonprofit may also generate funds by organizing free tours of The Geysers geothermal area.

The Anderson Springs Community Alliance will solicit and utilize government funds both alone and in conjunction with other entities such as other nonprofits, institutions, universities, government organizations within County, State & Federal jurisdictions, private & public companies, special districts, agencies, and other entities exempt under Section 501(c)(3) of the Internal Revenue Code of 1986. The nonprofit has not formally begun the process of applying for government grants or soliciting corporate contributions and public donations because the founders wanted first to establish the organization as a Section 501(c)(3) organization conducting charitable activities. Professional fundraisers will not be utilized by the Applicant. Applicant intends to utilize volunteers exclusively.

**Footnote about Purpose & Use of Funds from Statement of Revenues & Expenses:**

In keeping with the stated purposes of The Anderson Springs Community Alliance, the Applicant has budgeted to engage in charitable activities encompassing four primary areas: 1) Research, 2) Education, 3) Advocacy, and 4) Mitigation to protect, preserve, and restore environmental quality in the area of Anderson Springs, Lake County, California for the benefit of the general public.

Many aspects of the nonprofit's education, advocacy, and mitigation activities will depend on the findings from research that has not yet been conducted, as well as funding requirements of a wide variety of private and public entities. While it is not possible to know the exact mix of relative time, funding, resources, and participants in planned programs and activities of The Anderson Springs Community Alliance, we have budgeted according to these four categories through the end of 2004:

- In the first 12-18 months of operations starting in January 2003 (following start-up as a new organization in November & December 2002), activities to support the nonprofit's research objectives will require slightly more than \$40,000 or about 50% of the organization's time & funding; activities related to its education objectives will require only \$2,500 or around 3% of its time & funding during this same timeframe; activities to support its advocacy objectives will require \$28,000 or about 35% of its time & funding; and activities related to its mitigation objectives will require \$8,000 or around 10% of total time & funding.
- Beyond the first 18 months of operations starting around July 2004, the mix of relative time and funding will change based upon research findings as follows: Activities to continue the nonprofit's research objectives will diminish to \$22,000 or about 15% of the organization's time & funding; activities related to its education objectives will increase to \$8,500 or 6% of its time & funding; activities to support its advocacy objectives will decrease as a percentage to about 25% of its time & funding at \$36,000; and activities related to its mitigation objectives will increase dramatically to \$78,000 and require more than 50% of its time & funding. Ultimately, mitigation activities are essential to achieve The Anderson Springs Community Alliance's goals of protecting, preserving, and restoring environmental quality, natural resources, and public safety for the area surrounding Anderson Springs, Lake County, California.
- Beyond 2004—once programs and projects have been put in place to mitigate or resolve current & future environmental problems related to ongoing geothermal development—then operations of the nonprofit are likely to sustain an equal balance of 30% each for the time and funding devoted to research, advocacy, and mitigation activities, with 10% dedicated to education (which costs substantially less to operate than the other three areas, which require expertise from outside consultants, instead of volunteer support).

**LINE 15: Schedule of Contributions, Gifts, Grants, and Similar Amounts Paid**

Expense Category	Current Year 2002	Budget for 2003	Budget for 2004	TOTAL
Research Activities		\$40,600.00	\$22,000.00	\$62,600.00
Educational Activities	\$35.85	\$2,500.00	\$8,500.00	\$11,035.85
Advocacy Costs	\$782.50	\$28,000.00	\$36,000.00	\$64,782.50
Mitigation Activities		\$8,000.00	\$78,000.00	\$86,000.00
Printing Costs	\$33.37	\$950.00	\$1,950.00	\$2,933.37
Mailing Costs	\$39.76	\$750.00	\$2,250.00	\$3,039.76
Telephone Costs	\$91.44	\$250.00	\$600.00	\$941.44
Filing Costs & Fees	\$634.36	\$65.00	\$95.00	\$794.36
Bank Charges	\$6.80	\$79.20	\$96.00	\$182.00
Office Supplies		\$350.00	\$700.00	\$1,050.00
Insurance		\$1,500.00	\$2,250.00	\$3,750.00
<b>TOTAL:</b>	<b>\$1,624.08</b>	<b>\$83,044.20</b>	<b>\$152,441.00</b>	<b>\$237,109.28</b>