ATTACHMENT TO FORM 1023
APPLICATION FOR RECOGNITION OF EXEMPTION

MOZILLA FOUNDATION
543 Howard Street, 5th Floor
San Francisco, CA 94105
EMPLOYER ID#: 20-0097189

Part II, Question 1

     A.   **Introduction.** Mozilla Foundation (the "Foundation") was incorporated as a nonprofit public benefit corporation in the State of California on July 14, 2003. A true and correct copy of the Foundation's Articles of Incorporation, certified by the California Secretary of State, and a copy of its Bylaws are attached hereto as Exhibit A and Exhibit B, respectively.

     B.   **Background.** The Internet, which was initially created as a project to connect leading research institutions funded by the U.S. Department of Defense, has become the key infrastructure for the emerging information society. What distinguishes the Internet from computer networks that came before it, and the key to its success, is that it is not a network, but a "network of networks" that is not controlled by any central authority. Rather, at its most fundamental level, the Internet is a series of technology and communications standards (also referred to as "protocols") that allow diverse computer networks, whether operated by government agencies, academic institutions, or commercial enterprises, to interact with each other and to operate as one giant network.

The most famous and widespread uses of the Internet are e-mail and the World Wide Web (the "Web"). These technologies, more than any other, are the foundation of the information economy and, more generally, of the information society. The true power of e-mail and the Web lies in their universality. Over the Internet, one can send e-mail to people around the world, unfettered by the kind of computer and Internet service used by the recipients. Similarly, one can access Web pages from anywhere in the world, regardless of how the pages were created and regardless of the type of computer used to "serve" the pages. This universality of e-mail and the Web owes its existence to a set of standards to which all the key contributors to the Internet adhere. These contributors consist of software vendors, telecommunications providers, and, in the case of the Web, content providers.

However, such universality is not natural, but is the result of tremendous efforts spanning decades by academics, business leaders, and government agencies, largely in standards organizations and open source software development projects (described below). Furthermore, some Internet technologies, such as "instant messaging" (also known as "chat") are not universal because commercial vendors that control these technologies have no interest in making their technologies interoperate. Even more daunting is the fact that the universality of e-mail and the Web can be substantially curtailed. For instance, the massive volume of spam (commercial junk e-mail) is threatening the universality of e-mail, as users reconfigure their e-mail programs to reject mail from strangers. Further, some Web pages can be viewed solely on a certain type of

computer or with a specific Web browsing software. The use of such non-standard technologies, often promoted by commercial software developers and vendors who are eager to maintain a competitive advantage, reduces the Web's universality and, consequently, limits Internet access on those unable or unwilling to afford the commercial technologies. Commercial software developers and vendors seek to maintain their monopoly over specific Web applications by keeping the software's "source code" confidential, while releasing the "object code" to their licensees. The source code consists of the lines of human-readable computer programming code that make up a software application. The object code consists of the 0's and 1's that are decipherable only by computers. One way to visualize the relationship between the two codes is to think of the object code as enabling the software to perform its function without revealing the source code.

In marked contrast to the foregoing commercially driven mode of operation is the approach adopted by the open source software community. Under an open source arrangement, the source code is made available, through royalty-free software licenses, to interested users and developers, even though they were not involved in creating the original product. The distributors of open source software expect and encourage users and outside programmers to examine the code in order to identify problems, and to modify the code with suggested improvements and enhancements. The practical benefit of the collaboration that is inherent in the open source process is the rapid development of high quality software. This has been borne out in practice through the Linux computer operating system and many of the core computer programs that allow the Internet to function (e.g., "web servers," "domain name servers" and "proxy servers" programs). It is fair to say that the Internet was built and continues to operate largely on open source software.

C.   **Exempt Purpose of the Foundation.** The exempt purpose of the Foundation is to serve the general public by undertaking activities to (1) keep the Internet a universal platform that is accessible by anyone from anywhere, using any computer, and (2) promote the continuation of the innovation on the Internet (which has already affected the lives of more than 500 million Internet users). Specifically, the Foundation's exempt purpose is to develop (a) open source, standards-compliant, free Internet applications that will be usable by (and made available free-of-charge to) tens of millions of users, and (b) foundational technologies that will be used by content developers and software developers to develop standards-compliant online content and open source Internet software. By doing so, the Foundation will help guard the open nature of the Internet. The gateway technologies of the Internet are the key to the development of the information economy in much the same way that the network of public highways was the engine of our country's industrial development. The Foundation will help ensure that the new, virtual highways can accommodate all members of the general public, are free of toll-booths and will provide other software and content developers with the tools to do the same.

D.   **Key Activities.** The Foundation plans to engage in the following key activities in pursuance of its exempt purpose:

(1)   Facilitate the development of a web browser, e-mail software and other Internet software that (a) are open source, (b) implement open standards, (c) are available

free of charge to all Internet users around the world, regardless of the make or model of computers they use, the language they speak, or disabilities they may have, (d) are developed in an open process in which any interested party (individuals, government agencies, nonprofit organizations, corporations) can contribute, and (e) are powerful and easy to use. The Foundation plans to spend approximately 40% of its time on this activity.

     (2)   Facilitate the development of technologies that can be used by other software developers as building blocks for other Internet software. These technologies will be fully open source, standards-compliant and available free of charge to all software developers. The Foundation plans to dedicate approximately 20% of its time to this activity.

     (3)   Facilitate the development of software products that can be used by any open source development project to improve their ability to develop software. These products will be fully open source, standards-compliant and available free of charge to all open source software development projects. The Foundation plans to spend approximately 15% of its time on this activity.

     (4)   Provide documentation and training for all of the above-mentioned technologies, aimed at both end users and software developers, with the goals of (a) increasing awareness among the public and software developers about the importance of open source software and open standards, and (b) providing a methodology for the development of Internet software and content that will be accessible to people regardless of disability, language or computer environment. The Foundation also plans to conduct educational campaigns directed at the general public to promote adoption of the Mozilla software. The Foundation plans to devote approximately 15% of its time to this activity.

     (5)   Participate in Internet standards development efforts with the focus of promoting standards that complement the Foundation's exempt purpose (i.e., the availability of software to the general public free-of-charge, regardless of the make or model of computers they use, the language they speak, or disabilities they may have). The Foundation plans to spend approximately 10% of its time on this activity.

E.   **Specific Undertakings.**

Specific Undertakings for Activities Described in D(1) through D(3):

The Foundation plans the following specific undertakings to carry out the three activities described in paragraphs D(1) through (3) above:

- create open source software;
- establish and maintain the necessary facilities to make the source code available to software developers;
- create and maintain forums where software developers can collaborate in the development of the open source software;
- serve as a repository of code and documentation contributed by software developers;

- oversee the operations, technology strategy and the incorporation of the technology contributed by software developers into the open source software and the source code, as applicable;
- establish technical standards for the open source software;
- license Mozilla software to all members of the general public, including commercial and non-commercial software developers, generally on a royalty-free basis. Such licensing would be consistent with the Foundation's exempt purpose. However, it is possible that the Foundation will grant some licenses for the use of Mozilla software in return for royalty payments. If such licensing occurs, the Foundation will take the necessary steps to insure that the terms are fair and reasonable to it; and
- promote world-wide adoption of the Mozilla (open source) software, documentation and standards by working with organizations outside the United States that are organized and operated for substantially the same exempt purpose as the Foundation. Specifically, the Foundation plans to assume a leadership role with respect to issues and policies of global concern to the international open source community. For example, the Foundation would take the lead on the formulation of the technical direction for the core Mozilla distributions. The Foundation plans to assist such overseas organization in fulfilling their purposes by licensing the Mozilla name and trademarks to those organizations, on a royalty-free basis, to be used in connection with their Mozilla open source projects at the local level (e.g., Mozilla France, Mozilla Japan).

With regard to adoption of Mozilla software, the Foundation notes that many universities have adopted Mozilla technologies. These include Columbia University, Rutgers, Purdue, the University of California at Davis, Florida State University, St. Joseph's College, University of Sasketchewan, University of Calgary, Deakin University (Australia), Vrije University (the Netherlands), Wake Forest, and the University of Chicago. The fact that the Mozilla stability releases have been downloaded at the monthly rate of approximately 100,000 times is additional evidence of wide adoption. In addition, the South Korean government is adopting the Mozilla browser as the national standard. Moreover, various agencies of both the French and Swiss governments have provided Mozilla software to their citizens.

<u>Additional Specific Undertakings for Activity Described in D(1):</u>

In connection with the activity described in paragraph D(1) above, the Foundation plans to:

- establish and maintain the necessary facilities to make the executable code[1] available to all end users (i.e., members of the general public). Users may download the code free-of-charge at the Foundation's Web site. In addition, the Foundation has learned that many users prefer to obtain complex software on compact discs ("CDs") over a long download via the Internet. In order to facilitate adoption of the Mozilla software by this group, the Foundation will arrange to make the code available on CD by contracting with an independent third party (the "CD Service"). The Foundation expects that those who choose to

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[1] In most instances, the "executable code" is the same as the "object code."

get a CD rather than use the *free* Internet service will be charged a fee for this optional delivery mechanism. The initial fee is anticipated to be $4.00. The Foundation does not anticipate generating significant revenues from this activity; and

• make technical assistance available to end users of the Mozilla open source software. By way of background, the Foundation has learned that many people cannot adopt the software for use unless there is someone available to answer their questions or walk them through the process. Accordingly, the Foundation plans to provide a variety of technical assistance options free of charge to all users who request them. However, because of its limited resources, the Foundation also plans to arrange for an independent third party to provide technical support by telephone (the "TTS Service"). Because the provision of individualized technical support (via telephone) is generally time consuming, users will be charged a fee. The current fee is $39.95 per call, based on an anticipated call average of 25 minutes. The Foundation does not anticipate generating significant revenues from this activity.

Specific Undertakings for Activity Described in D(4): The Foundation further plans the following specific undertakings to carry out the activity described in paragraph D(4) above:

• create the documentation;
• establish and maintain the necessary facilities to make the documentation available to developers and end-users;
• create and maintain forums where documentation writers can collaborate in the development of the documentation;
• oversee the operations, documentation strategy and the incorporation of the materials contributed by documentation writers into the documentation; and
• establish technical standards for the documentation.

Specific Undertakings for Activity Described in D(5): Finally, the Foundation plans the following undertakings in furtherance of the activity described in paragraph D(5) above:

• join Internet standards organizations such as the World Wide Web Consortium, the Internet Engineering Task Force and other standards bodies and contribute to the development of Internet standards;
• establish a Technology Advisory Board composed of representatives from the technology industry and research institutions to help identify new standards to be developed; and
• operate an outreach program that works with web site developers to ensure that web sites are standards-compliant.

In addition to the foregoing, the Foundation plans to establish a wholly-owned taxable subsidiary to conduct activities that support the wide adoption of the Mozilla software, documentation and standards. By doing so, the subsidiary will further the Foundation's exempt purpose. Please refer to Exhibit C for a detailed description of the subsidiary.

It is anticipated that the Foundation's primary sources of financial support will include grants from governmental agencies, foundations, and donations from members of the general public, businesses and trade associations. The Foundation has received a start-up grant from AOL Time Warner ("AOL") in the amount of $1 million. It is noteworthy that the Foundation has, in its first four months of operations, garnered tremendous support from the general public, both in terms of encouragement and financial support. Attached hereto as Exhibit D is a schedule showing contributions from over 1,500 individuals (and a few companies) that the Foundation has received during its first four months of existence. The Exhibit, which lists the amount of the contributions with the donors' name redacted, illustrates the broad public support for the Foundation. Some of the individual donors' words of encouragement are reproduced below:

"I am a senior citizen attempting to learn how to maintain a web site for a non-profit educational organization run by volunteers, most of whom are not computer literate." $50 donation from an individual in San Antonio, Texas (9/1/03).

"To Mozilla Foundation and all its employees. May God bless you for your attempt to make the online world a better place for all mankind." $100 donation from an individual in Santa Clara, California (10/16/03)

"I want to thank the Mozilla Foundation for offering a competent alternative web browser and email client for people ... who ... have chosen your open source, open standards-based solution. I hope my small dollar contribution to your organization's effort reinforces how much people like myself want to see high quality products like yours succeed and improve." $100 donation from an individual in Lake Geneva, Wisconsin (9/12/03).

"Go ahead and deposit my check. I don't have enough income to even need to file a return, so tax deductibility is meaningless to me. I'm retired, disabled (depression), and living on Social Security alone. I don't have much, but I consider my investment in Mozilla a good one. The browser is great, and I really appreciate the open source movement and the process behind Mozilla. So put the money to work as soon as possible." $25 donation from an individual in Reston, Virginia (9/8/03).

Another source of revenue involves the Foundation's expediting the development of specific functionality to the Mozilla software. Because initial development efforts of the Mozilla software have focused on personal rather than institutional use, institutional adoption is not possible unless the code is expanded to meet the needs of large institutions. For example, code expansion would be necessary for the deployment of software to large numbers of people. Although such expansion will likely be made in due course by volunteers, some institutions may wish to have the Foundation expedite the code expansion. The institutions contemplated by this paragraph include both for-profit businesses and governmental entities. For example, the Foundation has entered into an agreement for code expansion to enable a for-profit company to deploy the Mozilla email to its 45,000 employees. The agreement requires the company to pay the Foundation a fee for expediting the development of this functionality. Similarly, the

Foundation is in discussion with one of the National Institutes regarding functionality the Institute would like to see added to the Mozilla codebase. Whether the institution for whom the Foundation expedites code expansion is for-profit or non-profit, the Foundation will so expedite only if the resulting functionality is appropriate for release to and use by the general public, and, consistent with its exempt purpose, the resulting product will be released to the general public free of charge.

It is anticipated that the Foundation will generate additional revenues from (1) an investment in its wholly-owned taxable subsidiary (described at the bottom of page 5 & top of page 6 and on Exhibit C), (2) selling Mozilla merchandise such as t-shirts and hats bearing the Mozilla logo, and (3) selling advertising space. Merchandise and advertising sales are planned to be conducted at the Foundation's Web site.

In addition, the Foundation contemplates generating modest revenues from the provision of the CD Service and TTS Service (described in the response to Part II, Question 1 above), both of which are activities that are substantially related to the Foundation's exempt purpose.

Part II, Question 3

The Foundation solicits donations from the general public on its web site and other customary means of communication. In addition to raising funds for its overall exempt activities, the Foundation plans to conduct directed giving campaigns in order to provide public input into and funding of specific development programs. It is envisioned that each directed giving campaign will begin with a survey of the general public to determine the types of improvements to the Mozilla open source software that are important or desirable to the public. The initial determinations will become the basis for a public discussion, through which the Foundation seeks to crystallize the types and relative priorities of the improvements wanted by the public.

Following the public discussion, the Foundation would publish a final set of improvements to be undertaken for a given campaign, along with its best estimate of the cost of implementation. An example could be a campaign for: "Improved User Experience in Email," which could include such specific tasks as: improve spam filters to reduce unwanted e-mail messages, improve ability to group messages into topics such that users can segregate their family, work and volunteer e-mails, and enable family members to share one computer while having their separate set of information stored in the email program.[2] After a campaign's monetary target has been meet, the Foundation will begin development of the subject open source software. Again, consistent with its exempt purpose, the Foundation will make the software freely available to all users and developers in both source code and object code formats.

In addition to donations from the general public, the Foundation has been able to secure, through direct solicitation by members of its Board of Directors, pledges from IBM and

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[2]   Note that this is a hypothetical example, the Foundation has neither made such an initial determination nor conducted public discussion nor begun fund-raising for such a topic.

Sun Microsystems for $150,000 each. AOL has also pledged an additional $1 million for the Foundation's next fiscal year.

Part II, Question 4a

Names of Directors and Officers	Address
Directors	
Mitchell Kapor	c/o Mozilla Foundation 543 Howard Street, 5th Floor San Francisco, CA 94105
Mitchell Baker	c/o Mozilla Foundation 543 Howard Street, 5th Floor San Francisco, CA 94105
Brian Behlendorff	c/o Mozilla Foundation 543 Howard Street, 5th Floor San Francisco, CA 94105
Brendan Eich	c/o Mozilla Foundation 543 Howard Street, 5th Floor San Francisco, CA 94105
Chris Blizzard	c/o Mozilla Foundation 543 Howard Street, 5th Floor San Francisco, CA 94105
President	
Mitchell Baker	c/o Mozilla Foundation 543 Howard Street, 5th Floor San Francisco, CA 94105

<u>Secretary</u>

        Chris Blizzard   c/o Mozilla Foundation
                                                543 Howard Street, 5th Floor
                                                San Francisco, CA 94105

<u>Treasurer</u>

        Bart Decrem   c/o Mozilla Foundation
                                                543 Howard Street, 5th Floor
                                                San Francisco, CA 94105

The Foundation's directors, whose brief biographies are summarized and attached hereto as <u>Exhibit E,</u> have been invited to serve on the Board because they are each on the leading edge of open source and Internet technology and because their experience, both within and outside the industry, will provide the guidance and support required by the Foundation during its start-up phase and for its growth thereafter. It is the Foundation's intent to continue the practice of having a Board of Directors that consists of community leaders and professional or other members of the general public who have special knowledge or expertise in open source and Internet software technology and who are representative of the community. As disclosed in the response to Part II, Question 1 above, the Board of Directors will be assisted by the Technology Advisory Board, composed of representatives from the technology industry and research institutions.

<u>Part II, Question 4b</u>

None of the Foundation's directors or officers will be compensated for the services they render to the Foundation in their capacity as directors or officers.

<u>Part II, Question 4d</u>

Brendan Eich, in addition to being a member of the Board of Directors, is also employed by the Foundation as its Chief Architect. His resume is attached hereto as part of <u>Exhibit E</u>. As Chief Architect, Mr. Eich is responsible for overseeing the technical direction of the Mozilla Project. Mr. Eich's performance as the Foundation's Chief Architect is subject to review by the Foundation's Board of Directors. The Board of Directors has determined, with Mr. Eich abstaining, that the compensation being paid to him is fair and reasonable to the Foundation.

Another member of the Foundation's Board of Directors, Mitchell Kapor, also owns the controlling interest in Kapor Enterprises, Inc. ("KEI"). The Foundation contemplates outsourcing its administrative and accounting functions to KEI under contract. Although an agreement has not been reached, the Foundation will only enter into such a contract on terms that are fair and reasonable to it.

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<u>Part II, Question 5</u>

The Foundation is the successor to a project that was launched by Netscape Communications Corporation ("Netscape") in the spring of 1998 under the name the "Mozilla Project." In launching the Project, Netscape released the source code of its "Netscape Navigator," which was previously a proprietary asset of Netscape, under terms allowing it to be controlled and managed by the community as an asset dedicated to promoting general public benefit (by way of background, the Netscape Navigator is a software developed by Netscape that made Web browsing a household term and activity). Netscape released the Netscape Navigator source code to the public pursuant to the terms of licenses that make the source code available to everyone free of charge, to use in any way and for any purpose. These licenses are known as the Netscape and Mozilla Public Licenses.

Netscape also established a group of individuals to run the Project. The group, named The Mozilla Organization, is commonly known in the community as "mozilla.org." The group's specific responsibility was to manage the development of the Mozilla codebase for the benefit of the entire community, not just for Netscape's benefit. Initially, the entire mozilla.org staff were Netscape employees. As mozilla.org evolved, its staff consisted of fewer Netscape employees and more volunteers who contribute to the Project. Mozilla.org is best described as a "virtual" organization, comprised of a geographically-distributed group of individuals who have diverse backgrounds and expertise.

Today, participants of the Project consist of employees of other organizations (both non-profit and for-profit) and individual volunteers not affiliated with any organization. These volunteers contribute to the Project in various ways. For example, some contribute by developing and contributing new features to and fixing bugs in the Mozilla code. Others contribute by testing Mozilla products, finding and documenting bugs, and creating test cases and other tools to assist Mozilla software developers. Other means by which volunteers contribute to the Project include: (a) implementing Mozilla standards, (b) writing documentation for Mozilla software, (c) educating members of the community about Mozilla software, and (d) localizing the Mozilla software for particular languages and cultures. All contributions of code (e.g., new software features, bug fixes) are, in turn, made available, free of charge, by the Project to all individuals and persons (including governmental entities, non-profit organizations and for-profit companies) for whatever use the individual or person wishes.

In July 2003 AOL, which had acquired Netscape and the Project, determined that the Project and its assets should be permanently dedicated to the general public. AOL proposed to implement such dedication by transferring the Project and the activities and assets of the Project to an independent nonprofit organization. The Foundation was created to fill this role. Project assets have been transferred from AOL to the Foundation, to be held and used by the Foundation for its exempt purpose. This included ownership of the Mozilla trademarks, the Mozilla Public License, a set of computers for operating the computing infrastructure and rights to the material on the Project's Web site (www.mozilla.org). In addition, AOL contributed $1

million in seed funding to the Foundation and pledged an additional $1 million for the Foundation's operations.

It is noted that AOL does not have any control over the Foundation as a result of the foregoing transfer to the Foundation. For example, AOL does not have any representation on the Foundation's Board of Directors and there is no other mechanism through which AOL could influence the Foundation's operations or affairs. It is conceivable that AOL may decide to use one or more Mozilla technologies in its products or to develop additional features or bug fixes to the Mozilla software. If and when AOL does, in fact, undertake any such activities, it may only do so on the same terms as are offered by the Foundation to all other individuals and persons. In other words, the Foundation will not confer any favorable treatment upon AOL. More importantly, all code developments by AOL (e.g., for additional features or bug fixes) will be subject to the same requirements of free of charge source code availability as code written by others.

Part II, Question 8

The initial assets to be used to fulfill the Foundation's exempt purpose consist of the following:

- Mozilla trademarks;
- Mozilla Public License;
- Computers for operating the computing infrastructure;
- Server computers to host the Foundation's web site, source code and other data; and
- Rights to the material on the Project's Web site (www.mozilla.org).

Part II, Question 10a

The Foundation has contracted with DecisionOne to provide the TTS Service. In addition, the Foundation plans to contract with the Kendall Bryan Companies for the provision of the CD Service. Both of the foregoing entities are independent third parties. A copy of the signed agreement for the TTS Service and a copy of the agreement for the CD Service (unsigned because negotiations are pending) are attached hereto as Exhibit F.

Further, as disclosed in the response to Part II, Question 4d, the Foundation plans to outsource some of its administrative and accounting functions to Kapor Enterprises, Inc. under a contractual arrangement. The Foundation is in negotiation with Kapor Enterprises, Inc. respecting the terms of such an arrangement and will take steps to insure that the arrangement, if entered into, will be on terms that are fair and reasonable to the Foundation.

The Foundation leases office space in Mountain View, California. A copy of that lease is attached hereto as Exhibit G.

In addition, it is contemplated that Open Source Applications Foundation, an organization described in Section 501(c)(3) of the Internal Revenue Code that is other than a private foundation, will serve as the Foundation's fiscal sponsor. The Foundation and Open Source Applications Foundation are in negotiation with respect to the terms of the sponsorship.

Part II, Question 12a

As set forth in the response to Part II, Question 1 above, the Foundation plans to provide the Mozilla code and technical support to end users free of charge at its Web site. End users who request the code on compact discs will be charged a nominal fee, currently set at $4 per disc. Similarly, end users requesting telephone technical support service will be charged a nominal fee, currently set at $39.95 per incident.

[No further text on this page]

Part IV, Financial Data:

A.   Statement of Revenue and Expenses

	7/14/03-9/11/03[A]	9/12/03-12/31/03[B]	FYE 12/31/04[C]
Revenue			
1. Grants & Contributions	$2,340,000	$ 340,000	$ 660,000
2. Gross receipts from the provision of the CD Service and the TTS Service (activities that are substantially related to the Foundation's exempt purpose)	$ 0	$ 3,750	$ 25,550
3. Investment Income[D]	$ 100	$ 500	$ 5,000
4. Other (e.g., advertising)	$ 0	$ 0	$ 5,475
TOTAL REVENUE	$2,340,100	$ 344,250	$ 696,025

[A]   The figures in this column represent actual support and expenses for the Foundation's first sixty days, which began on July 14, 2003 (the date of its incorporation).

[B]   The figures in this column represent those budgeted for the remainder of the Foundation's first fiscal year.

[C]   The figures in this column are an estimation only.

[D]   The Foundation anticipates that some of its investment income will be in the form of dividends from its wholly-owned taxable Subsidiary.

[Budget continues on next page.]

	7/14/03-9/11/03[A]	9/12/03-12/31/03[B]	FYE 12/31/04
Expenses			
1. Wages & Salaries (see attached Schedule I)	$ 17,633	$ 233,236	$ 1,189,979
2. Cost of operating Web site	$ 0	$ 8,000	$ 24,000
3. Postage & Parcel Delivery	$ 25	$ 75	$ 150
4. Occupancy Costs (Office Space)	$ 0	$ 3,543	$ 31,336
5. Office Furniture	$ 0	$ 500	$ 1,000
6. Computers, Servers, Translators	$ 0	$ 12,000	$ 24,000
7. Telephone Installation & Service	$ 0	$ 1,750	$ 3,000
8. Supplies	$ 100	$ 600	$ 1,500
9. Legal	$ 400	$ 40,000	$ 20,000
10. Accounting	$ 0	$ 2,500	$ 5,000
11. Insurance	$ 0	$ 6,000	$ 10,000
12. Photocopier	$ 0	$ 100	$ 500
13. Web Site Design, Installation & Service	$ 0	$ 6,400	$ 6,400
14. High Speed Line Installation & Service	$ 0	$ 7,450	$ 4,200
15. Travel	$ 0	$ 1,000	$ 5,000
TOTAL EXPENSES	$ 18,158	$ 323,154	$1,326,065
EXCESS OF SUPPORT AND REVENUE OVER EXPENSES	**$2,321,942**	**$ 21,096**	**($630,040)**

[A]   The figures in this column represent actual support and expenses for the Foundation's first sixty days, which began on July 14, 2003 (the date of its incorporation).

[B]   The figures in this column represent those budgeted for the remainder of the Foundation's first fiscal year.

[C]   The figures in this column are an estimation only.

B.   Balance Sheet as of 9/11/03

ASSETS

Cash	$1,135,034	
Equipment	$ 40,000	
Total Assets		$1,175,034

LIABILITIES

Accounts payable	($ 400)	
Total liabilities		($ 400)
NET ASSETS		**$1,174,634**

SCHEDULE I

Wages & Salaries

Title	7/14/03-9/11/03	9/12/03-12/31/03	FYE 12/31/04
1. Chief Architect	$ 0	$ 23,077	$ 150,000
2. Senior Director	$ 8,077	$ 45,769	$ 140,000
3. Technical Lead	$ 7,500	$ 42,500	$ 130,000
4. Technical Lead	$ 0	$ 17,692	$ 115,000
5. Technical Lead	$ 0	$ 21,154	$ 110,000
6. Technical Lead	$ 0	$ 14,616	$ 95,000
7. Technical Lead	$ 0	$ 25,846	$ 80,000
8. Technical Lead	$ 0	$ 15,385	$ 80,000
9. Outreach Coordinator	$ 0	$ 0	$ 45,000
10. Education Coordinator	$ 0	$ 0	$ 45,000
11. Fringe Benefits	$ 2,056	$ 27,197	$ 199,979
Total	**$ 17,633**	**$ 233,236**	**$1,189,979**