

ANSWERS TO FORM 1023 QUESTIONS**Part IV: Narrative Description of Your Activities**

Using an attachment, describe your past, present, and planned activities in a narrative.

The Adams Morgan Forget-Me-Not Fund, hereinafter “the Fund,” serves as a non-profit organization seeking to reduce and alleviate the negative impact of gentrification on the residents and small business owners of the Adams Morgan neighborhood in Washington, D.C. as defined by the boundaries of ANC 1C as of February 1, 2013.

The gentrification of a neighborhood has been shown to eliminate low-income and middle-income housing, raise the average cost of rent, and create higher initial starting costs that drive small local businesses out of a neighborhood and discourage the creation of new small businesses. The best way to combat the negative effects of gentrification in a neighborhood is to support the local businesses of that neighborhood and to support the low and middle-income tenants who might be driven out. In order to combat the negative impacts of gentrification, the Fund will do the following:

- (a) The Fund will assist residents of Adams Morgan who live in low-income and middle-income buildings to form tenant associations. These tenant associations will be organized for the purpose of purchasing their housing units for operation as a non-profit cooperative in order to preserve low-income and middle-income housing in the Adams Morgan.
- (b) The Fund will conduct free educational sessions for Adams Morgan residents who seek to form tenant associations to protect their rights as tenants. These sessions will provide tenants with information on the laws of the District of Columbia, the channels through which tenants can seek to protect their rights, and will provide step-by-step instruction in the completion of the forms required for the creation of tenant associations. These sessions will also refer residents to attorneys and non-profits who specialize in tenant association formation.
- (c) The Fund will provide grants and low interest loans to be used in the purchase of the tenants associations’ buildings.
- (d) The Fund will provide free or below-cost training and consulting services to small local businesses. Training services will cover topics such as accounting software, marketing software and banking software. Consulting services will include consulting in modern marketing strategies such as the best usages of social media ways to cut overhead costs.
- (e) The Fund will provide small local businesses grants and low interest loans to cover the costs associated with purchasing upgraded equipment, such as new accounting software, minor renovations, and printing store signs.
- (f) The above described activities should allow local residents in low-income and middle-income housing to counteract the loss of affordable housing and prevent landlords from evicting tenants from low-income and middle-income housing though

questionable or unlawful means such as delaying necessary repairs to low-income and middle-income housing.

The Fund's activities would allow small businesses a chance to remain competitive against larger corporate owned business that may be drawn to a newly gentrified neighborhood. The Fund's activities would allow tenants in low-income and medium-income housing to maintain and improve their living conditions through ownership and forming of tenant associations.

Part V 3a: *For each of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c, attach a list showing their name, qualifications, average hours worked and duties.*

Daniel J. Horal: Member of the District of Columbia bar in good standing, Bar #1005381, attorney with 3 years of experience in DC, 3 - 5 hours of week spent on work for the Adams Morgan Forget-Me-Not Fund. Duties include drafting and reviewing all legal documents including articles of association, bylaws, legal compliance forms prior to presentation to the Adams Morgan Forget-Me-Not Fund; attending meetings of the Adams Morgan Forget-Me-Not Fund; providing legal services, legal representation, and advice to Adams Morgan Forget-Me-Not Fund including compliance with federal law governing non-profit organizations.

Part V 5b and 5c: *What procedures will you follow to assure that persons who have conflict of interest will not have influence over you for setting their own compensation? What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you regarding business deals with themselves?*

The Adams Morgan Forget-Me-Not Fund is bound by law to follow the conflict of interest policy for non-profit corporations as stated by the District of Columbia Non-profit Corporation Act, D.C. Code § 29-403.04 *et seq.*

Specifically D.C. Code § 29-406.70 (a) *et seq.*, states that a potential conflicting interest transaction will be voidable unless: there is full disclosure to the corporative governing board of the relationship or interest and the transaction is approved by the a majority of the board of directors; or there is disclosure and the majority of disinterested officers approve of the plan; or material facts show that the contract or transaction is fair at the time the transaction was approved.

The Fund has in its Bylaw 6.3, Initiating the Recall Process, a mechanism which allows any member of the Principle Participant Committee, herein after the PPC, to bring a motion to recall and remove another of the PPC if they are acting in a manner that is incompatible or in conflict with the purpose of the Adams Morgan Forget-Me-Not Fund or in violation of D.C. Code § 29-403.04 *et seq.*

The Fund's Bylaw 4.6 permits an individual member of the PPC, who believes that a proposed resolution would be highly detrimental to the Fund or that the purpose of the resolution is in violation of D.C. Code § 29-403.04 *et seq.*, to block and stop the proposed resolution. The specific procedures for the Recall and the Blocking are cited below from the Bylaws.

6.3 Initiating the Recall Process.

Any Fund Attendant may at anytime choose to initiate the Recall Process. However, if a PPC member survived a previous Recall within the past year, they may not be recalled until three-hundred and sixty-five (365) calendar days have passed, or unless they are declared incompetent by a court of law.

The PPC may create Recall Petition templates, as well as provide any guidelines to assist Fund Attendants through the Recall Process.

The process to recall an Elected-Member of the PPC shall begin with any Fund Member properly transmitting a “sufficient” Recall Petition to the PPC.

A Recall Petition shall be deemed “sufficient” by adhering to the following rules:

- The Petition shall list the name of the Elected-Member of the PPC at which the Recall Petition is directed.
- The Petition shall have the name and signature of the Fund Attendant petitioning for a recall.
- The Petition shall include an attestation by the petitioning Fund Attendant which demonstrates that the petitioner attempted to redress grievances with the Elected-Member of the PPC at which the Recall Petition is directed.
- The Petition shall be co-signed and supported by at least three (3) other Fund Attendants.
- The Petition was timely transmitted.

The Recall Petition shall be considered timely transmitted if the PPC receives the Recall Petition at least fifteen (15) calendar days before the Fund's next scheduled General Meeting.

If the Recall Petition is transmitted to the PPC less than fifteen (15) calendar days before the Fund's next scheduled General Meeting, then the Recall Petition shall be deemed untimely, and the petition must be resubmitted at least fifteen (15) calendar days before the next General Meeting.

Within five (5) calendar days after receipt of a timely transmitted and sufficient Recall Petition, the PPC shall give notice to all Fund Attendants that the Recall Process has been initiated, and simultaneously announce to all Fund Attendants that a Recall Meeting and vote shall be held at the Fund's next scheduled General Meeting.

6.4 Recall Ballots.

After Fund Attendants are notified of the date of a Recall Meeting, the PPC shall ensure that Recall Ballots, including Absentee Recall Ballots, are properly designed, printed, and distributed to Fund members.

The PPC shall ensure that the Recall Ballot prominently displays the name of the Elected-Member of the PPC at which the Recall Petition is directed.

The PPC shall ensure that the Recall Ballot lists the name of the Fund Attendant who initiated the Recall Petition, as well as the names of all other Fund Attendants co-signing and supporting the Recall Petition.

The PPC shall ensure the Recall Ballot shows three options for the voter: Support the Recall; Oppose the Recall; Abstain from Voting on the Recall.

Absentee Recall Ballots, which may also serve as a Sample Ballot, shall be distributed to Fund members at least ten (10) calendar days before the Recall Meeting.

The PPC shall distribute the Absentee Ballots electronically to those Fund Attendants who have registered their emails with the Fund.

The PPC shall distribute the Absentee Ballots by regular post mail to those Fund Attendants who have registered only their residential addresses with the Fund.

The PPC shall also provide a downloadable copy of the Absentee Ballot on the Fund website.

6.5 Cancellation of Recall Process.

The Fund Attendant who initiated the Recall Process may cancel it at any time before all Recall Ballots are cast.

To cancel the Recall Process the petitioner must give notice to the PPC. This notice of cancellation may be given verbally at the Recall Meeting.

The PPC shall not officially cancel the Recall Process unless it is canceled by the person who initiated it.

6.6 Recall Meeting

At the scheduled Recall Meeting, the PPC shall place review of the sufficient Recall Petition as the first order of business on the meeting agenda.

6.6.1 Member Presentations About Merits of Recall Petition.

Both the petitioning Fund Attendant, and the Elected-member on the PPC at which the Recall Petition is directed shall be given reasonable time by the PPC to address the Recall Petition before any Recall Ballots are cast by Fund members in attendance. In this case, reasonable time should be no longer than five (5) minutes allocated to the petitioning Fund Attendant and the PPC member at which the Recall Petition is directed.

The petitioning Fund Attendant shall speak first to the merits of the Recall Petition.

The Elected-member on the PPC at which the Recall Position is directed, or their designee, shall speak immediately following the petitioning Fund Attendant.

Following on and in orderly fashion, the PPC shall invite any Fund Attendants who wish to speak to merits of the Recall Petition, and to do so for no more than two minutes each and speaking only once.

Persons who are not Fund Attendants shall not be allowed time to speak to the merits of the Recall Petition, and cannot cast a Recall Ballot.

After each Fund Attendant has had the opportunity to speak, the petitioning Fund Attendant shall be allowed five minutes to make a concluding statement, followed by a five minute conclusion by the Elected-Member on the PPC at which the Recall Position is directed.

After all presentations are complete, a vote on the Recall Petition shall be conducted by the PPC immediately.

6.6.2 Recall Meeting Voting.

All voting-eligible Fund members shall cast Ballots, or Absentee Ballots, at the Recall Meeting per the rules found in Section VIII of these Bylaws.

6.6.3 Recall Meeting Ballot Tally.

The Ballot Tally at Recall Meetings shall use a standard counting method.

The Elected-Member of the PPC shall be recalled if more than two-thirds, or 66.65% of Ballots cast, not including abstentions, are tallied in support of the Recall Petition.

6.7 Recall Meeting Results.

The Elected-Member on the PPC at which an approved Recall Petition is directed, shall be removed from the PPC immediately.

Notice of the recall shall be announced by the PPC as soon as practicable to all Fund members by electronic mail.

4.6 “Block” and Blocking Override.

An Elected-Member may issue a “block” on any proposal before the PPC, and stop decision-making on that proposal by the PPC at that time.

An Elected-Member may only “block” or withhold consent for any proposed PPC resolution if said Elected-Member believes that the decision would be an extremely serious mistake and jeopardizes the interests of the Fund.

In the event of a block, the PPC shall work together to resolve the concerns and obtain the consent of the Elected-Member who is blocking.

If the PPC is unable to resolve its differences, it shall bring the matter being blocked to the Fund's next General Meeting. At said meeting, Fund Attendants shall discuss the issues and all members shall be given a reasonable chance to speak to the blocking concerns.

Once all persons who wish to have input on the decision have spoken, the Fund membership shall record a vote to determine if the block shall hold.

If at least two-thirds, or more than 66.65% percent of the eligible voting membership attending the meeting vote to override the block, the block shall be of no further effect and the PPC may move forward on the resolution or action that was blocked as if no block was issued.

In an emergency situation, the PPC may establish procedures for a vote of members in good standing to override a block outside of the normal meeting process.

Part V 7a: *Do you or will you purchase any goods, services, or assets from any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If “Yes,” describe any such purchase that you made or intend to make, from whom you make or will make such purchases, how the terms are or will be negotiated at arm’s length, and explain how you will determine that you pay no more than fair market value. Attach copies of any written contract or other agreements relating to such purchases.*

Daniel J. Hornal, managing partner of Talos Law will provide legal services for the Fund. Payment for such legal services is \$100 per hour which is far lower than the attorney’s standard rate for non-profits and far lower than the fair market value which demonstrates that the terms were negotiated at arm’s length. Future legal services will be based upon a significantly discounted rate, based upon Talos Law’s rate schedule for non-profit organizations. Talos Law bases its rate schedule on the Adjusted Laffey Matrix. The Adjusted Laffey Matrix has been

approved as a reasonable by the District of Columbia Courts in *Lively v. Flexible Packaging Ass'n.*, 930 A.2d 984, (D.C. Ct. App. 2007).

Part VIII 6b: *Description of organization's economic program.*

As stated earlier, the Fund will provide free or below cost training and consulting services to small local businesses in the Adams Morgan neighborhood of Washington in the District of Columbia, within the boundaries of ANC 1C as of February 1, 2013. Training services will include providing business with training in new accounting software, new marketing software and new banking software.

Consulting services will include consulting in modern marketing strategies. An example of a consulting service would be providing a small local business with an introduction to social media as a means to advertise to a wider potential client base. Another example would be providing local businesses with training sessions in new business software and hardware such as mobile credit card readers or new accounting software.

The Fund will provide small local businesses grants and low interest loans to cover the cost of purchasing upgraded equipment such as new accounting software, minor renovations, and to pay for training to build human capital. The Fund will also provide grants and low interest loans to local residents who wish to form tenant associations to purchase their residences.

Part VIII 6b: *Describe in full who benefits from your economic development activities and how the activities promote exempt purposes.*

The activities of the Fund will benefit the small businesses in the Adams Morgan neighborhood of Washington, District of Columbia, defined by the boundaries of ANC 1C as of February 1, 2013.

The activities described above in Part VIII 6b and Part IV will allow local small businesses to incorporate new technologies, overhead costs and operating expenses so that local small businesses can remain profitable and competitive when faced with increased competition from larger chain stores. Also, the low interest loans and grants provided by the fund will provide small local businesses an alternative source of capital as small businesses often have trouble accessing traditional financial markets, which may be cumbersome and not well suited for small businesses.

By helping small businesses remain competitive and open the Fund's activities will prevent the local economy from becoming overly dependent on a limited number of employers, and furthermore allow small businesses to expand, provide additional employment thus ensuring that gentrification benefits those with low or medium incomes.

In addition, ensuring that local small businesses remain open means that Adams Morgan will retain economic vibrancy and provide local residents with meaningful choice in where they choose to shop. Expanding the potential clientele of local small business also ensure that the money continues to flow into the Adams Morgan neighborhood.

Finally, providing low interest loans and grants to local residents and tenant associations to purchase their residences would mean that low and medium income housing will be preserved. This will mitigate some of the negative effects of gentrification by providing tenants an opportunity to become property owners.

Providing a means for tenants to become property owners would allow for a smoother transformation of Adams Morgan as well as help ensure that medium and low income residents are not forced from the neighborhood. The Fund is devoted to non-discrimination in all of its activities and is dedicated to equal opportunity in access to credit, housing and education. The Fund does not discriminate against any class protected by Federal and District of Columbia Law. The Adams Morgan neighborhood is one of the most ethnically diverse neighborhoods in the United States.

Part VIII 13b: *Describe how your grants, loans, or other distributions to organization further your exempt purposes.*

Loans and grants given by the Adams Morgan Forget-Me-Not Fund will be directed towards low and middle income tenants who seek to preserve affordable housing by purchasing their residential buildings in such a manner as to preserve the availability of affordable housing. The Fund's activities will be specifically limited to the Adams Morgan neighborhood of Washington, District of Columbia, defined by the boundaries of ANC 1C as of February 1, 2013.

Such grants and loans given will be used to mitigate the negative effects of gentrification. The preservation of affordable housing will ensure that low income households are financially secure and do not face the prospect of homelessness. The prevention of economic blight and improvement of standard of living are exempt purposes under the Internal Revenue Service's definition of economic development.

Loans and grants given by the Fund to small businesses will be directed toward businesses who seek to maintain their competitiveness in the face of gentrification. The Fund's activities will be specifically limited to the Adams Morgan neighborhood of Washington, District of Columbia, defined by the boundaries of ANC 1C as of February 1, 2013.

Such loans and grants are for economic development purposes of local small businesses in the Adams Morgan. Maintaining economic vibrancy and preventing community deterioration is an exempt purpose under the definition of economic development as used by the Internal Revenue Service.

The Fund's primary goal is to prevent community deterioration that results from gentrification of the Adams Morgan neighborhood. The Fund seeks to ensure local residents and local small businesses are not displaced by rising land prices and the entrance of larger corporate chain stores into the Adams Morgan neighborhood. The Fund's loans and grants will be non-discriminatory and will be inclusive and in full compliance with Federal and local laws, including the D.C. Human Rights Act.

The Fund, in compliance with the D.C. Human Rights Act, will not discriminate based on actual or perceived: race, color, religion, national origin, sex, age, marital status, personal

appearance, sexual orientation, gender identity or expression, familial status, family responsibilities, disability, matriculation, political affiliation, source of income, status as a victim of an intrafamily offense, or place of residence or business of any individual.

Part VIII 13d: *Identify each recipient organization and any relationship between you and the recipient organization.*

At this time the Adams Morgan Forget-Me-Not Fund has not made any grants, loans, or other distributions to organizations.

Part VIII 13e: *Describe the records you keep with respect to the grants, loans, or other distributions you make.*

At this time the Adams Morgan Forget-Me-Not Fund has not made any grants, loans, or other distributions to organizations. If and when the Adams Morgan Forget-Me-Not Fund makes a loan, grant, or other distribution the organization will keep records of the application documents, contracts between the parties, and all other documents that is required by local and federal law.

Part VIII 13f(i): *Do you require an application form? If “Yes,” attach a copy of the form.*

At this time the Adams Morgan Forget-Me-Not Fund has not made any grants, loans, or other distributions to organizations. The organization has yet to create an application form, subsequent meetings of the Adams Morgan Forget-Me-Not Fund PPC will vote on an appropriate application form.

Part VIII 13f(ii): *Do you require a grant proposal? If “Yes,” describe whether the grant proposal specifies your responsibilities and those of the grantee, obligates the grantee to use the grant funds only for the purposes for which the grant was made, provides for periodic written reports concerning the use of grant funds, requires a final written report and an accounting of how grant funds were used, and acknowledges your authority to withhold and/or recover grant funds in case such funds are or appear to be, misused.*

At this time the Adams Morgan Forget-Me-Not Fund has not made any grants, loans, or other distributions to organizations. The organization has yet to create a grant proposal form. Subsequent meetings of the Adams Morgan Forget-Me-Not Fund will approve an appropriate grant proposal form. Such an approved form will include clear descriptions of the Fund’s and the grantee’s responsibilities, language that obligates the grantee to use the grant funds only for the purpose for which the grant was made, require that the grantee provide the fund a periodic written report that accounts for the use of grant funds, require the grantee provide a final written report, and an accounting of how grant funds were used. The Fund will clearly state in any grant proposal that it will have authority to withhold and/or recover grant funds in cases of misuse of grant funds.

Part VIII 13g: *Describe your procedures for oversight of distributions that assure you the resources are used to further your exempt purposes, including whether you require periodic and final reports on the use of resources.*

At this time the Adams Morgan Forget-Me-Not Fund has not made any grants, loans, or other distributions to organizations. The organization will in subsequent meetings vote to create appropriate oversight procedures that will meet all requirements under local and federal law as well as require that grantee's provide a periodic report accounting on how the Fund's monies are disbursed.

Part X 1b: *As a private foundation, section 501(e) requires special provisions in your organizing document in addition to those that apply to all organizations described in section 501(c)(3). Check the box to confirm that your organizing document meets this requirement, whether by express provision or by reliance on operation of state law. Attach a statement that describes specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document or by operation of state law. See the instructions, including Appendix B, for information about the special provisions that need to be contained in your organizing document.*

On page 1 of the Articles of Association, the organizing document for the Adams Morgan Forget-Me-Not Fund, it states that the organization is formed according to and under the District of Columbia Non-profit Corporation Act of 2010, D.C. Code §§29-401.01 et seq. The District of Columbia is a jurisdiction with statutory provisions that satisfy the requirements of Internal Revenue Code Section 508(e). Therefore, the Fund meets the requirements of § 501(e).

Part X 4: Have you attached either (1) an affidavit or opinion of counsel, (including a written affidavit or opinion from a certified public accountant or accounting firm with expertise regarding this tax law matter), that sets forth facts concerning your operations and support to demonstrate that you are likely to satisfy the requirements to be classified as a private operation foundation; or (2) a statement describing your proposed operations as a private operating foundation?

Please see attached Affidavit