

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

Do not enter social security numbers on this form as it may be made public.  
Go to [www.irs.gov/Form1023](http://www.irs.gov/Form1023) for instructions and the latest information.

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

Use the "?" buttons throughout this form for help in completing this application. For additional help, call IRS Exempt Organizations Customer Account Services toll-free at 1-877-829-5500.

If you cannot complete required responses within the textbox limits throughout this form, upload your additional narratives with the other required documents.

**Part I Identification of Applicant**

<b>1a</b> Full Name of Organization (exactly as it appears in your organizing document) FAR AI INC	<b>b</b> Care of Name (if applicable)
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<b>c</b> Mailing Address (Number, street and room/suite) 501 W BROADWAY STE 1310	<b>d</b> City SAN DIEGO	<b>e</b> Country United States
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<b>f</b> State California	<b>g</b> Zip Code + 4 92101-3544	<b>h</b> Foreign Province (or State)	<b>i</b> Foreign Postal Code
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<b>2</b> Employer Identification Number 92-0692207	<b>3</b> Month Tax Year Ends DECEMBER	<b>4</b> Person to Contact if More Information is Needed (officer, director, trustee, or authorized representative) MARY T DOWLING ESQ
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<b>5</b> Contact Telephone Number 619-930-9332	<b>6</b> Fax Number (optional) 619-308-6893	<b>7</b> User Fee Submitted \$600.00
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**8** Organization's Website (if available): alignmentfund.org

**9** List the names, titles, and mailing addresses of your officers, directors, and/or trustees.

First Name: SCOTT	Last Name: EMMONS	Title: DIRECTOR AND PRESIDENT
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Mailing Address: 501 W BROADWAY STE 1310	City: SAN DIEGO
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State (or Province): CA	Zip Code (or Foreign Postal Code): 92101-3544
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First Name: LAWRENCE	Last Name: CHAN	Title: DIRECTOR AND SECRETARY
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Mailing Address: 501 W BROADWAY STE 1310	City: SAN DIEGO
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State (or Province): CA	Zip Code (or Foreign Postal Code): 92101-3544
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First Name: SAWYER	Last Name: BERNATH	Title: DIRECTOR AND TREASURER
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Mailing Address: 501 W BROADWAY STE 1310	City: SAN DIEGO
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State (or Province): CA	Zip Code (or Foreign Postal Code): 92101-3544
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First Name:	Last Name:	Title:
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Mailing Address:	City:
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State (or Province):	Zip Code (or Foreign Postal Code):
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First Name:	Last Name:	Title:
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Mailing Address:	City:
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State (or Province):	Zip Code (or Foreign Postal Code):
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Check here to add more officers, directors, and/or trustees.

**Part II Organizational Structure**

- 1 You must be a corporation, limited liability company (LLC), unincorporated association, or trust to be tax exempt.

Select your type of organization.

Corporation

At the end of this form, you must upload a copy of your articles of incorporation (and any amendments) that shows proof of filing with the appropriate state agency.

Limited Liability Company (LLC)

At the end of this form, you must upload a copy of your articles of organization (and any amendments) that shows proof of filing with the appropriate state agency. Also, if you adopted an operating agreement, upload a copy, along with any amendments.

Unincorporated Association

At the end of this form, you must upload a copy of your articles of association, constitution, or other similar organizing document that is dated and includes at least two signatures. Include signed and dated copies of any amendments.

Trust

At the end of this form, you must upload a signed and dated copy of your trust agreement. Include signed and dated copies of any amendments.

- 2 Enter the date you formed. (MM/DD/YYYY)

10/04/2022

- 3 Select your state (or U.S. territory) of incorporation or other formation. If you were formed under the laws of a foreign country, select Foreign Country.

California

- 4 Have you adopted bylaws? If "Yes," at the end of this form, upload a current copy showing the date of adoption. If "No," explain how you select your officers, directors, or trustees.

Yes  No

- 5 Are you a successor to another organization?

Yes  No

Answer "Yes" if you have taken or will take over the activities of another organization, you took over 25% or more of the fair market value of the net assets of another organization, or you were established upon the conversion of an organization from for-profit to nonprofit status. If "Yes," complete Schedule G.

**Part III Required Provisions in Your Organizing Document**

Part III helps ensure that, when you submit this application, your organizing document contains the required provisions to meet the organizational test under section 501(c)(3).

If you cannot check "Yes" in both Lines 1 and 2, your organizing document does not meet the organizational test. DO NOT file this application until you have amended your organizing document. Remember to upload your original and amended organizing documents at the end of this form.

- 1** Section 501(c)(3) requires that your organizing document limit your purposes to one or more exempt purposes within section 501(c)(3), such as charitable, religious, educational, and/or scientific purposes.

*The following is an example of an acceptable purpose clause: The organization is organized exclusively for charitable, religious, educational, and scientific purposes under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code.*

Does your organizing document meet this requirement?

Yes  No

- 1a** State specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document (Page/Article/Paragraph):

PAGE 2, PARAGRAPH (a)

- 2** Section 501(c)(3) requires that your organizing document provide that upon dissolution, your remaining assets be used exclusively for section 501(c)(3) exempt purposes, such as charitable, religious, educational, and/or scientific purposes. Depending on your entity type and the state in which you are formed, this requirement may be satisfied by operation of state law.

*The following is an example of an acceptable dissolution clause: Upon the dissolution of this organization, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.*

Does your organizing document meet this requirement?

Yes  No

- 2a** State specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document (Page/Article/Paragraph) or indicate that you rely on state law.

PAGE 2, PARAGRAPH (e)

**Part IV Your Activities**

**1** Describe completely and in detail your past, present, and planned activities. Do not refer to or repeat the purposes in your organizing document.

For each past, present, or planned activity, include information that answers the following questions:

- a. What is the activity?
- b. Who conducts the activity?
- c. Where is the activity conducted?
- d. What percentage of your total time is allocated to the activity?
- e. How is the activity funded (for example, donations, fees, etc.) and what percentage of your overall expenses is allocated to this activity?
- f. How does the activity further your exempt purposes?

PLEASE SEE EXHIBIT E SUPPLEMENTAL RESPONSES TO FORM 1023 ATTACHED TO THIS APPLICATION FOR A COMPLETE RESPONSE.

**Part IV** Your Activities *(continued)*

2 Enter the 3-character NTEE Code that best describes your activities.

Or check here if you want the IRS to select the NTEE Code that best describes your activities.

3 Do any of your programs limit the provision of goods, services, or funds to a specific individual or group of specific individuals? For example, answer "Yes" if goods, services, or funds are provided only for a particular individual, your members, individuals who work for a particular employer, or graduates of a particular school. If "Yes," explain the limitation and how recipients are selected for each program.

 Yes No

4 Do any individuals who receive goods, services, or funds through your programs have a family or business relationship with any officer, director, trustee, or with any of your highest compensated employees or highest compensated independent contractors? If "Yes," explain how these related individuals are eligible for goods, services, or funds.

 Yes No

5 Do you or will you support or oppose candidates in political campaigns in any way? If "Yes," explain.

 Yes No

6 Do you or will you attempt to influence legislation? If "Yes," explain how you attempt to influence legislation.

 Yes No

**Part IV** Your Activities *(continued)*

- 6a** Did you or will you make an election to have your legislative activities measured by expenditures by filing Form 5768?  Yes  No  
If "No," describe whether your attempts to influence legislation are a substantial part of your activities. Include the time and money spent on your attempts to influence legislation as compared to your total activities.

- 7** Do you or will you publish, own, or have rights in music, literature, tapes, artworks, choreography, scientific discoveries, or other intellectual property? If "Yes," describe who owns or will own any copyrights, patents, or trademarks, whether fees are or will be charged, how the fees are determined, and how any items are or will be produced, distributed, and marketed.  Yes  No

PLEASE SEE EXHIBIT E SUPPLEMENTAL RESPONSES TO FORM 1023 ATTACHED TO THIS APPLICATION FOR A COMPLETE RESPONSE.

- 8** Do you or will you provide educational information to the general public on budgeting, personal finance, financial literacy, saving and spending practices, the sound use of consumer credit, and/or assist individuals and families with financial problems such as credit card debt and foreclosure by providing them with counseling? If "Yes," explain.  Yes  No

- 9** Do you or will you make grants, loans, or other distributions to organizations? If "Yes," describe the type and purpose of the grants, loans, or distributions, how you select your recipients including submission requirements (such as grant proposals or application forms), and the criteria you use or will use to select recipients. Also describe how you ensure the grants, loans, and other distributions are or will be used for their intended purposes (including whether you require periodic or final reports on the use of funds and any procedures you have if you identify that funds are not being used for their intended purposes). Finally, describe the records you keep with respect to grants, loans, or other distributions you make and identify any recipient organizations and any relationships between you and the recipients. If "No," continue to Line 10.  Yes  No

PLEASE SEE EXHIBIT E SUPPLEMENTAL RESPONSES TO FORM 1023 ATTACHED TO THIS APPLICATION FOR A COMPLETE RESPONSE.

**Part IV** Your Activities (continued)

- 9a** Do you or will you make grants, loans, or other distributions to organizations that are not recognized by the IRS as tax exempt under section 501(c)(3)? If "Yes," name and/or describe the non-section 501(c)(3) organizations to whom you do or will make distributions and explain how these distributions further your exempt purposes.  Yes  No

PLEASE SEE EXHIBIT E SUPPLEMENTAL RESPONSES TO FORM 1023 ATTACHED TO THIS APPLICATION FOR A COMPLETE RESPONSE.

- 9b** Do you or will you make grants, loans, or other distributions to foreign organizations? If "Yes," name each foreign organization (if not already provided), the country and region within each country in which each foreign organization operates, any relationship you have with each foreign organization, and whether the foreign organization accepts contributions earmarked for a specific country or organization (if so, specify which countries or organizations). If "No," continue to Line 10.  Yes  No

PLEASE SEE EXHIBIT E SUPPLEMENTAL RESPONSES TO FORM 1023 ATTACHED TO THIS APPLICATION FOR A COMPLETE RESPONSE.

- 9c** Do your contributors know that you have ultimate authority to use contributions made to you at your discretion for purposes consistent with your exempt purposes? If "Yes," describe how you relay this information to contributors.  Yes  No

PLEASE SEE EXHIBIT E SUPPLEMENTAL RESPONSES TO FORM 1023 ATTACHED TO THIS APPLICATION FOR A COMPLETE RESPONSE.

- 9d** Do you or will you make pre-grant inquiries about the recipient organization? If "Yes," describe these inquiries, including whether you inquire about the recipient's financial status, its tax-exempt status under the Internal Revenue Code, its ability to accomplish the purpose for which the resources are provided, and other relevant information.  Yes  No

PLEASE SEE EXHIBIT E SUPPLEMENTAL RESPONSES TO FORM 1023 ATTACHED TO THIS APPLICATION FOR A COMPLETE RESPONSE.

- 9e** Do you or will you use any additional procedures to ensure that your distributions to foreign organizations are used in furtherance of your exempt purposes? If "Yes," describe these procedures, including periodic reporting requirements, auditing grantees, site visits by your employees or compliance checks by impartial experts, etc., to verify that grant funds are being used appropriately.  Yes  No

PLEASE SEE EXHIBIT E SUPPLEMENTAL RESPONSES TO FORM 1023 ATTACHED TO THIS APPLICATION FOR A COMPLETE RESPONSE.

**Part IV** Your Activities (continued)

- 9f** Do you share board members or other key personnel with the recipient organization(s)? If "Yes," identify the relationships.  Yes  No

- 9g** When you make grants, loans, or other distributions to foreign organizations, will you check the OFAC List of Specially Designated Nationals and Blocked Persons for names of individuals and entities with whom you are dealing to determine if they are included on the list? Describe any other practices you will engage in to ensure that foreign expenditures or grants are not diverted to support terrorism or other non-charitable activities.  Yes  No

PLEASE SEE EXHIBIT E SUPPLEMENTAL RESPONSES TO FORM 1023 ATTACHED TO THIS APPLICATION FOR A COMPLETE RESPONSE.

- 9h** Will you comply with all United States statutes, executive orders, and regulations that restrict or prohibit U.S. persons from engaging in transactions and dealings with designated countries, entities, or individuals, or otherwise engaging in activities in violation of economic sanctions administered by OFAC?  Yes  No

- 9i** Will you acquire from OFAC the appropriate license and registration where necessary?  Yes  No

- 10** Do you or will you operate in a foreign country or countries? If "Yes," name each foreign country and region within each country in which you do or will operate and describe your operations in each one. If "No," continue to Line 11.  Yes  No

PLEASE SEE EXHIBIT E SUPPLEMENTAL RESPONSES TO FORM 1023 ATTACHED TO THIS APPLICATION FOR A COMPLETE RESPONSE.

- 10a** When you conduct activities in foreign countries, will you check the OFAC List of Specially Designated Nationals and Blocked Persons for names of individuals and entities with whom you are dealing to determine if they are included on the list? Describe any other practices you will engage in to ensure that foreign expenditures or grants are not diverted to support terrorism or other non-charitable activities.  Yes  No

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- 10b** Will you comply with all United States statutes, executive orders, and regulations that restrict or prohibit U.S. persons from engaging in transactions and dealings with designated countries, entities, or individuals, or otherwise engaging in activities in violation of economic sanctions administered by OFAC?  Yes  No

- 10c** Will you acquire from OFAC the appropriate license and registration where necessary?  Yes  No



**Part IV** Your Activities *(continued)*

- 11** Are you a sponsoring organization that maintains one or more donor advised funds? If yes, please provide a complete description of your program, including the specific advice that such donors may provide. Describe in detail the control you maintain (or will maintain) over the use of the funds.  Yes  No

- 12** Do you or will you operate a school?  Yes  No  
If "Yes," complete Schedule B.

- 13** Is your principal purpose or function to provide hospital or medical care?  Yes  No  
If "Yes," complete Schedule C.

- 14** Do you or will you provide low-income housing?  Yes  No  
If "Yes," complete Schedule F.

- 15** Do you or will you provide scholarships, fellowships, educational loans, or other educational grants to individuals, including grants for travel, study, or other similar purposes?  Yes  No  
If "Yes," complete Schedule H - Section I.

- 16** Check any of the following fundraising activities that you will undertake (check all that apply):

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Website, mail, email, personal, and/or phone solicitations | <input checked="" type="checkbox"/> Foundation grant solicitations |
| <input type="checkbox"/> Receive donations from another organization's website                 | <input type="checkbox"/> Government grant solicitations            |
| <input type="checkbox"/> Bingo   | <input type="checkbox"/> Other (non-bingo) gaming activities       |
| <input type="checkbox"/> Other (describe)  |  |

- We will not engage in fundraising activities.

- 17** Do you or will you engage in fundraising activities for other organizations? If "Yes," describe these arrangements, including the names or descriptions of the organizations for which you raise funds.  Yes  No

PLEASE SEE EXHIBIT E SUPPLEMENTAL RESPONSES TO FORM 1023 ATTACHED TO THIS APPLICATION FOR A COMPLETE RESPONSE.

**Part V Compensation and Other Financial Arrangements**

- 1** Do you or will you compensate officers, directors, or trustees, or do or will you have highest compensated employees, or highest compensated independent contractors? If "No," continue to Line 2.  Yes  No

In establishing compensation for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors:

- 1a** Do or will the individuals that approve compensation arrangements follow a conflict of interest policy?  Yes  No
- 1b** Do or will you approve compensation arrangements in advance of paying compensation?  Yes  No
- 1c** Do or will you document in writing the date and terms of approved compensation arrangements?  Yes  No
- 1d** Do or will you record in writing the decision made by each individual who decided or voted on compensation arrangements?  Yes  No
- 1e** Do or will you approve compensation arrangements based on information about compensation paid by similarly situated taxable or tax-exempt organizations for similar services, current compensation surveys compiled by independent firms, or actual written offers from similarly situated organizations?  Yes  No
- 1f** Do or will you record in writing both the information on which you relied to base your decision and its source?  Yes  No
- 1g** Do or will you have any other practices you use to set reasonable compensation? If "Yes," describe these practices.  Yes  No

PLEASE SEE EXHIBIT E SUPPLEMENTAL RESPONSES TO FORM 1023 ATTACHED TO THIS APPLICATION FOR A COMPLETE RESPONSE.

- 2** Have you adopted a conflict of interest policy consistent with the sample conflict of interest policy in Appendix A to the instructions? If you are a hospital, answer "Yes" if your conflict of interest policy includes provisions consistent with the additional healthcare related provisions in the sample document. If "No," describe the procedures you will follow to ensure that persons who have a conflict of interest will not have influence over setting their own compensation or regarding business deals with themselves.  Yes  No

- 3** Do you or will you compensate any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors through non-fixed payments, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are determined, who is eligible for such arrangements, whether you place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services.  Yes  No

**Part V Compensation and Other Financial Arrangements** (continued)

- 4 Do you or will you purchase or sell any goods, services, or assets from or to: (i) any of your officers, directors, or trustees; (ii) any family of any of your officers, directors, or trustees; (iii) any organizations in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a 35% interest; (iv) your highest compensated employees; or (v) your highest compensated independent contractors? If "Yes," describe any such transactions that you made or intend to make, with whom you make or will make such transactions, how the terms are or will be negotiated at arm's length, and how you determine you pay no more than fair market value or you are paid at least fair market value.  Yes  No

- 5 Do you or will you have any leases, contracts, loans, or other agreements with: (i) your officers, directors, or trustees; (ii) any family of any of your officers, directors, or trustees; (iii) any organizations in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a 35% interest; (iv) your highest compensated employees; or (v) your highest compensated independent contractors? If "Yes," describe any written or oral arrangements that you made or intend to make, with whom you have or will have such arrangements, how the terms are or will be negotiated at arm's length, and how you determine you pay no more than fair market value or you are paid at least fair market value.  Yes  No

- 6 Do you or will you contract with another organization to develop, build, market, or finance your facilities? If "Yes," describe each facility, the role of the other organization, and any business or family relationship between the organization and your officers, directors, or trustees. Explain how that entity is selected, how the terms of any contract(s) are negotiated at arm's length, and how you determine you will pay no more than fair market value for services.  Yes  No

**Part V Compensation and Other Financial Arrangements** (continued)

- 7 Does or will someone other than your own employees or volunteers manage your activities or facilities?  Yes  No
- If "Yes," describe the activities or facilities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and any business or family relationship between the organization and your officers, directors, or trustees. Explain how these managers were or will be selected, how the terms of any contracts or other agreements were or will be negotiated, and how you determine you will pay no more than fair market value for services.

- 8 Do you participate in any joint ventures, including partnerships or limited liability companies treated as partnerships, in which you share profits and losses with partners? If "Yes," state your ownership percentage in each joint venture, list your investment in each joint venture, describe the tax status of other participants in each joint venture (including whether they are section 501(c)(3) organizations), describe the activities of each joint venture, describe how you exercise control over the activities of each joint venture, and describe how each joint venture furthers your exempt purposes.  Yes  No

**Part VI Financial Data**

- 1 Select the option that best describes you to determine the years of revenues and expenses you need to provide.
- You completed less than one tax year.  
Provide a total of three years of financial information (including the current year and two future years of reasonable and good faith projections of your future finances) in the following Statement of Revenues and Expenses.
- You completed at least one tax year but fewer than five.  
Provide a total of four years financial information (including the current year and three years of actual financial information or reasonable and good faith projections of your future finances) in the following Statement of Revenues and Expenses.
- You completed five or more tax years.  
Provide financial information for your five most recent tax years (including the current year) in the following Statement of Revenues and Expenses.

**Part VI** Financial Data (continued)

**A. Statement of Revenues and Expenses**

Type of revenue	Current tax year	4 prior tax years or 2 succeeding tax years			
	From: 10/04/2022 To: 12/31/2022	From: 01/01/2023 To: 12/31/2023	From: 01/01/2024 To: 12/31/2024	From: __/__/____ To: __/__/____	From: __/__/____ To: __/__/____
1 Gifts, grants, and contributions received (do not include unusual grants)	\$2,026,000.	\$2,645,000.	\$3,571,000.		
2 Membership fees received					
3 Gross investment income					
4 Net unrelated business income					
5 Taxes levied for your benefit					
6 Value of services or facilities furnished by a governmental unit without charge (not including the value of services generally furnished to the public without charge)					
7 Any revenue not otherwise listed above or in lines 9 - 12 below (provide an itemized list below)					
8 Total of lines 1 through 7	\$2,026,000.	\$2,645,000.	\$3,571,000.	\$0.	\$0.
9 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to your exempt purposes (provide an itemized list below)					
10 Total of lines 8 and 9	\$2,026,000.	\$2,645,000.	\$3,571,000.	\$0.	\$0.
11 Net gain or loss on sale of capital assets (provide an itemized list below)					
12 Unusual grants (provide an itemized list below)					
13 Total Revenue (add lines 10 through 12)	\$2,026,000.	\$2,645,000.	\$3,571,000.	\$0.	\$0.
Type of expense	Current tax year	4 prior tax years or 2 succeeding tax years			
14 Fundraising expenses					
15 Contributions, gifts, grants, and similar amounts paid out (provide an itemized list below)					
16 Disbursements to or for the benefit of members (provide an itemized list below)					
17 Compensation of officers, directors, and trustees	\$65,000.	\$391,000.	\$528,000.		
18 Other salaries and wages	\$489,000.	\$1,519,000.	\$2,051,000.		
19 Interest expense					
20 Occupancy (rent, utilities, etc.)					
21 Depreciation and depletion					
22 Professional fees	\$15,000.	\$31,000.	\$42,000.		
23 Any expense not otherwise classified, such as program services (provide an itemized list below)	\$196,000.	\$420,000.	\$569,000.		
24 Total Expenses (add lines 14 through 23)	\$765,000.	\$2,361,000.	\$3,190,000.	\$0.	\$0.

25 Itemized financial data

LINE 23: (A) EQUIPMENT: \$17,000 / \$47,000 / \$64,000. (B) CONFERENCE TRAVEL & FEES: \$47,000 / \$103,000 / \$140,000. (C) OTHER RESEARCH-RELATED & PROGRAMMATIC EXPENSES: \$132,000 / \$270,000 / \$365,000.

**Part VI** Financial Data (continued)

<b>B. Balance Sheet (for your most recently completed tax year)</b>		Year End: 12/31/2022
<b>Assets</b>		
<b>1</b>	Cash	\$0.
<b>2</b>	Accounts receivable, net	
<b>3</b>	Inventories	
<b>4</b>	Bonds and notes receivable (provide an itemized list below)	
<b>5</b>	Corporate stocks (provide an itemized list below)	
<b>6</b>	Loans receivable (provide an itemized list below)	
<b>7</b>	Other investments (provide an itemized list below)	
<b>8</b>	Depreciable assets (provide an itemized list below)	
<b>9</b>	Land	
<b>10</b>	Other assets (provide an itemized list below)	
<b>11</b>	Total Assets (add lines 1 through 10)	\$0.
<b>Liabilities</b>		
<b>12</b>	Accounts payable	\$0.
<b>13</b>	Contributions, gifts, grants, etc. payable	
<b>14</b>	Mortgages and notes payable (provide an itemized list below)	
<b>15</b>	Other liabilities (provide an itemized list below)	
<b>16</b>	Total Liabilities (add lines 12 through 15)	\$0.
<b>Fund Balances or Net Assets</b>		
<b>17</b>	Total fund balances or net assets	
<b>18</b>	Total Liabilities and Fund Balances or Net Assets (add lines 16 and 17)	\$0.

**19** Itemized financial data

**Part VII Foundation Classification**

Part VII is designed to classify you as an organization that is either a private foundation or a public charity. Public charity classification is a more favorable tax status than private foundation classification. If you are a private foundation, this part will further determine whether you are a private operating foundation.

**1** Select the foundation classification you are requesting from the list below.

- You are described in 509(a)(1) and 170(b)(1)(A)(vi) as an organization that receives a substantial part of its financial support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public.
- You are described in 509(a)(2) as an organization that normally receives not more than one-third of its financial support from gross investment income and receives more than one-third of its financial support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions).
- You are described in 509(a)(1) and 170(b)(1)(A)(i) as a church or a convention or association of churches. Complete Schedule A.
- You are described in 509(a)(1) and 170(b)(1)(A)(ii) as a school. Complete Schedule B.
- You are described in 509(a)(1) and 170(b)(1)(A)(iii) as a hospital, a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital. Complete Schedule C.
- You are described in 509(a)(1) and 170(b)(1)(A)(iv) as an organization operated for the benefit of a college or university that is owned or operated by a governmental unit.
- You are described in 509(a)(1) and 170(b)(1)(A)(ix) as an agricultural research organization directly engaged in the continuous active conduct of agricultural research in conjunction with a college or university.
- You are described in 509(a)(3) as an organization supporting either one or more organizations described in 509(a)(1) or 509(a)(2) or a publicly supported section 501(c)(4), (5), or (6) organization. Complete Schedule D.
- You are described in 509(a)(4) as an organization organized and operated exclusively for testing for public safety.
- You are a publicly supported organization and would like the IRS to decide your correct classification.
- You are a private foundation.

- 1a** As a private foundation, section 508(e) requires special provisions in your organizing document in addition to those that apply to all organizations described in section 501(c)(3). Check this box to confirm that your organizing document includes these provisions or you rely on state law.

State specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document (Page/Article/Paragraph) or state that you rely on state law.

- 1b** Do you or will you provide scholarships, fellowships, educational loans, or other educational grants to individuals, including grants for travel, study, or other similar purposes?  Yes  No  
If "Yes," complete Schedule H - Section II.

- 1c** Are you a private operating foundation?  Yes  No

To be a private operating foundation you must engage directly in the active conduct of charitable, religious, educational, and similar activities, as opposed to indirectly carrying out these activities by providing grants to individuals or other organizations.

**Part VII Foundation Classification** (continued)

**1d** Describe how you meet the requirements for private operating foundation status, including how you meet the income test and either the assets test, the endowment test, or the support test. If you've been in existence for less than one year, describe how you are likely to satisfy the requirements for private operating foundation status.

**2** If you have been in existence more than 5 years, you must confirm your public support status. To confirm your qualification as a public charity described in 509(a)(1) and 170(b)(1)(A)(vi) in existence for five or more tax years, you must have received one-third or more of your total support from governmental agencies, contributions from the general public, and contributions or grants from other public charities; or 10% or more of your total support from governmental agencies, contributions from the general public, and contributions or grants from other public charities and the facts and circumstances indicate you are a publicly supported organization. Calculate whether you meet this support test for your most recent five-year period.

- i. Did you receive contributions from any person, company, or organization whose gifts totaled more than the 2% amount of line 8 in Part VI-A?  Yes  No

If "Yes," identify each person, company, or organization by letter (A, B, C, etc.) and indicate the amount contributed by each. Keep a list showing the name of and amount contributed by each of these donors for your records.

- ii. Based on your calculations, did you receive at least one-third of your support from public sources or did you normally receive at least 10 percent of your support from public sources and you have other characteristics of a publicly supported organization?  Yes  No

**2a** If you have been in existence more than 5 years, you must confirm your public support status. To confirm your qualification as a public charity described in 509(a)(2) in existence for five or more tax years, you must have normally received more than one-third of your support from contributions, membership fees, and gross receipts from activities related to your exempt functions, or a combination of these sources, and not more than one-third of your support from gross investment income and net unrelated business income. Calculate whether you meet this support test for your most recent five-year period.

- i. Did you receive amounts from any disqualified persons?  Yes  No

If "Yes," identify each disqualified person by letter (A, B, C, etc.) and indicate the amount contributed by each. Keep a list showing the name of and amount contributed by each of these donors for your records.

- ii. Did you receive amounts from individuals or organizations other than disqualified persons that exceeded the greater of \$5,000 or 1% of the amount on line 10 of Part VI-A Statement of Revenues and Expenses?  Yes  No

If "Yes," identify each individual or organization by letter (A, B, C, etc.) and indicate the amount contributed by each. Keep a list showing the name of and amount contributed by each of these donors for your records.

- iii. Based on your calculations, did you normally receive more than one-third of your support from a combination of gifts, grants, contributions, membership fees, and gross receipts (from permitted sources) from activities related to your exempt functions and normally receive not more than one-third of your support from investment income and unrelated business taxable income?  Yes  No



**Part VIII Effective Date**

In general, a determination letter recognizing exemption of an organization described in section 501(c)(3) is effective as of the date of formation of an organization if: (1) its purposes and activities prior to the date of the determination letter have been consistent with the requirements for exemption; and (2) it has filed an application for recognition of exemption within 27 months from the end of the month in which it was organized.

- 1 Are you submitting this application within 27 months of the end of the month in which you were legally formed?  Yes  No

If "No," complete Schedule E.

**Part IX Annual Filing Requirements**

*If you fail to file a required information return or notice for three consecutive years, your exempt status will be automatically revoked.*

- 1 Certain organizations are not required to file annual information returns or notices (Form 990, Form 990-EZ, or Form 990-N, e-Postcard). If you are granted tax-exemption, are you claiming to be excused from filing Form 990, Form 990-EZ, or Form 990-N?  Yes  No

If "Yes," are you claiming you are excepted from filing because you are:

- A church or association of churches
- An integrated auxiliary (such as a men's or women's organization, religious school, mission society, or religious group)
- A church-affiliated organization (other than a section 509(a)(3) organization) that is exclusively engaged in managing funds or maintaining retirement programs and is described in Revenue Procedure 96-10, 1996-1 C.B. 577
- A school below college level affiliated with a church or operated by a religious order
- A mission society (other than a section 509(a)(3) supporting organization) sponsored by, or affiliated with, one or more churches or church denominations, if more than half of the society's activities are conducted in, or directed at, persons in foreign countries
- An affiliate of a governmental unit that meets the requirements of Revenue Procedure 95-48, 1995-2 C.B. 418 (other than a section 509(a)(3) supporting organization)
- Other (describe)

**Part X Signature**

- 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, and to the best of my knowledge it is true, correct, and complete.

Scott Emmons  
\_\_\_\_\_  
(Type name of signer)

DIRECTOR AND PRESIDENT  
\_\_\_\_\_  
(Type title or authority of signer)

10/29/2022  
\_\_\_\_\_  
(Date)

**Upload checklist:**

---

- Organizing document (and any amendments)
- Bylaws, if adopted
- Form 2848, Power of Attorney and Declaration of Representative (if applicable)
- Form 8821, Tax Information Authorization (if applicable)
- Supplemental responses (if applicable)
- Expedited handling request (if applicable)

**OVERVIEW OF ATTACHMENTS**

FAR AI, Inc. respectfully submits the following documents in support of its Form 1023 Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code:

- |           |                                     |
|-----------|-------------------------------------|
| Exhibit A | Part X – Form 1023 Signature        |
| Exhibit B | Articles of Incorporation           |
| Exhibit C | Bylaws                              |
| Exhibit D | Form 2848                           |
| Exhibit E | Supplemental Responses to Form 1023 |
| Exhibit F | Expedited Handling Request          |

*Attachments to Form 1023 – Application for Recognition of Exemption  
FAR AI, Inc.  
EIN: 92-0692207*

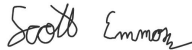
**EXHIBIT A  
PART X – FORM 1023 SIGNATURE**

## Part X: Signature

- 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, and to the best of my knowledge it is true, correct, and complete.

Scott Emmons

(Type name of signer)



(Signature)

Director and President

(Type title or authority of signor)

10/29/2022

(Date)

*Attachments to Form 1023 – Application for Recognition of Exemption  
FAR AI, Inc.  
EIN: 92-0692207*

**EXHIBIT B  
ARTICLES OF INCORPORATION**



5277061



**STATE OF CALIFORNIA**  
*Office of the Secretary of State*  
**ARTICLES OF INCORPORATION**  
**CA NONPROFIT CORPORATION**  
**PUBLIC BENEFIT**

California Secretary of State  
1500 11th Street  
Sacramento, California 95814  
(916) 653-3516

For Office Use Only

**-FILED-**

File No.: 5277061

Date Filed: 10/4/2022

B1151-9096 10/04/2022 11:26 AM Received by California Secretary of State

Corporation Name Corporation Name	FAR AI, Inc.
Initial Street Address of Principal Office of Corporation Principal Address	501 W BROADWAY, SUITE 1310 SAN DIEGO, CA 92101
Initial Mailing Address of Corporation Mailing Address  Attention	501 W BROADWAY, SUITE 1310 SAN DIEGO, CA 92101
Agent for Service of Process  <input checked="" type="checkbox"/> I certify the selected California Registered Corporate Agent (1505) has agreed to serve as the Agent for Service of Process for this entity.  California Registered Corporate Agent (1505)	TOVELLA DOWLING, PC Registered Corporate 1505 Agent
Purpose Statement	This corporation is a Nonprofit Public Benefit Corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for: Charitable purposes
Additional Statements	The specific purpose of this corporation is to conduct and support research that furthers the likelihood that advanced artificial intelligence is beneficial and aligned with human values, and to carry on other activities associated with such purposes.  Notwithstanding any of the above statements of purpose and powers, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purpose of this corporation.
Additional information and signatures set forth on attached pages, if any, are incorporated herein by reference and made part of these Articles of Incorporation.	
Electronic Signature  <input checked="" type="checkbox"/> I declare that I am the person who executed this instrument, which execution is my act and deed.	
<i>Julie U. Nguyen</i> Signature	<u>10/04/2022</u> Date

**ATTACHMENT TO ARTICLES OF INCORPORATION OF  
FAR AI, INC.**

a California Nonprofit Public Benefit Corporation

- (a) This corporation is organized and operated exclusively for charitable, scientific, and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of the 1986, as amended (the “Code”).
- (b) Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to be carried on (1) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code or (2) by a corporation contributions to which are deductible under Section 170(c)(2) of the Code.
- (c) No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of, or in opposition to, any candidate for public office.
- (d) The property of this corporation is irrevocably dedicated to charitable, scientific, and educational purposes meeting the requirements of California Revenue and Taxation Code Section 214 and no part of the net income or assets of the corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person.
- (e) On the dissolution or winding up of the corporation, its assets remaining after payment of, or provision for payment of, all debts and liabilities of this corporation, shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for charitable, scientific, and/or educational purposes meeting the requirements of California Revenue and Taxation Code Section 214 and which has established its tax-exempt status under Section 501(c)(3) of the Code.
- (f) Notwithstanding any other provision of these Articles or other governing instruments of the corporation, during any such period or periods of time, if any, that this corporation is a “private foundation” pursuant to Section 509 of the Code: (i) the corporation’s income must be distributed in such a manner so as not to subject this corporation to tax under Section 4942 of the Code; and (ii) the corporation is prohibited from: (a) engaging in any act of self-dealing (as defined in Section 4941(d) of the Code); (b) retaining any excess business holdings (as defined in Section 4943(c) of the Code) which would subject the corporation to tax under Section 4943 of the Code; (c) making any investments in such manner so as to subject the corporation to tax under Section 4944 of the Code; and (d) making any taxable expenditures (as defined in Section 4945(d) of the Code).



*Attachments to Form 1023 – Application for Recognition of Exemption  
FAR AI, Inc.  
EIN: 92-0692207*

**EXHIBIT C  
BYLAWS**

Bylaws of

**FAR AI, Inc.**

A California Nonprofit Public Benefit Corporation

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**DEFINED TERMS USED IN THIS DOCUMENT**

- “annual meeting” – Section 7.5
- “Articles of Incorporation” – Section 7.2
- “Attorney General” – Section 7.4.4
- “Board” – Section 7.2
- “California Nonprofit Corporation Law” – Section 3.1
- “Chairperson” – Section 9.6.1
- “Code” –Section 4.2
- “Committees” – Section 8.1
- “Corporation” – Section 1.1
- “Directors” – Section 7.1.1
- “e-mail” – Section 7.7.1
- “Officers” – Section 9.1
- “President” – Section 9.6.2
- “Secretary” – Section 9.6.4
- “Treasurer” – Section 9.6.5
- “Vice President” – Section 9.6.3

**ARTICLE 1 NAME**

Section 1.1 Corporate Name  
The name of this corporation is FAR AI, Inc. (the “Corporation”).

**ARTICLE 2 OFFICES**

Section 2.1 Principal Office  
The principal office for the transaction of the business of the Corporation may be established at any place or places within or without the State of California by resolution of the Board.

Section 2.2 Other Offices  
The Board may at any time establish branch or subordinate offices at any place or places where the Corporation is qualified to transact business.

**ARTICLE 3 PURPOSES**

Section 3.1 General Purpose  
The Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Corporation Law of California (“California Nonprofit Corporation Law”) for charitable purposes.

Section 3.2 Specific Purpose  
The specific purpose of the Corporation is to conduct and support research that furthers the likelihood that advanced artificial intelligence is beneficial and aligned with human values, and to carry on other activities associated with such purposes.

**ARTICLE 4 LIMITATIONS**

Section 4.1 Political Activities  
The Corporation has been formed under California Nonprofit Corporation Law for the charitable purposes described in Article 3, and it shall be nonprofit and nonpartisan. No substantial part of the activities of the Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in any political campaign (including the publishing or distribution of statements) on behalf of, or in opposition to, any candidate for public office.

Section 4.2 Prohibited Activities  
The Corporation shall not, except in any insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes described in Article 3. The Corporation may not carry on any activity for the profit of its Officers, Directors or other persons or distribute any gains, profits or dividends to its Officers, Directors or other persons as such. Furthermore, nothing in Article 3 shall be construed as allowing the Corporation to engage in any activity not permitted to be carried on (i) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) or (ii) by a corporation, contributions to which are deductible under section 170(c)(2) of the Code.

**ARTICLE 5 DEDICATION OF ASSETS**

Section 5.1 Property Dedicated to Nonprofit Purposes

The property of the Corporation is irrevocably dedicated to charitable, scientific, and educational purposes. No part of the net income or assets of the Corporation shall ever inure to the benefit of any of its Directors or Officers, or to the benefit of any private person, except that the Corporation is authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article 3 hereof.

Section 5.2 Distribution of Assets Upon Dissolution

Upon the dissolution or winding up of the Corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of the Corporation shall be distributed to a nonprofit fund, foundation, or corporation which is organized and operated exclusively for charitable, scientific, and/or educational purposes and which has established its tax exempt status under Section 501(c)(3) of the Code.

**ARTICLE 6 MEMBERSHIPS**

Section 6.1 Members

The Corporation shall have no members within the meaning of section 5056 of the California Nonprofit Corporation Law.

Section 6.2 Non-Voting Members

The Board may adopt policies and procedures for the admission of associate members or other designated members who shall have no voting rights in the Corporation. Such associate or other members are not “members” of the Corporation as defined in section 5056 of the California Nonprofit Corporation Law.

**ARTICLE 7 DIRECTORS**

Section 7.1 Number and Qualifications

7.1.1 Number

The authorized number of directors of the Corporation (“Directors”) shall be not less than three (3) or more than fifteen (15); the exact authorized number to be fixed, within these limits, by resolution of the Board.

7.1.2 Qualifications

The qualification of the directors of the Corporation (“Directors”), if any, shall be set by resolution of the Board.

Section 7.2 Corporate Powers Exercised by Board

Subject to the provisions of the Articles of Incorporation of the Corporation (the “Articles of Incorporation”), California Nonprofit Corporation Law and any other applicable laws, the business and affairs of the Corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the board of Directors (the “Board”). The Board may delegate the management of the activities of the Corporation to any person or persons, management company or committee however composed, provided that the activities and affairs of the Corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Section 7.3 Terms; Election of Successors

Directors shall be elected at each annual meeting of the Board for one (1) year terms. Each Director, including a Director elected to fill a vacancy, shall hold office until the expiration of the term for which he or she was elected and until the election and qualification of a successor, or until that

Director's earlier resignation or removal in accordance with these Bylaws and California Nonprofit Corporation Law. By resolution, the Board may arrange for terms to be staggered.

Section 7.4 Vacancies

7.4.1 Events Causing Vacancy

A vacancy or vacancies on the Board shall be deemed to exist on the occurrence of the following: (i) the death, resignation, or removal of any Director; (ii) whenever the number of authorized Directors is increased; or (iii) the failure of the Board, at any meeting at which any Director or Directors are to be elected, to elect the full authorized number of Directors.

7.4.2 Removal

The Board may by resolution declare vacant the office of a Director who has been declared of unsound mind by an order of court, or convicted of a felony, or found by final order or judgment of any court to have breached a duty under California Nonprofit Corporation Law.

Directors may be removed without cause by a majority of Directors then in office.

7.4.3 No Removal on Reduction of Number of Directors

No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires unless the reduction also provides for the removal of that specified Director in accordance with these Bylaws and California Nonprofit Corporation Law.

7.4.4 Resignations

Except as provided in this Section 7.4.4, any Director may resign by giving written notice to the Chairperson, the President, the Secretary, or the Board. Such a written resignation will be effective on the later of (i) the date it is delivered or (ii) the time specified in the written notice that the resignation is to become effective. No Director may resign if the Corporation would then be left without a duly elected Director or Directors in charge of its affairs, except upon notice to the California Attorney General (the "Attorney General").

7.4.5 Election to Fill Vacancies

If there is a vacancy on the Board, including a vacancy created by the removal of a Director, the Board may fill such vacancy by electing an additional director as soon as practicable after the vacancy occurs. If the number of Directors then in office is less than a quorum, additional directors may be elected to fill such vacancies by (i) the unanimous written consent of the Directors then in office, (ii) the affirmative vote of a majority of the Directors in office at a meeting held according to notice or waivers complying with section 5211 of the California Nonprofit Corporation Law, or (iii) a sole remaining Director.

Section 7.5 Regular Meetings

Each year, the Board shall hold at least one meeting, at a time and place fixed by the Board, for the purposes of election of Directors, appointment of Officers, review and approval of the corporate budget and transaction of other business. This meeting is sometimes referred to in these Bylaws as the "annual meeting." Other regular meetings of the Board may be held at such time and place as the Board may fix from time to time by resolution.

Section 7.6 Special Meetings

Special meetings of the Board for any purpose may be called at any time by the Chairperson, or the President, or the Vice President (if any), or the Secretary, or any two Directors.



Section 7.7 Notice of Meetings

7.7.1 Manner of Giving

Except when the time and place of a regular meeting is set by the Board by resolution in advance (as permitted by Section 7.5), notice of the time and place of all regular and special meetings shall be given to each Director by one of the following methods:

- (a) Personal delivery of oral or written notice;
- (b) First-class mail, postage paid;
- (c) Telephone, including a voice messaging system or other system or technology designed to record and communicate messages; or
- (d) Electronic mail (“e-mail”), facsimile or other means of electronic transmission if the recipient has consented to accept notices in this manner.

All such notices shall be given or sent to the Director’s address, phone number, facsimile number or e-mail address as shown on the records of the Corporation. Any oral notice given personally or by telephone may be communicated directly to the Director or to a person who would reasonably be expected to promptly communicate such notice to the Director. Notice of regular meetings may be given in the form of a calendar or schedule that sets forth the date, time and place of more than one regular meeting.

7.7.2 Time Requirements

Notices sent by first-class mail shall be deposited into a United States mail box at least four days before the time set for the meeting. Notices given by personal delivery, telephone, voice messaging system or other system or technology designed to record and communicate messages, facsimile, e-mail or other electronic transmission shall be delivered at least 48 hours before the time set for the meeting.

7.7.3 Notice Contents

The notice shall state the time and place for the meeting, except that if the meeting is scheduled to be held at the principal office of the Corporation, the notice shall be valid even if no place is specified. The notice need not specify the purpose of the meeting unless required to elsewhere in these Bylaws.

Section 7.8 Place of Board Meetings

Regular and special meetings of the Board may be held at any place within or outside the state that has been designated in the notice of the meeting, or, if not stated in the notice or, if there is no notice, designated by resolution of the Board. If the place of a regular or special meeting is not designated in the notice or fixed by a resolution of the Board, it shall be held at the principal office of the Corporation.

7.8.1 Meetings by Telephone or Similar Communication Equipment

Any meeting may be held by conference telephone or other communications equipment permitted by California Nonprofit Corporation Law, as long as all Directors participating in the meeting can communicate with one another and all other requirements of California Nonprofit Corporation Law are satisfied. All such Directors shall be deemed to be present in person at such meeting.

Section 7.9 Quorum and Action of the Board

7.9.1 Quorum

A majority of Directors then in office (but no fewer than two Directors or one-fifth of the authorized number in Section 7.1.1, whichever is greater) shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 7.11.

7.9.2 Minimum Vote Requirements for Valid Board Action

Every act taken or decision made by a vote of the majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board, unless a greater number is expressly required by California Nonprofit Corporation Law, the Articles of Incorporation or these Bylaws. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors from the meeting, if any action taken is approved by at least a majority of the required quorum for that meeting.

7.9.3 When a Greater Vote Is Required for Valid Board Action

The following actions shall require a vote by a majority of all Directors then in office in order to be effective:

- (a) Approval of contracts or transactions in which a Director has a direct or indirect material financial interest as described in Section 10.1 (provided that the vote of any interested Director(s) is not counted);
- (b) Creation of, and appointment to, Committees (but not advisory committees) as described in Section 8.1;
- (c) Removal of a Director without cause as described in Section 7.4.2; and
- (d) Indemnification of Directors as described in Article 11.

Section 7.10 Waiver of Notice

The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (i) a quorum is present, and (ii) either before or after the meeting, each of the Directors who is not present at the meeting signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent does not need to specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Also, notice of a meeting is not required to be given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice. Directors can protest the lack of notice only by presenting a written protest to the Secretary either in person, by first-class mail addressed to the Secretary at the principal office of the Corporation as contained on the records of the Corporation as of the date of the protest, or by facsimile addressed to the facsimile number of the Corporation as contained on the records of the Corporation as of the date of the protest.

Section 7.11 Adjournment

A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

Section 7.12 Notice of Adjournment

Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than 24 hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

Section 7.13 Conduct of Meetings

Meetings of the Board shall be presided over by the Chairperson, or, if there is no Chairperson or the Chairperson is absent, the President or, if the President and Chairperson are both absent, by the Vice President (if any) or, in the absence of each of these persons, by a chairperson of the meeting, chosen by a majority of the Directors present at the meeting. The Secretary shall act as secretary of all meetings of the Board, provided that, if the Secretary is absent, the presiding officer shall appoint another person to act as secretary of the meeting. Meetings shall be governed by rules of procedure

as may be determined by the Board from time to time, insofar as such rules are not inconsistent with or in conflict with these Bylaws, with the Articles, or with any provisions of law applicable to the Corporation.

Section 7.14 Action Without Meeting

Any action required or permitted to be taken by the Board may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to the action. For the purposes of this Section 7.14 only, “all members of the Board” shall not include any “interested Director” as defined in section 5233 of the California Nonprofit Corporation Law. Such written consent shall have the same force and effect as a unanimous vote of the Board taken at a meeting. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

Written consent may be transmitted by first-class mail, messenger, courier, facsimile, e-mail or any other reasonable method satisfactory to the Chairperson or the President.

Section 7.15 Fees and Compensation of Directors

The Corporation shall not pay any compensation to Directors for services rendered to the Corporation as Directors, except that Directors may be reimbursed for expenses incurred in the performance of their duties to the Corporation, in reasonable amounts as approved by the Board.

Also, Directors may not be compensated for rendering services to the Corporation in a capacity other than as Directors, unless such compensation is reasonable and further provided that not more than 49% of the persons serving as Directors may be “interested persons” which, for purposes of this Section 7.15 only, means:

- (a) any person currently being compensated by the Corporation for services rendered to it within the previous 12 months, whether as a full or part-time Officer or other employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director; or
- (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

Section 7.16 Non-Liability of Directors

The Directors shall not be personally liable for the debts, liabilities, or other obligations of the Corporation.

## **ARTICLE 8 COMMITTEES**

Section 8.1 Committees of Directors

The Board may, by resolution adopted by a majority of the Directors then in office, create one or more Board Committees (“Committees”), including an executive committee, each consisting of two or more Directors, to serve at the discretion of the Board. Any Committee, to the extent provided in the resolution of the Board, may be given the authority of the Board except that no Committee may:

- (a) approve any action for which the California Nonprofit Corporation Law also requires approval of the members or approval of a majority of all members;
- (b) fill vacancies on the Board or in any Committee which has the authority of the Board;
- (c) fix compensation of the Directors for serving on the Board or on any Committee;
- (d) amend or repeal Bylaws or adopt new Bylaws;

- (e) amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable;
- (f) appoint any other Committees or the members of these Committees;
- (g) expend corporate funds to support a nominee for Director after more persons have been nominated than can be elected; or
- (h) approve any transaction (i) between the Corporation and one or more of its Directors or (ii) between the Corporation and any entity in which one or more of its Directors have a material financial interest.

Section 8.2 Meetings and Action of Board Committees

Meetings and action of Committees shall be governed by, and held and taken in accordance with, the provisions of Article 7 concerning meetings of Directors, with such changes in the context of Article 7 as are necessary to substitute the Committee and its members for the Board and its members, except that the time for regular meetings of Committees may be determined by resolution of the Board, and special meetings of Committees may also be called by resolution of the Board. Minutes shall be kept of each meeting of any Committee and shall be filed with the corporate records. The Committee shall report to the Board from time to time as the Board may require. The Board may adopt rules for the governance of any Committee not inconsistent with the provisions by these Bylaws. In the absence of rules adopted by the Board, the Committee may adopt such rules.

Section 8.3 Quorum Rules for Board Committees

A majority of the Committee members shall constitute a quorum for the transaction of Committee business, except to adjourn. A majority of the Committee members present, whether or not constituting a quorum, may adjourn any meeting to another time and place. Every act taken or decision made by a majority of the Committee members present at a meeting duly held at which a quorum is present shall be regarded as an act of the Committee, subject to the provisions of the California Nonprofit Corporation Law relating to actions that require a majority vote of the entire Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Committee members, if any action taken is approved by at least a majority of the required quorum for that meeting.

Section 8.4 Revocation of Delegated Authority

The Board may, at any time, revoke or modify any or all of the authority that the Board has delegated to a Committee, increase or decrease (but not below two) the number of members of a Committee, and fill vacancies in a Committee from the members of the Board.

Section 8.5 Nonprofit Integrity Act/Audit Committee

In any fiscal year in which the Corporation receives or accrues gross revenues of two million dollars or more (excluding grants from, and contracts for services with, governmental entities for which the governmental entity requires an accounting of the funds received), the Board shall (i) prepare annual financial statements using generally accepted accounting principles that are audited by an independent certified public accountant (“CPA”) in conformity with generally accepted auditing standards; (ii) make the audit available to the Attorney General and to the public on the same basis that the Internal Revenue Service Form 990 is required to be made available; and (iii) appoint an Audit Committee.

The Audit Committee shall not include paid or unpaid staff or employees of the Corporation, including, if staff members or employees, the President or chief executive officer or the Treasurer or chief financial officer (if any). If there is a finance committee, members of the finance committee shall constitute less than 50% of the membership of the Audit Committee and the chairperson of the Audit Committee shall not be a member of the finance committee. Subject to the supervision of the Board, the Audit Committee shall:

- (a) make recommendations to the Board on the hiring and firing of the CPA;
- (b) confer with the CPA to satisfy Audit Committee members that the financial affairs of the Corporation are in order;
- (c) approve non-audit services by the CPA and ensure such services conform to standards in the Yellow Book issued by the United States Comptroller General; and
- (d) if requested by the Board, negotiate the CPA's compensation on behalf of the Board.

Section 8.6 Advisory Committees

The Board may create one or more advisory committees to serve at the pleasure of the Board. Appointments to such advisory committees need not, but may, be Directors. The Board shall appoint and discharge advisory committee members. All actions and recommendations of an advisory committee shall require ratification by the Board before being given effect.

**ARTICLE 9 OFFICERS**

Section 9.1 Officers

The officers of the Corporation ("Officers") shall be either a President or a Chairperson, or both, a Secretary, and a Treasurer or chief financial officer, or both. Other than the Chairperson, these persons may, but need not be, selected from among the Directors. The Board shall have the power to designate additional Officers, including a Vice President, who also need not be Directors, with such duties, powers, titles and privileges as the Board may fix, including such Officers as may be appointed in accordance with Section 9.6.6. Any number of offices may be held by the same person, except that the Secretary, the Treasurer and the chief financial officer (if any) may not serve concurrently as either the President or the Chairperson.

Section 9.2 Election of Officers

The Officers, except those appointed in accordance with Section 9.6.6, shall be elected by the Board at the annual meeting of the Corporation for a term of one (1) year, and each shall serve at the discretion of the Board until his or her successor shall be elected, or his or her earlier resignation or removal.

Section 9.3 Removal of Officers

Subject to the rights, if any, of an Officer under any contract of employment, any Officer may be removed, with or without cause, (i) by the Board, at any regular or special meeting of the Board, or at the annual meeting of the Corporation, or (ii) by an Officer on whom such power of removal may be conferred by the Board.

Section 9.4 Resignation of Officers

Any Officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any of the Corporation under any contract to which the Officer is a party.

Section 9.5 Vacancies in Offices

A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office, provided that such vacancies shall be filled as they occur and not on an annual basis. In the event of a vacancy in any office other than the President or one appointed in accordance with Section 9.6.6 such vacancy shall be filled temporarily by appointment by the President, or if none, by the Chairperson, and the appointee shall remain in office for 60 days, or until the next regular meeting

of the Board, whichever comes first. Thereafter, the position can be filled only by action of the Board.

Section 9.6 Responsibilities of Officers

9.6.1 Chairperson of the Board

The chairperson of the Board (the “Chairperson”), if any, shall be a Director and shall preside at meetings of the Board and exercise and perform such other powers and duties as may from time to time be assigned to him by the Board or prescribed by these Bylaws. If the Board designates both a Chairperson and a President, the Board shall, by resolution, establish the specific duties carried by each position.

9.6.2 President

The president of the Corporation (the “President”) shall, if there is no Chairperson, or in the Chairperson’s absence, preside at meetings of the Board and exercise and perform such other powers and duties as may from time to time be assigned to him by the Board or prescribed by these Bylaws. If no other person is designated as the chief executive, the President shall, in addition, be the chief executive and shall have the powers and duties prescribed in Section 9.7.

9.6.3 Vice President

The vice president of the Corporation (the “Vice President”) shall, in the absence or disability of the President, perform all the duties of the President and, when so acting, have all the powers of and be subject to all the restrictions upon, the President. The Vice President shall have such other powers and perform such other duties as may be prescribed by the Board.

9.6.4 Secretary

The secretary of the Corporation (the “Secretary”) shall attend to the following:

9.6.4.1 Bylaws

The Secretary shall certify and keep or cause to be kept at the principal office of the Corporation the original or a copy of these Bylaws as amended to date.

9.6.4.2 Minute Book

The Secretary shall keep or cause to be kept a minute book as described in Section 12.1.

9.6.4.3 Notices

The Secretary shall give, or cause to be given, notice of all meetings of the Board in accordance with these Bylaws.

9.6.4.4 Corporate Records

Upon request, the Secretary shall exhibit or cause to be exhibited at all reasonable times to any Director, or to his or her agent or attorney, these Bylaws and the minute book.

9.6.4.5 Corporate Seal and Other Duties

The Secretary shall keep or cause to be kept the seal of the Corporation, if any, in safe custody, and shall have such other powers and perform such other duties incident to the office of Secretary as may be prescribed by the Board or these Bylaws.

9.6.5 Treasurer

The treasurer of the Corporation (the “Treasurer”) shall attend to the following:

9.6.5.1 Books of Account

The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and transactions of the Corporation,

including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The books of account shall be open to inspection by any Director at all reasonable times.

9.6.5.2 Financial Reports

The Treasurer shall prepare, or cause to be prepared, and certify, or cause to be certified, the financial statements to be included in any required reports.

9.6.5.3 Deposit and Disbursement of Money and Valuables

The Treasurer shall deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board; shall disburse, or cause to be disbursed, the funds of the Corporation as may be ordered by the Board; shall render, or cause to be rendered to the President and Directors, whenever they request it, an account of all of his or her transactions as Treasurer and of the financial condition of the Corporation; and shall have other powers and perform such other duties incident to the office of Treasurer as may be prescribed by the Board or these Bylaws.

9.6.5.4 Bond

If required by the Board, the Treasurer shall give the Corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of his office and for restoration to the Corporation of all its books, papers, vouchers, money, and other property of every kind in his possession or under his control on his death, resignation, retirement, or removal from office.

9.6.6 Additional Officers

The Board may empower the Chairperson, President, or chief executive, to appoint or remove such other Officers as the business of the Corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the Board from time to time may determine.

Section 9.7 Chief Executive

Subject to such supervisory powers as may be given by the Board to the Chairperson or President, the Board may hire a chief executive who shall be the general manager of the Corporation, and subject to the control of the Board, shall supervise, direct and control the Corporation's day-to-day activities, business and affairs. The chief executive (who may be referred to as the "chief executive officer" or "executive director" shall be empowered to hire, supervise and fire all of the employees of the Corporation, under such terms and having such job responsibilities as the chief executive shall determine in his or her sole discretion, subject to the rights, if any, of the employee under any contract of employment. The chief executive may delegate his or her responsibilities and powers subject to the control of the Board. He or she shall have such other powers and duties as may be prescribed by the Board or these Bylaws. Additionally, the Board may, by resolution, appoint the chief executive as an Officer.

Section 9.8 Compensation of Officers

9.8.1 Salaries Fixed by Board

The salaries of Officers, if any, shall be fixed from time to time by resolution of the Board or by the person or Committee to whom the Board has delegated this function, and no Officer shall be prevented from receiving such salary by reason of the fact that he or she is also a Director, provided, however, that such compensation paid to a Director for serving as an Officer shall only be allowed if permitted under the provisions of Section 7.15. In all cases, any salaries received by Officers shall be reasonable and given in return for services actually rendered for the Corporation which relate to the performance of the public benefit purposes of the Corporation. No salaried Officer serving as a Director shall be permitted to vote on his or her own compensation as an Officer.

9.8.2 Fairness of Compensation

The Board shall periodically review the fairness of compensation, including benefits, paid to every person, regardless of title, with powers, duties, or responsibilities comparable to the president, chief executive officer, treasurer, or chief financial officer (i) once such person is hired, (ii) upon any extension or renewal of such person's term of employment, and (iii) when such person's compensation is modified (unless all employees are subject to the same general modification of compensation).

**ARTICLE 10 TRANSACTIONS BETWEEN CORPORATION AND DIRECTORS OR OFFICERS**

Section 10.1 Transactions with Directors and Officers

10.1.1 Interested Party Transactions

Except as described in Section 10.1.2, the Corporation shall not be a party to any transaction:

- (a) in which one or more of its Directors or Officers has a material financial interest, or
- (b) with any corporation, firm, association, or other entity in which one or more Directors or Officers has a material financial interest.

10.1.2 Requirements to Authorize Interested Party Transactions

The Corporation shall not be a party to any transaction described in 10.1.1 unless:

- (a) the Corporation enters into the transaction for its own benefit;
- (b) the transaction is fair and reasonable to the Corporation at the time the transaction is entered into;
- (c) prior to consummating the transaction or any part thereof, the Board authorizes or approves the transaction in good faith, by a vote of a majority of Directors then in office (without counting the vote of the interested Directors), and with knowledge of the material facts concerning the transaction and the interested Director's or Officer's financial interest in the transaction;
- (d) prior to authorizing or approving the transaction, the Board considers and in good faith determines after reasonable investigation that the Corporation could not obtain a more advantageous arrangement with reasonable effort under the circumstances; and
- (e) the minutes of the Board meeting at which such action was taken reflect that the Board considered and made the findings described in paragraphs (a) through (d) of this Section 10.1.2.

10.1.3 Material Financial Interest

A Director or Officer shall not be deemed to have a "material financial interest" in a transaction:

- (a) that fixes the compensation of a Director as a Director or Officer;
- (b) if the contract or transaction is part of a public or charitable program of the Corporation and it (1) is approved or authorized by the Corporation in good faith and without unjustified favoritism, and (2) results in a benefit to one or more Directors or their families only because they are in the class of persons intended to be benefited by the program; or



- (c) where the interested Director has no actual knowledge of the transaction and it does not exceed the lesser of one percent of the gross receipts of the corporation for the preceding year or \$100,000.

Section 10.2 Loans to Directors and Officers

The Corporation shall not make any loan of money or property to or guarantee the obligation of any Director or Officer, unless approved by the Attorney General; except that, however, the Corporation may advance money to a Director or Officer for expenses reasonably anticipated to be incurred in the performance of duties of such Director or Officer, if in the absence of such advance, such Director or Officer would be entitled to be reimbursed for such expenses by the Corporation.

The limitation above does not apply if (i) the loan is necessary, in the judgment of the Board, to provide financing for the purchase of the principal residence of an Officer in order to secure the services of (or continued services of) the Officer and the loan is secured by real property located in California; or (ii) the loan is for the payment of premiums on a life insurance policy on the life of a Director or Officer and repayment to the Corporation of the amount paid by it is secured by the proceeds of the policy and its cash surrender value.

Section 10.3 Interlocking Directorates

No contract or other transaction between the Corporation and any corporation, firm or association of which one or more Directors are directors is either void or voidable because such Director(s) are present at the Board or Committee meeting that authorizes, approves or ratifies the contract or transaction, if (i) the material facts as to the transaction and as to such Director's other directorship are fully disclosed or known to the Board or Committee, and the Board or Committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient without counting the vote of the common Director(s) (subject to the quorum provisions of Article 7); or if (ii) the contract or transaction is just and reasonable as to the Corporation at the time it is authorized, approved or ratified.

Section 10.4 Duty of Loyalty; Construction with Article 11

Nothing in this ARTICLE 10 shall be construed to derogate in any way from the absolute duty of loyalty that every Director and Officer owes to the Corporation. Furthermore, nothing in this ARTICLE 10 shall be construed to override or amend the provisions of Article 11. All conflicts between the two articles shall be resolved in favor of Article 11.

**ARTICLE 11 INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS**

Section 11.1 Definitions

For purpose of this Article 11,

11.1.1 "Agent"

means any person who is or was a Director, Officer, employee, or other agent of the Corporation, or is or was serving at the request of the Corporation as a Director, Officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, or was a Director, Officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of the Corporation or of another enterprise at the request of the predecessor corporation;

11.1.2 "Proceeding"

means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and

11.1.3 "Expenses"

includes, without limitation, all attorneys' fees, costs, and any other expenses reasonably incurred in the defense of any claims or proceedings against an Agent by reason of his or her position or

relationship as Agent and all attorneys' fees, costs, and other expenses reasonably incurred in establishing a right to indemnification under this Article 11.

Section 11.2 Applicability of Indemnification Provisions

11.2.1 Successful Defense by Agent

To the extent that an Agent has been successful on the merits in the defense of any proceeding referred to in this Article 11, or in the defense of any claim, issue, or matter therein, the Agent shall be indemnified against expenses actually and reasonably incurred by the Agent in connection with the claim.

11.2.2 Settlement or Unsuccessful Defense by Agent

If an Agent either settles any proceeding referred to in this Article 11, or any claim, issue, or matter therein, or sustains a judgment rendered against him, then the provisions of Section 11.3 through Section 11.6 shall determine whether the Agent is entitled to indemnification.

Section 11.3 Actions Brought by Persons Other than the Corporation

This Section 11.3 applies to any proceeding other than an action "by or on behalf of the corporation" as defined in Section 11.4. Such proceedings that are not brought by or on behalf of the Corporation are referred to in this Section 11.3 as "Third Party proceedings."

11.3.1 Scope of Indemnification in Third Party Proceedings

Subject to the required findings to be made pursuant to Section 11.3.2, the Corporation may indemnify any person who was or is a party, or is threatened to be made a party, to any Third Party proceeding, by reason of the fact that such person is or was an Agent, for all expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with the proceeding.

11.3.2 Required Standard of Conduct for Indemnification in Third Party Proceedings

Any indemnification granted to an Agent in Section 11.3.1 above is conditioned on the following. The Board must determine, in the manner provided in Section 11.5, that the Agent seeking reimbursement acted in good faith, in a manner he or she reasonably believed to be in the best interest of the Corporation, and, in the case of a criminal proceeding, he or she must have had no reasonable cause to believe that his or her conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or on a plea of *nolo contendere* or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner he or she reasonably believed to be in the best interest of the Corporation or that he or she had reasonable cause to believe that his or her conduct was unlawful.

Section 11.4 Action Brought By or On Behalf Of the Corporation

This Section 11.4 applies to any proceeding brought (i) by or in the right of the Corporation, or (ii) by an Officer, Director or person granted relator status by the Attorney General, or by the Attorney General, on the ground that the defendant Director was or is engaging in self-dealing within the meaning of section 5233 of the California Nonprofit Corporation Law, or (iii) by the Attorney General or person granted relator status by the Attorney General for any breach of duty relating to assets held in charitable trust (any such proceeding is referred to in these Bylaws as a proceeding "by or on behalf of the Corporation").

11.4.1 Scope of Indemnification in Proceeding By or On Behalf Of the Corporation

Subject to the required findings to be made pursuant to Section 11.4.2, and except as provided in Sections 11.4.3 and 11.4.4, the Corporation may indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding by or on behalf of the Corporation, by reason of the fact that such person is or was an Agent, for all expenses actually and reasonably incurred in connection with the defense or settlement of such action.

11.4.2 Required Standard of Conduct for Indemnification in Proceeding By or On Behalf Of the Corporation

Any indemnification granted to an Agent in Section 11.4.1 is conditioned on the following. The Board must determine, in the manner provided in Section 11.5, that the Agent seeking reimbursement acted in good faith, in a manner he or she believed to be in the best interest of the Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

11.4.3 Claims Settled Out of Court

If any Agent settles or otherwise disposes of a threatened or pending action brought by or on behalf of the Corporation, with or without court approval, the Agent shall receive no indemnification for amounts paid pursuant to the terms of the settlement or other disposition. Also, in cases settled or otherwise disposed of without court approval, the Agent shall receive no indemnification for expenses reasonably incurred in defending against the proceeding, unless the proceeding is settled with the approval of the Attorney General.

11.4.4 Claims and Suits Awarded Against Agent

If any Agent is adjudged to be liable to the Corporation in the performance of the Agent's duty to the Corporation, the Agent shall receive no indemnification for amounts paid pursuant to the judgment, and any indemnification of such Agent under Section 11.4.1. for expenses actually and reasonably incurred in connection with the defense of that action shall be made only if both of the following conditions are met:

- (a) The determination of good faith conduct required by Section 11.4.2 must be made in the manner provided for in Section 11.5; and
- (b) Upon application, the court in which the action was brought must determine that, in view of all of the circumstances of the case, the Agent is fairly and reasonably entitled to indemnity for the expenses incurred. If the Agent is found to be so entitled, the court shall determine the appropriate amount of expenses to be reimbursed.

Section 11.5 Determination of Agent's Good Faith Conduct

The indemnification granted to an Agent in Section 11.3 and Section 11.4 is conditioned on the findings required by those Sections being made by:

- (a) the Board by a majority vote of a quorum consisting of Directors who are not parties to the proceeding; or
- (b) the court in which the proceeding is or was pending. Such determination may be made on application brought by the Corporation or the Agent or the attorney or other person rendering a defense to the Agent, whether or not the application by the Agent, attorney, or other person is opposed by the Corporation.

Section 11.6 Limitations

No indemnification or advance shall be made under this Article 11, except as provided in Section 11.2.1 or Section 11.5(b), in any circumstances when it appears:

- (a) that the indemnification or advance would be inconsistent with a provision of the Articles of Incorporation, as amended, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or
- (b) that the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

Section 11.7 Advance of Expenses  
Expenses incurred in defending any proceeding may be advanced by the Corporation before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the Agent to repay the amount of the advance unless it is determined ultimately that the Agent is entitled to be indemnified as authorized in this Article 11.

Section 11.8 Contractual Rights of Non-Directors and Non-Officers  
Nothing contained in this Article 11 shall affect any right to indemnification to which persons other than Directors and Officers of the Corporation, or any of its subsidiaries, may be entitled by contract or otherwise.

Section 11.9 Insurance  
The Board may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any Agent, as defined in this Article 11, against any liability asserted against or incurred by any Agent in such capacity or arising out of the Agent's status as such, whether or not the Corporation would have the power to indemnify the Agent against the liability under the provisions of this Article 11.

**ARTICLE 12 CORPORATE RECORDS, REPORTS AND SEAL**

Section 12.1 Minute Book  
The Corporation shall keep a minute book in written form which shall contain a record of all actions by the Board or any committee including (i) the time, date and place of each meeting; (ii) whether a meeting is regular or special and, if special, how called; (iii) the manner of giving notice of each meeting and a copy thereof; (iv) the names of those present at each meeting of the Board or any Committee thereof; (v) the minutes of all meetings; (vi) any written waivers of notice, consents to the holding of a meeting or approvals of the minutes thereof; (vii) all written consents for action without a meeting; (viii) all protests concerning lack of notice; and (ix) formal dissents from Board actions.

Section 12.2 Books and Records of Account  
The Corporation shall keep adequate and correct books and records of account. "Correct books and records" includes, but is not necessarily limited to: accounts of properties and transactions, its assets, liabilities, receipts, disbursements, gains, and losses.

Section 12.3 Articles of Incorporation and Bylaws  
The Corporation shall keep at its principal office, the original or a copy of the Articles of Incorporation and Bylaws as amended to date.

Section 12.4 Maintenance and Inspection of Federal Tax Exemption Application and Annual Information Returns  
The Corporation shall at all times keep at its principal office a copy of its federal tax exemption application and, for three years from their date of filing, its annual information returns. These documents shall be open to public inspection and copying to the extent required by the Code.

Section 12.5 Annual Report; Statement of Certain Transactions  
The Board shall cause an annual report to be sent to each Director within 120 days after the close of the Corporation's fiscal year containing the following information:

- (a) The assets and liabilities of the Corporation as of the end of the fiscal year;
- (b) The principal changes in assets and liabilities, including trust funds, during the fiscal year;
- (c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for this fiscal year;

- (d) The expenses or disbursements of the Corporation for both general and restricted purposes during the fiscal year;
- (e) A statement of any transaction (i) to which the Corporation, its parent, or its subsidiary was a party, (ii) which involved more than \$50,000 or which was one of a number of such transactions with the same person involving, in the aggregate, more than \$50,000, and (iii) in which either of the following interested persons had a direct or indirect material financial interest (a mere common directorship is not a financial interest):
  - (1) Any Director or Officer of the Corporation, its parent, or its subsidiary;
  - (2) Any holder of more than 10% of the voting power of the Corporation, its parent, or its subsidiary.

The statement shall include: (i) a brief description of the transaction; (ii) the names of interested persons involved; (iii) their relationship to the Corporation; (iv) the nature of their interest in the transaction, and; (v) when practicable, the amount of that interest, provided that, in the case of a partnership in which such person is a partner, only the interest of the partnership need be stated.

- (f) A brief description of the amounts and circumstances of any loans, guaranties, indemnifications, or advances aggregating more than \$10,000 paid during the fiscal year to any Officer or Director under ARTICLE 10 or ARTICLE 11.

Section 12.6

Directors' Rights of Inspection

Every Director shall have the absolute right at any reasonable time to inspect the books, records, documents of every kind, and physical properties of the Corporation and each of its subsidiaries. The inspection may be made in person or by the Director's agent or attorney. The right of inspection includes the right to copy and make extracts of documents.

Section 12.7

Corporate Seal

The corporate seal, if any, shall be in such form as may be approved from time to time by the Board. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

**ARTICLE 13 EXECUTION OF INSTRUMENTS, DEPOSITS AND FUNDS**

Section 13.1

Execution of Instruments

The Board, except as otherwise provided in these Bylaws, may by resolution authorize any Officer or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless so authorized, no Officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

Section 13.2

Checks and Notes

Except as otherwise specifically determined by resolution of the Board, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the Corporation shall be signed by the Treasurer and countersigned by the President.

Section 13.3

Deposits

All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may select.

Section 13.4 Gifts

The Board may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the charitable or public purposes of the Corporation.

**ARTICLE 14 CONSTRUCTION AND DEFINITIONS**

Unless the context requires otherwise, the general provisions, rules of construction, and definitions of California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term “person” includes both the Corporation and a natural person. All references to statutes, regulations and laws shall include any future statutes, regulations and laws that replace those referenced.

**ARTICLE 15 AMENDMENTS**

Section 15.1 Amendment by Directors

The Board may adopt, amend or repeal bylaws. Such power is subject to the following limitations:

- (a) Where any provision of these Bylaws requires the vote of a larger proportion of the Directors than otherwise is required by law, such provision may not be altered, amended or repealed except by the vote of such greater number.
- (b) No amendment may extend the term of a Director beyond that for which such Director was elected.
- (c) If bylaws are adopted, amended or repealed at a meeting of the Board, such action is authorized only at a duly called and held meeting for which written notice of such meeting, setting forth the proposed bylaw revisions with explanations therefor, is given in accordance with these Bylaws, unless such notice is waived in accordance with these Bylaws.

**CERTIFICATE OF SECRETARY**

I certify that I am the duly elected and acting Secretary of FAR AI, Inc., a California nonprofit public benefit corporation; that these Bylaws, consisting of 17 pages, are the Bylaws of this Corporation as adopted by the Board of Directors on 10/26/2022; and that these Bylaws have not been amended or modified since that date.

Date: 10/26/2022



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Lawrence Chan, Secretary

*Attachments to Form 1023 – Application for Recognition of Exemption  
FAR AI, Inc.  
EIN: 92-0692207*

**EXHIBIT D  
FORM 2848**



Form **2848**  
 (Rev. January 2021)  
 Department of the Treasury  
 Internal Revenue Service

## Power of Attorney and Declaration of Representative

OMB No. 1545-0150

**For IRS Use Only**

Received by: \_\_\_\_\_  
 Name \_\_\_\_\_  
 Telephone \_\_\_\_\_  
 Function \_\_\_\_\_  
 Date        /        /

▶ Go to [www.irs.gov/Form2848](http://www.irs.gov/Form2848) for instructions and the latest information.

**Part I Power of Attorney**

**Caution:** A separate Form 2848 must be completed for each taxpayer. Form 2848 will not be honored for any purpose other than representation before the IRS.

**1 Taxpayer information.** Taxpayer must sign and date this form on page 2, line 7.

Taxpayer name and address FAR AI, Inc. 501 W Broadway, Suite 1310 San Diego, CA 92101	Taxpayer identification number(s) 92-0692207
	Daytime telephone number _____
	Plan number (if applicable) _____

hereby appoints the following representative(s) as attorney(s)-in-fact:

**2 Representative(s)** must sign and date this form on page 2, Part II.

Name and address Mary T. Dowling, Esq. 501 W. Broadway, Suite 1310 San Diego, CA 92101 <b>Check if to be sent copies of notices and communications</b> <input checked="" type="checkbox"/>	CAF No. 0311-16096R PTIN P01822764 Telephone No. 619-930-9332 Fax No. 619-308-6893 Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
Name and address Julie U. Nguyen, Esq. 501 W. Broadway, Suite 1310 San Diego, CA 92101 <b>Check if to be sent copies of notices and communications</b> <input checked="" type="checkbox"/>	CAF No. 0314-07271R PTIN P01881055 Telephone No. 619-930-9332 Fax No. 619-308-6893 Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
Name and address Dana Nassiri Park, Esq. 501 W. Broadway, Suite 1310 San Diego, CA 92101 (Note: IRS sends notices and communications to only two representatives.)	CAF No. 0314-70587R PTIN P02448144 Telephone No. 619-930-9332 Fax No. 619-308-6893 Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
Name and address Karey Hampton, Esq. 501 W. Broadway, Suite 1310 San Diego, CA 92101 (Note: IRS sends notices and communications to only two representatives.)	CAF No. 0315-02093R PTIN P02533848 Telephone No. 619-930-9332 Fax No. 619-308-6893 Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>

to represent the taxpayer before the Internal Revenue Service and perform the following acts:

**3 Acts authorized (you are required to complete line 3).** Except for the acts described in line 5b, I authorize my representative(s) to receive and inspect my confidential tax information and to perform acts I can perform with respect to the tax matters described below. For example, my representative(s) shall have the authority to sign any agreements, consents, or similar documents (see instructions for line 5a for authorizing a representative to sign a return).

Description of Matter (Income, Employment, Payroll, Excise, Estate, Gift, Whistleblower, Practitioner Discipline, PLR, FOIA, Civil Penalty, Sec. 4980H Shared Responsibility Payment, etc.) (see instructions)	Tax Form Number (1040, 941, 720, etc.) (if applicable)	Year(s) or Period(s) (if applicable) (see instructions)
Application for Recognition of Exemption	1023	Not Applicable
Informational Returns	990	2022-2025

**4 Specific use not recorded on the Centralized Authorization File (CAF).** If the power of attorney is for a specific use not recorded on CAF, check this box. See Line 4. Specific Use Not Recorded on CAF in the instructions . . . . .

**5a Additional acts authorized.** In addition to the acts listed on line 3 above, I authorize my representative(s) to perform the following acts (see instructions for line 5a for more information):  
 Access my IRS records via an Intermediate Service Provider;  
 Authorize disclosure to third parties;       Substitute or add representative(s);       Sign a return; \_\_\_\_\_

Other acts authorized: \_\_\_\_\_

**b Specific acts not authorized.** My representative(s) is (are) not authorized to endorse or otherwise negotiate any check (including directing or accepting payment by any means, electronic or otherwise, into an account owned or controlled by the representative(s) or any firm or other entity with whom the representative(s) is (are) associated) issued by the government in respect of a federal tax liability.

List any other specific deletions to the acts otherwise authorized in this power of attorney (see instructions for line 5b): \_\_\_\_\_

**6 Retention/revocation of prior power(s) of attorney.** The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same matters and years or periods covered by this form. If you **do not** want to revoke a prior power of attorney, check here

**YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.**

**7 Taxpayer declaration and signature.** If a tax matter concerns a year in which a joint return was filed, each spouse must file a separate power of attorney even if they are appointing the same representative(s). If signed by a corporate officer, partner, guardian, tax matters partner, partnership representative (or designated individual, if applicable), executor, receiver, administrator, trustee, or individual other than the taxpayer, I certify I have the legal authority to execute this form on behalf of the taxpayer.

**▶ IF NOT COMPLETED, SIGNED, AND DATED, THE IRS WILL RETURN THIS POWER OF ATTORNEY TO THE TAXPAYER.**

*Scott Emmons*

10/29/2022

Please see attachment.

Signature

Date

Title (if applicable)

Scott Emmons

FAR AI, Inc.

Print name

Print name of taxpayer from line 1 if other than individual

**Part II Declaration of Representative**

Under penalties of perjury, by my signature below I declare that:

- I am not currently suspended or disbarred from practice, or ineligible for practice, before the Internal Revenue Service;
- I am subject to regulations in Circular 230 (31 CFR, Subtitle A, Part 10), as amended, governing practice before the Internal Revenue Service;
- I am authorized to represent the taxpayer identified in Part I for the matter(s) specified there; and
- I am one of the following:
  - a Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.
  - b Certified Public Accountant—a holder of an active license to practice as a certified public accountant in the jurisdiction shown below.
  - c Enrolled Agent—enrolled as an agent by the IRS per the requirements of Circular 230.
  - d Officer—a bona fide officer of the taxpayer organization.
  - e Full-Time Employee—a full-time employee of the taxpayer.
  - f Family Member—a member of the taxpayer’s immediate family (spouse, parent, child, grandparent, grandchild, step-parent, step-child, brother, or sister).
  - g Enrolled Actuary—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the IRS is limited by section 10.3(d) of Circular 230).
  - h Unenrolled Return Preparer—Authority to practice before the IRS is limited. An unenrolled return preparer may represent, provided the preparer (1) prepared and signed the return or claim for refund (or prepared if there is no signature space on the form); (2) was eligible to sign the return or claim for refund; (3) has a valid PTIN; and (4) possesses the required Annual Filing Season Program Record of Completion(s). **See Special Rules and Requirements for Unenrolled Return Preparers in the instructions for additional information.**
  - k Qualifying Student or Law Graduate—receives permission to represent taxpayers before the IRS by virtue of his/her status as a law, business, or accounting student, or law graduate working in a LITC or STCP. See instructions for Part II for additional information and requirements.
  - r Enrolled Retirement Plan Agent—enrolled as a retirement plan agent under the requirements of Circular 230 (the authority to practice before the Internal Revenue Service is limited by section 10.3(e)).

**▶ IF THIS DECLARATION OF REPRESENTATIVE IS NOT COMPLETED, SIGNED, AND DATED, THE IRS WILL RETURN THE POWER OF ATTORNEY. REPRESENTATIVES MUST SIGN IN THE ORDER LISTED IN PART I, LINE 2.**

**Note:** For designations d–f, enter your title, position, or relationship to the taxpayer in the “Licensing jurisdiction” column.

Designation— Insert above letter (a–r).	Licensing jurisdiction (State) or other licensing authority (if applicable)	Bar, license, certification, registration, or enrollment number (if applicable)	Signature	Date
a	CA	299773	<i>M. J. Dominguez</i>	Please see at 10/29/2022
a	CA	306154	<i>Julie U. Nguyen</i>	Please see at 10/29/2022
a	CA	312296	<i>du u</i>	Please see at 10/29/2022
a	CA	331666	<i>BH</i>	10/29/2022

*Attachments to Form 1023 – Application for Recognition of Exemption  
FAR AI, Inc.  
EIN: 92-0692207*

**EXHIBIT E  
SUPPLEMENTAL RESPONSES TO FORM 1023**

## **SUPPLEMENTAL RESPONSES TO FORM 1023**

### **Response to Part IV, Line 1**

The following statement provides pertinent information on the establishment of FAR AI, Inc. (“FAR” or the “Organization”) and its purposes and activities, including additional information required in response to items on Form 1023. It also discusses the legal authorities that support this application for exempt status under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and the classification of the Organization as an organization that is not a private foundation because it is publicly supported under Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Code.<sup>1</sup>

#### **A. Background and Purpose**

The Organization is a California nonprofit public benefit corporation duly organized under California law. Its Articles of Incorporation was filed on October 4, 2022. The Organization is organized and will be operated exclusively for charitable, scientific, and educational purposes under Section 501(c)(3) of the Code. In particular, the Organization recognizes that artificial intelligence (“AI”) technology poses unforeseen risks to society. While powerful computer systems have evolved to a point where it can learn and adapt from data without being specifically programmed, there currently lacks good control over what these machine learning (“ML”) systems are trying to do. Many scientists are concerned that without intervention, these systems have the potential to outperform their human creators to a detriment, be misused, or cause other inadvertent consequences. As the capabilities and applications of AI continue to expand, it is important that the technology performs, and is used, as intended. For these reasons, FAR – which stands for “Fund for Alignment Research” – is focused on accelerating research that will help ensure advanced AI is beneficial and aligned with human values. In furtherance of this mission, the Organization will primarily be engaged in conducting, supporting, and publishing AI safety-related research, training researchers and engineers working in this field, and using its findings and techniques to educate the community at large. Such activities are further described in turn.

#### **B. Proposed Activities**

##### **1) AI Safety Research and Publications**

Foremost, the bulk of FAR’s time and resources will be dedicated to conducting and supporting research on subjects relevant to its mission – that is, research that contributes to the safety of AI, including theoretical (basic), empirical, and applied research to resolve scientific problems related to the alignment of ML systems. More specifically, the Organization is interested in exploring and understanding how the behavior of ML systems relates to their training objective, and in formulating improvements to the training process to induce desirable behavior. Such research efforts involve surveying relevant literature, generating and evaluating possible alignment algorithms, and conducting experiments.

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<sup>1</sup> Unless otherwise noted, all statutory references are to the Internal Revenue Code of 1986, as amended (the “Code”); references to the regulations are to the applicable Treasury Department Regulations promulgated under the Code.

FAR’s research objectives may be accomplished through two means – (i) internally-derived research projects led by the Organization’s in-house research team and (ii) externally-derived research projects led by contracted researchers that have been selected by the Organization for support. With respect to the latter, FAR implements a unique process whereby existing researchers in the field may propose their research agendas for the Organization to help execute. The Organization will select and undertake those proposed research projects based on an assessment of: (i) how likely the research will contribute to AI alignment; (ii) the researcher’s qualifications and record of past valuable contributions; and (iii) the Organization’s ability to achieve the agenda based on its available resources. The Organization will then contract with selected researchers to conduct the research projects for FAR. Like its in-house projects, all contracted projects will be funded and owned by the Organization, including any intellectual property rights born therefrom. That said, there may be times where the research will be conducted in partnership with a university lab, in which case, the university may own or share those intellectual property rights with the Organization. Contracted researchers and in-house research leads will work with the Organization’s employed research engineers, research assistants, and other staff and receive access to equipment, supplies, facilities, and other resources necessary to complete their technical agenda. Contracted researchers will also receive reasonable compensation for their research services, but they will not otherwise derive any direct monetary profit from their contract with the Organization. By contracting external researchers through the research selection process, the Organization is able to expand its knowledge base beyond its small pool of employees, allowing talented individuals far and wide to contribute to AI safety.

Importantly, the results of all of the Organization’s research projects, in-house and contracted, will be published and disseminated publicly, whether on its website or through other venues such as professional forums and scientific journals, or through an open-source license, so that it is accessible to the community at large and others may validate, reproduce, and build off of its findings.<sup>2</sup>

## 2) Training

In addition to its research priorities, FAR endeavors to cultivate the next generation of researchers, engineers, and other highly-skilled professionals in this field. To do so, it intends to regularly recruit and employ recent graduates and junior professionals interested in AI safety and provide them the education and training to become knowledgeable and skilled in this subject. Notably, newcomers at FAR have the unique opportunity to learn from renowned researchers, scientists, and engineers by supporting them in their FAR-selected research work. It is the Organization’s intention that these junior professionals will someday develop their own research agendas and projects in furtherance of AI alignment as a result of their experience at FAR.

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<sup>2</sup> In rare instances, the Organization may opt to withhold releasing certain research results in the public domain if the research failed to lead to a valuable outcome or where there is a significant potential for misuse of the research such that it adversely affects the public and is in contravention to the Organization’s mission.

3) Conferences, Lectures, and Other Educational Events

FAR intends to participate in (and possibly organize) conferences, workshops, lectures, seminars, and other educational events that allow the Organization to promote its AI safety objectives as well as to collaborate with similarly aligned individuals and entities. At such events, the Organization foresees preparing and publishing written materials for dissemination to educate the public and the scientific community on its research. Should the Organization ever run its own events and charge a fee for attendance, such fee will be no more than a reasonable amount to offset direct costs of the event. Otherwise, all educational programming will be free.

4) Grantmaking

Provided funding is available, the Organization may issue cash grants to support efforts of other Section 501(c)(3) organizations and charitable, scientific, and/or educational projects that align with its mission. Further discussion of the policies and procedures governing such grantmaking activities is addressed in the responses to Part IV, Lines 9 through 9g below.

All of the above activities will be undertaken by the Organization's officers, employees, independent contractors, and/or volunteers under the supervision of its Board of Directors. The Organization expects to be funded primarily by public charity, private foundation, and other grants from the public. It also anticipates that it may lease facilities in California to serve as its headquarters, although its employees and other staff may work remotely from various locations. Its research work will however be accessible around the world. As contributions to FAR grows, the Organization may broaden its programs and activities as permitted by Section 501(c)(3) to accomplish its tax-exempt mission.

**C. Legal Authorities**

The Organization was created and will be operated exclusively for charitable, scientific, and educational purposes and should therefore be recognized as exempt from federal income tax under Section 501(c)(3) of the Code. In order to qualify for exemption, an entity must meet both the organizational and operational tests as set forth in the Regulations.<sup>3</sup> As explained below, the Organization satisfies these requirements.

**1. Organizational Test**

The Regulations provide that an organization is organized exclusively for one or more exempt purposes only if its articles of organization limit the purposes of such organization to one or more exempt purposes; and do not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities, in activities which in themselves are not in furtherance of one or more exempt purposes.<sup>4</sup>

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<sup>3</sup> Treas. Reg. § 1.501(c)(3)-1.

<sup>4</sup> Treas. Reg. § 1.501(c)(3)-1(b)(1)(i).

Consistent with these requirements, FAR’s Articles of Incorporation provides that the Organization is formed exclusively for charitable, scientific, and educational purposes. Further, the Organization is not expressly empowered to engage, otherwise than as an insubstantial part of its activities, in activities which are not in furtherance of one or more exempt purposes, and notwithstanding any other provisions of the Organization’s Articles of Incorporation, the Organization shall not carry on any activity other than an activity permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Code.

The Regulations also require that an organization’s assets be dedicated to an exempt purpose to satisfy the organizational test.<sup>5</sup> Accordingly, the FAR’s Articles of Incorporation provides that its assets are dedicated to charitable, scientific, and educational purposes and that in the event of the liquidation, dissolution, or winding up of the affairs of the Organization, assets shall be distributed for one or more those specified exempt purposes.

Based on the foregoing provisions of its Articles of Incorporation, FAR satisfies the organizational test.

## ***2. Operational Test***

Section 1.501(c)(3)-1(c)(1) of the Treasury Regulations states that: An organization will be regarded as “operated exclusively” for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in Section 501(c)(3). The Organization will be operated exclusively for exempt purposes because it will engage primarily in activities that accomplish charitable, scientific, and educational purposes specified in Section 501(c)(3), as required by Section 1.501(c)(3)-1(c)(1) of the Regulations.

### *i. The Organization’s activities are charitable, scientific, and educational.*

Relevant here, the Regulations define “charitable” to include the advancement of science or education.<sup>6</sup> “Scientific” purposes includes carrying on scientific research in the public interest.<sup>7</sup> Research is regarded as in the public interest if the results of such research (including any patents, copyrights, processes, or formulae resulting from such research) are made available to the public on a nondiscriminatory basis or if such research is directed toward benefiting the public.<sup>8</sup> “Educational” purposes include the instruction or training of individuals for the purpose of improving or developing their capabilities and the instruction of the public on subjects useful to the individual and beneficial to the community.<sup>9</sup>

Applying the Regulations, FAR’s activities should be deemed charitable, scientific, and educational within the meaning of Section 501(c)(3). FAR’s activities serve a charitable purpose because its AI safety-related research undoubtedly advances science. Its activities also serve a scientific purpose because its research is both scientific and carried out in the public interest –

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<sup>5</sup> Treas. Reg. § 1.501(c)(3)-1(b)(4).

<sup>6</sup> Treas. Reg. § 1.501(c)(3)-1(d)(2).

<sup>7</sup> Treas. Reg. § 1.501(c)(3)-1(d)(5).

<sup>8</sup> Treas. Reg. § 1.501(c)(3)-1(d)(5).

<sup>9</sup> Treas. Reg. § 1.501(c)(3)-1(d)(3)(i).

namely, the research will benefit the public by helping to reduce the long-term existential risks of AI technology, and the results of the Organization’s research will be shared publicly. Lastly, its activities serve educational purposes because the Organization’s training program allows junior professionals to develop their capabilities in the field of AI safety; further, the Organization’s dissemination of research publications and other written materials as well as its participation in (and/or facilitation of) conferences and similar events likewise serves educational purposes because it instructs the public on subjects useful to its audience and overall beneficial to society.

**D. Conclusion**

The Organization meets all of the requirements for exemption from federal income tax under Section 501(c)(3) of the Code. Based on the foregoing analysis, it has demonstrated that it is organized and will be operated exclusively for exempt purposes. Further, because it will be supported with a broad base of contributions, it will qualify as an organization described under Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Code as a public charity rather than as a private foundation.

**Response to Part IV, Line 7**

The Organization anticipates developing the following: (1) published content, including articles, research, reports, studies, and other white papers; (2) patentable models, tools, and technologies; (3) online content, including methods of delivering that content that may include patentable inventions; (4) other content subject to copyright protection; and (5) trade names or marks protectable under current trademark law. The Organization will own and may seek intellectual property protection over its name, marks, published materials, and patentable work product. It is the Organization’s intention to generally make its work available to the public to use for free as described in the narrative above. If the Organization however decides to charge for use of its intellectual property in certain instances, it will do so pursuant to a license agreement negotiated and approved by the Organization. Additionally, any fees charged will be amounts not to exceed a fair market valuation of the intellectual property. All such licenses of its intellectual property will at all times be in furtherance of its charitable, scientific, and educational purposes and in accordance with policies approved by the Organization’s Board of Directors from time to time.

**Response to Part IV, Line 9**

The Organization has not yet decided to have a grant program; however, should it decide to do so in the future it will do so with the purpose of providing funds for specific charitable, scientific, and/or educational projects working to reduce the risk of catastrophic harm from misaligned AI systems. If the Organization does choose to move forward with a grant program, it will employ the following procedures:

***Eligibility.*** The Organization will make distributions only to the following recipients:

- (1) to organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the “Code”), and



(2) to other individuals or organizations exclusively for charitable, scientific, or educational purposes, with the Organization retaining discretion and control within the meaning of Revenue Ruling 68-489.

***Description of Selection Process.*** Grantees will be selected by the Organization’s Board of Directors, or a person or persons to whom the Board has delegated selection authority, based on information obtained and provided by the Organization’s employees or volunteers.

***Grant Proposals or Application Forms.*** The Organization may, but has not yet, developed a grant application form. The Organization may invite grant proposals for specific projects that further its exempt purposes. When appropriate, it will require potential grantees to submit detailed grant proposals to describe how they would use funds provided by the Organization.

***Grant Agreements.*** The Organization plans to enter into grant agreements to ensure that grantees are obliged to use the funds only for the specific purposes authorized in the grant agreement and to report back on the use of the funds. The grant agreement language has not yet been finalized. Please also see the response to Part IV, Line 9a below.

***Recordkeeping.*** The Organization plans to keep a file on each grant that it makes. In that file, it will maintain a copy of the resolutions of the Organization’s Board, or a person or persons to whom the Board has delegated selection authority, authorizing the grant (the original will be in the Organization’s minute book), notes and records related to the pre-grant inquiry conducted prior to making the grant, a copy of the signed grant agreement between the Organization and the grantee (if applicable), a record of what funds under the grant agreement have been disbursed, copies of relevant accounting documents and reports on the use of the grant funds, and any other documents related to that grant.

***Oversight Procedures.*** The level of scrutiny will vary with the nature of the entity and the circumstances of the grant. A grant to a U.S. organization with a proven record of effectiveness will require less oversight than a grant to a foreign organization that operates in a conflict zone, or in an area where corruption is endemic. As noted in the response regarding Recordkeeping above, the Organization will generally require periodic and final written reports and accounting of how grant funds are used, and will review them to determine whether further inquiry is warranted.

***Recipient Organizations and Relationships.*** Since a granting program does not currently exist and is not planned for the near future, the Organization does not have relationships with recipient organizations. If the Organization decides to implement a grant program it may have a relationship with a recipient organization through one of its activities, and it is possible that an officer or director could be employed by a recipient, but the Organization does not anticipate this will occur often.

**Response to Part IV, Line 9a**

If the Organization makes a grant to an organization that is not a charity as defined under Sections 501(c)(3) and 509(a) of the Code, the Organization will first enter into a grant agreement

with the recipient organization before granting funds. The grant agreement will set forth the grantor's and grantee's responsibilities. It will require the grantee to use funds only for grant purposes, provide periodic written reports and accounting regarding the use of grant funds to show that the grantee has used the funds for the intended exempt purposes or projects, and acknowledge the grantor's authority to withhold or recover funds if abuse occurs. Please also see the response to Part IV, Line 9 above.

**Response to Part IV, Line 9b**

If the Organization makes a grant to an organization operating in one or more foreign countries, the Organization will again enter into a grant agreement with the recipient organization before granting funds. Further, the Organization will ensure that such recipient organizations, while not recognized by the Internal Revenue Service as tax-exempt under Section 501(c)(3) of the Code, are nevertheless the equivalent to and, if the organizations applied, would qualify as public charities under Sections 509(a)(1) or 509(a)(2) as verified through equivalency determinations.

**Response to Part IV, Line 9c**

The Organization will disclose in its solicitation materials to all potential contributors that the Organization has the ultimate authority to use any contributions made to it in its discretion consistent with its exempt purposes.

**Response to Part IV, Line 9d**

The Organization will inquire about recipient organizations, including, but not limited to the following: (i) Proof of 501(c)(3) status (or the foreign equivalent), (2) Full legal name (both in English and in its local language/dialect). (2) Copies of organizing documents, including any acknowledgment of charitable or tax-exempt status issues by the local governing authority. (3) A list of its key officers, staff, and other individuals or entities that hold management authority. (4) Current financial records and financial records for the previous two accounting periods. (5) A summary of the individuals and resources it intends to devote to carrying out the programs or activities for which the grant will be made to support.

**Response to Part IV, Line 9e**

The Organization will follow the policies and procedures set forth in the response to Part IV, Line 9 above applicable to all grantee organizations. Additionally, the Organization may send its officers, directors, and/or key employees to embed with the foreign recipient organizations in order to ensure proper oversight over the use of granted funds. This will provide the dual purpose of (1) ensuring oversight and (2) providing the services of those embedded individuals to assist with the charitable, scientific, and/or educational activities of the recipient organizations.

**Response to Part IV, Line 9g**

Should the Organization expand its grant program to foreign regions, no transaction will be entered into with any entity or individual listed on the OFAC List of Specifically Designated Nationals and Blocked Persons (hereinafter "SDN List").

The Organization has adopted practices in addition to those required by law that provide additional assurances that all assets are used exclusively for charitable or other legitimate purposes.

In creating such policies, the Organization will utilize the U.S. Department of the Treasury Anti-Terrorist Financing Guidelines: Voluntary Best Practices for U.S. Based Charities. Specifically, the Organization will comply with the following guidelines prior to providing any charitable services or funding to any organization located in a foreign country:

1. Collection of basic information about the recipient of charitable and educational services, including:
  - a. Recipient's name in English, its original language, and any acronym or other names used to identify the service recipient;
  - b. The jurisdictions in which a recipient maintains a physical presence;
  - c. Any reasonably available historical information about the service recipient that assures the Organization of the recipient's identity and integrity, including: (i) the jurisdiction in which a recipient organization was incorporated or formed; (ii) copies of any incorporating or other governing instruments; (iii) information on the individuals who formed and operate the recipient organization, and (iv) information relating to the recipient's operating history;
  - d. The available postal, email, and URL addresses and phone number of each service recipient;
2. Conduct a search of publicly available information to determine whether the recipient is suspected of activity relating to terrorism, including terrorist financing or other support;
3. Conduct a search of recipient's name at <https://sanctionssearch.ofac.treas.gov/> to assure the recipient does not appear on OFAC's SDN List;
4. Conduct a basic vetting of its officers and directors to determine whether there is a reason to suspect such individuals are engaged in any activity relating to terrorism, including terrorist financing or other support;
5. Any suspicious activity relating to terrorism, including terrorist financing or other support, will be reported to the Federal Bureau of Investigation local office.

The Organization does, and will continue to, comply with all United States statutes, executive orders, and regulations that restrict or prohibit U.S. persons from engaging in transactions and dealing with designated countries, entities, or individuals, or otherwise engaging in activities in violation of economic sanctions administered by OFAC. If required, the Organization will acquire from OFAC the appropriate licensures and/or registrations where necessary.

**Response to Part IV, Line 10**

The Organization has no present intention to operate in foreign countries; however, it may employ eligible individuals that are from outside of the U.S. (as well as possibly make grants to eligible foreign organizations as described earlier above). As such, the Organization cannot specify foreign jurisdictions where potential employees, contractors, and grant recipients may be from nor where future activities may be contemplated. Should the Organization employ foreign individuals, the Organization anticipates some individuals may relocate to the U.S. to work for the Organization, pending visa approval, and others may work remotely for the Organization as independent contractors.

**Response to Part IV, Line 10a**

Should the Organization ever conduct activities in foreign regions, no transaction will be entered into with any entity or individual listed on the SDN List and it will apply the practices described in the response to Part IV, Line 9g above.

**Response to Part IV, Line 17**

The Organization anticipates that it may from time to time assist other tax-exempt entities by sharing information and resources relevant to the grant writing process and/or helping the entities prepare materials for their grant applications – particularly university labs collaborating with the Organization on research projects to ensure all parties have sufficient funding to execute the projects. That said, the Organization will offer its fundraising assistance as a courtesy only, not as a fee-for-service, and at no time will the Organization directly solicit funds for other entities or take custody of charitable funds on their behalf.

**Response to Part V, Line 1g**

When funding is available, the Organization intends to hire and compensate a chief executive officer, chief operating officer, and other officers for their work for the Organization. Compensation will be established in accordance with the guidelines outlined in Part V, Lines 1a through 1f. The Organization will compensate these individuals as employees at rates no more than fair market value, as determined by the Board of Directors in accordance with the Organization's conflict of interest policy and any interested directors will abstain from participating in those decisions.

*Attachments to Form 1023 – Application for Recognition of Exemption  
FAR AI, Inc.  
EIN: 92-0692207*

**EXHIBIT F  
EXPEDITED HANDLING REQUEST**

October 29, 2022

*Via Pay.gov Electronic Submission*

Internal Revenue Service

RE: Expedited Handling Request for Form 1023

Dear Sir or Madam:

I am writing on behalf of FAR AI, Inc. (the "Organization") to request expedited review of its Form 1023, *Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code*, to which this request is attached. Specifically, expedited handling is needed urgently to ensure the Organization's ability to secure significant pending grants as follows:

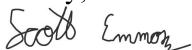
- **\$625,000** from **FTX Philanthropy, Inc.**
- **\$50,000** from **Open Philanthropy Project**

The subject grants will fund the Organization's scientific research projects as described in the Form 1023 and are expected to be disbursed to the Organization before year end, i.e., **December 31, 2022**, assuming the Organization receives 501(c)(3) determination by the same date. In particular, Open Philanthropy Project has stated that it will delay funding if the Organization does not procure 501(c)(3) status. As shown in the financial schedule of the Form 1023, the aforementioned pending grants will constitute approximately 33% of the Organization's total projected funding for this year. Additionally, the Organization anticipates that the grantors may potentially renew their contributions in future years.

For the foregoing reasons, approval of the Organization's tax-exempt status is needed urgently to facilitate timely disbursements of the subject grants in 2022 (and other pending and future grants), without which the Organization's ability to conduct its planned research activities would be adversely impacted. Under Section 4.09 of Rev. Proc. 2022-5, this precise scenario is a circumstance that generally warrants expedited processing.<sup>10</sup> Accordingly, we respectfully request that the IRS expedite the processing of the Organization's application for tax-exempt status and request approval as quickly as possible. This will ensure the Organization can commence its operations as scheduled.

Thank you in advance for your prompt attention to this request. Please contact the Organization's authorized representative Mary T. Dowling, Esq. at (619) 930-9332 if you have any questions, or as soon as you have a response to this request.

Sincerely,



Scott Emmons  
President  
FAR AI, Inc.

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<sup>10</sup> See § 4.09, Rev. Proc. 2022-05 (compelling reasons for expedited processing include issues that would have an adverse impact on the organization's ability to continue to operate).