

Attachment to Form 1023

Austin Investigative Reporting Project: Employer Identification Number 27-0231463

Page 1: Part I: Line 8, Paid Professionals

A person paid to review the Austin Investigative Reporting Project's original draft of Form 1023 and to advise regarding tax matters and the structure of the organization is: Mickey Mann, an accountant in private practice, whose address is 1122 Colorado St., No. 2106, Austin, Texas 78701: \$300.00

A person paid to review the Austin Investigative Reporting Project's original draft of Form 1023 and to advise regarding legal matters and the structure of the organization is: Donald R. Flournoy, an attorney in private practice, whose address is 3502 Windsor Road, Austin, Texas 78703: \$262.50.

Page 2: Part III: Line 1: Exempt Purposes

The exempt purposes of the Austin Investigative Reporting Project are stated in:

- a. Article 5 of Exhibit A, attached to Form 202, Certificate of Formation, Nonprofit Corporation.
- b. Bylaws of Austin Investigative Reporting Project, page 2, Article 2, Section 1.

Page 2: Part III: Line 2b: Distribution of Assets Upon Dissolution

The instructions for distribution of assets upon dissolution of the Austin Investigative Reporting Project are stated in:

- a. Exhibit B, page 2, final paragraph, attached to Form 202, Certificate of Formation, Nonprofit Corporation.
- b. Bylaws of Austin Investigative Reporting Project, page 14, Article 8, Section 3.

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Page 2: Part IV: Narrative Description of Activities

Past activities: In late January 2009, Kenneth W. Martin began searching the Internet to learn about online independent news organizations in the United States. This research formed the basis for plans to start the Austin Investigative Reporting Project.

Martin researched the content, format and staffing of some two dozen online news organizations of varying sizes. Many of them are nonprofit operations that have been able to attract grant funding and private contributions sufficient to fund continuing news reporting operations.

Inspired by what he found in the nonprofit online news organizations, Martin brainstormed names for use with a nonprofit online news website whose coverage is centered on Austin, Texas. The name chosen: The Austin Bulldog.

Martin checked public online records of the Texas Secretary of State (www.sos.state.tx.us/corp/sosda/index.shtml) and learned of an existing corporation, The Austin Bulldog Club. Further, Martin learned that Texas law precluded formation of a new Texas nonprofit corporation named The Austin Bulldog. Hence, Martin decided it would be appropriate to form the corporation in the name of the Austin Investigative Reporting Project, but operate the news site as www.theaustinbulldog.org.

On January 29, 2009, a domain name was purchased for use with the new nonprofit news operation: www.theaustinbulldog.org.

On February 10, 2009, Martin submitted an online application for a New Voices grant in competition sponsored by the John

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S. and James L. Knight Foundation, a nonprofit 501(c)(3) philanthropic organization. The application stated that the grant, if approved, would be used to start a nonprofit, nonpartisan online news site for independent investigative reporting in the public interest. Our goal is to go beyond the limits of top-down, one-way coverage that lectures. Instead, we will strive to engage our readers in a two-way dialog that advances the cause of democracy, freedom of information and open government. Our target audience includes the residents of Austin, Texas, and surrounding communities, elected and government officials, activists, environmentalists, neighborhood organizations and others.

During the months of March and April 2009, Martin met with local journalists, publishing professionals and two potentially significant donors to discuss plans for the Austin Investigative Reporting Project and to gather feedback and advice.

On April 17 and April 18, 2009, Martin attended the 10th International Symposium on Online Journalism at the University of Texas at Austin (<http://online.journalism.utexas.edu>) to learn more about reporting trends and online publishing methods that might be applied to the Austin Investigative Reporting Project.

On April 22, 2009, an announcement was made by J-Lab, The Institute for Interactive Journalism at American University in Washington, D.C., that a New Voices grant in the amount of \$25,000 would be awarded to the Austin Investigative Reporting Project (dba The Austin Bulldog). The announcement stated these monies, provided by the John S. and James L. Knight Foundation, a nonprofit 501(c)(3) philanthropic organization, would be disbursed in three increments over a period of about thirteen months.

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On May 14, 2009, the Texas Secretary of State issued the Austin Investigative Reporting Project a Certificate of Formation for a Nonprofit Corporation.

Because the Austin Investigative Reporting Project is too long and cumbersome for the name of a news publication, the organization will do business as The Austin Bulldog. To that end, on May 22, 2009, Martin filed and recorded an assumed name certificate for The Austin Bulldog with the Texas Secretary of State. On May 26, 2009, he filed and recorded the assumed name for The Austin Bulldog with the County Clerk of Travis County, Texas, the county in which The Austin Bulldog offices and will do business.

During the month of May, 2009, Martin worked with accountant Mickey Mann and attorney Donald R. Flournoy to obtain professional advice about how to properly prepare bylaws for the Austin Investigative Reporting Project. These professionals also reviewed and critiqued Martin's original draft application Form 1023 for submission to the IRS, to apply for approval as a 501(c)(3) corporation authorized to accept tax-deductible donations to help fund our news gathering operations.

The board of the Austin Investigative Reporting Project adopted bylaws for the organization on June 4, 2009.

A checking account for the Austin Investigative Reporting Project (dba The Austin Bulldog) was opened at the University Federal Credit Union in Austin, Texas, on June 5, 2009, with a deposit of \$10,000, the initial increment of funding received from the New Voices grant.

In late July and early August 2009, Martin continued to review and revise the Form 1023 application, using guidance contained in the instructions provided by the IRS and the book

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How to Form a Nonprofit Corporation (Nolo, 8th Edition, July 2007).

Present activities: The website for The Austin Bulldog is being developed with the assistance of an independent professional, Steven Flood. The website will use an open-source program, Joomla, an award-winning content management system that enables building websites and powerful online applications. Meanwhile Martin is doing additional research to:

- a. Refine the scope and features of the website for publishing news and commentary within our scope of funding.
- b. Plan and prioritize the initial stories to be reported and published when the website goes live.

Planned activities:

The initial Board of Directors will work to select and recruit additional board members who are credible and competent representatives of the Austin Investigative Reporting Project, who have a good reputation in the community, and who are willing to devote sufficient time and energy to help The Austin Bulldog achieve its specific objectives and purposes, as stated in Article 2, Section 2, of the Bylaws.

Martin will recruit a broad cross section of local opinion leaders to write occasional commentary articles for the website on matters of community interest.

Within the scope of available funding, Martin will hire experienced freelance writers for investigative reporting projects covering matters of public importance.

When the website design has been completed and the website has been loaded with initial content and thoroughly tested, we will begin reporting operations and launch The Austin Bulldog

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website. Thereafter we will add information to update the website regularly.

The news and commentary published on the website will be available free of charge on the Internet to anyone who wishes to read it. The news and commentary are, in fact, intellectual property and as such will be published under a Creative Commons license (see <http://creativecommons.org>) to allow people, including other media, to copy and distribute the work provided they give credit to The Austin Bulldog.

As part of the efforts to raise seed money for The Austin Bulldog's reporting in the public interest, board members will personally make presentations to a select number of the most promising prospective donors.

Our anticipated sources of additional ongoing funding are grants and individual contributions.

We will apply for grants from philanthropic organizations that are interested in promoting professional local journalism. To that end, we will continue our research to find foundations, both local and national, that have programs to provide such grants.

The Austin Bulldog will appeal to its readers for individual contributions, both one-time donations and monthly recurring donations. Such appeals will be made by emphasizing throughout the website that news gathering operations are funded by readers. To enhance our ability to accept these donations, The Austin Bulldog website will have a merchant services account to provide for secure e-commerce transactions for processing individual contributions through credit and debit cards and online services such as PayPal.

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In addition, all e-mail correspondence, such as news alerts issued to announce breaking news stories, will contain appeals for donations.

The Austin Bulldog is scheduled to receive an additional \$7,000 from the New Voices grant in mid-December 2009.

The Austin Bulldog is scheduled to receive a final \$8,000 from the New Voices grant in June 2010, provided that amount can be matched with other revenue.

Page 2: Part V; Line 1a, Compensation

Pursuant to Article 3, Section 6, of the corporation's bylaws, directors will serve without compensation other than reasonable expenses incurred in the performance of their duties.

Kenneth W. Martin shall serve without compensation in his capacity as president of the corporation. He may be paid up to \$18,000 per year for his full-time work as editor and publisher of The Austin Bulldog. Such compensation has been approved in accordance with Article 9, Section 5 of the bylaws of the Austin Investigative Reporting Project. (Section 5 begins on page 18 of the bylaws.)

Page 3: Part V: Line 1c, Independent Contractors

This newly formed nonprofit corporation has no current plans to contract for services with outside persons or companies. If and when it does, any such contracts will provide for payment in commercially reasonable amounts in return for services related to the exempt functions of this nonprofit.

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Page 3: Part V: Line 2a, Relationships

Are any of your officers, directors, or trustees **related** to each other through **family** or **business relationships**? If “Yes,” identify the individuals and explain the relationship.

Kenneth W. Martin and Rebecca L. Melançon are married

Page 3: Part V: Line 2c, Relationships

Kenneth W. Martin and Rebecca L. Melançon are married

Page 3: Part V: Line 3a, Highest Compensated Employee

Name: Kenneth W. Martin

Qualifications: Major, U.S. Marine Corps (retired 1978). Graduated from the University of Texas at Austin (1982) with a degree in the humanities and minors in journalism and Spanish. Professional journalist for 28 years at seven different publications based in Central Texas, including two previous startups that he co-owned. Winner of two national first-place awards for investigative reporting that resulted in successful criminal prosecutions, as well as numerous other awards for journalistic excellence.

Average hours worked: Will work approximately 40 hours a week or more once The Austin Bulldog website is launched.

Duties: Hire freelance reporters for investigative reporting projects, recruit community opinion leaders to write commentary, edit articles, upload articles to the website, write commentary, investigate wrongdoing in the public and private sectors, and write in-depth and investigative stories.

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Page 3: Part V: Line 4a: Compensation Arrangements

The Austin investigative Reporting Project has adopted a conflict of interest policy that controls the approval of salaries to directors, officers and other “disqualified persons” as defined in Section 4958 of the Internal Revenue Code. See Article 9, as well as Article 3, Section 6; and Article 4, Section 10; of the bylaws attached to this application. Also, Article 9, Section 5, of this organization’s bylaws applies additional conflict of interest requirements on the board and compensation committee when approving compensation arrangements.

Page 3: Part V: Line 4b: Compensation Arrangements

Article 9, Section 3, of the Austin investigative Reporting Project’s bylaws requires the approval of compensation of directors, officers and any “disqualified person” as defined in Section 4958 of the Internal Revenue Code in advance and after full disclosure of the surrounding facts and approval of disinterested members of the governing board or committee and prior to entering into the compensation agreement or arrangement. Further, Article 9, Section 5a, of this organization’s bylaws requires specific approval of compensation arrangements prior to the first payment of compensation under such arrangements.

Page 3: Part V: Line 4c: Compensation Arrangements

Article 9, Section 4, of the Austin investigative Reporting Project’s bylaws, which are attached to this application, requires the taking of written minutes of meetings at which

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compensation paid to any director, officer, or other “disqualified person” as defined in Section 4958 of the Internal Revenue Code, are approved. The minutes must include the date and terms of the approved compensation arrangements. Further, and specifically with respect to the approval by the board and compensation committee of compensation arrangements, Article 9, Section 5d, of the organization’s bylaws requires the written recordation of the date and terms of compensation arrangements as well as other specific information concerning the basis for the approval of compensation arrangements.

Page 4: Part 5 V: Line 4d: Compensation Arrangements

Article 9, Section 4, of the Austin investigative Reporting Project’s bylaws, which are attached to this application, requires the written recordation of the approval of compensation and other financial arrangements between this organization and a director, officer, employee, contractor, and any other “disqualified person” as defined by Section 4958 of the Internal Revenue Code, including the names of the persons who vote on the arrangement and their votes. Further, and specifically with respect to the approval by the board or compensation committee of compensation arrangements, Article 9, Section 5d, of the organization’s bylaws requires the written recordation of the members of the board or committee who were present during discussion of the approval of compensation arrangements, those who voted for it, and the votes cast by each board or committee member.

Page 4: Part V: Line 4e: Compensation Arrangements

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Notwithstanding Article 9, Section 5c, of the Austin investigative Reporting Project's bylaws, which require that the board or compensation committee considering the approval of a compensation arrangement obtain compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions; the availability of similar services in the geographic area of this organization; current compensation surveys compiled by independent firms; and actual written offers from similar institutions competing for the services of the person who is the subject of the compensation arrangement, the maximum compensation for Editor and Publisher Kenneth W. Martin, an award-winning journalist with 28 years of experience, will be \$18,000 per year, subject to the availability of funds, which equates to about \$9.00 an hour for full-time work. This is obviously so far below market rates as to make it unnecessary to refer to compensation studies. In addition, the small amount of funding this organization expects to raise would make obtaining such studies impracticable.

Page 4: Part V: Line 4f: Compensation Arrangements

Article 9, Section 5d, of the Austin investigative Reporting Project's bylaws requires that the written minutes of the board or compensation committee meeting at which a compensation arrangement was discussed and approved include the terms of compensation and the basis for its approval. This bylaw provision includes a list of specific information that must be included in the required written minutes.

Page 4: Part V: Line 4g: How Reasonable Compensation Was Set

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See answer to Part 5: Line 4e, above.

Page 4: Part V: Line 5a Conflict of Interest Policy

The board of directors of the Austin Investigative Reporting Project has adopted bylaws that contain a conflict of interest policy. The policy is set forth in Article 9 of the attached bylaws. The policy is based on the sample conflict of interest policy contained in Appendix A of the official instructions to IRS Form 1023. The organization has added additional requirements in Article 9, Section 5, of its bylaws for the approval of compensation arrangements that are based on additional requirements contained in IRS Regulation Section 53.4958-6 to help ensure that all compensation arrangements are made by disinterested members of the organization's board or a duly constituted compensation committee of the board that are fair, reasonable, and in furtherance of the tax-exempt purposes of the organization.

Page 5: Part VI: Line 1a, Services Provided to Individuals

The Austin Bulldog will provide the service of reporting in the public interest. The reporting will be published online via the website on a continuing basis, free and accessible to all members of the public-at-large who visit the website.

Page 5: Part VIII: Line 1, Political Campaigns

The Austin Bulldog will be a journalistic enterprise founded to provide professional reporting in the public interest. We will not support, oppose or endorse candidates in political campaigns. We will report on political campaigns and provide full and fair

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exposition of pertinent facts to permit an individual or members of the public to form an independent opinion or conclusion about the qualifications of the political candidates we cover.

Page 5: Part VIII: Line 2a, Not Influence Legislation

The Austin Bulldog will be a journalistic enterprise founded to provide professional reporting in the public interest. We will report on legislation and provide full and fair exposition of pertinent facts to permit an individual or members of the public to form an independent opinion or conclusion about the legislation we cover. We will not directly contact or urge the public to contact members of a legislative body for the purpose of proposing, supporting, or opposing legislation.

Page 6: Part VIII: Line 4a, Fundraising

Our initial fund-raising goals, as outlined in Part IX of this application, are quite modest. All funds raised for The Austin Bulldog will be used for purposes that directly support the mission of reporting in the public interest on a continuing basis. Fundraising will be conducted only by board members and staff of The Austin Bulldog and these individuals will receive no compensation for fundraising activities.

E-mail: The Austin Bulldog will solicit contributions via e-mail to people who register on the website to receive e-mail alerts about breaking stories published by The Austin Bulldog, and possibly to other individuals using lists furnished by other local nonprofit organizations that may offer their e-mail lists of members to be used for this purpose.

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Personal solicitations: As part of the efforts to raise money for The Austin Bulldog's reporting in the public interest, board members will personally appeal to prospective donors.

Foundation grant solicitations: The Austin Bulldog has already won a \$25,000 grant the John S. and James L. Knight Foundation, a nonprofit 501(c)(3) philanthropic organization, to be disbursed in three increments over a period of about thirteen months. We will seek additional grant funding from any foundation whose purposes and funding priorities are aligned with reporting in the public interest.

Accept donations on the website: The Austin Bulldog's website will include a merchant services account for e-commerce transactions so that we can process donations from our readers, both one-time and recurring monthly contributions.

Page 6: Part VIII: Line 4d, States and Jurisdictions for Fundraising

As a local online news publication covering Austin, Texas, and the immediate metro area including Travis, Williamson and Hays counties, The Austin Bulldog will focus on fundraising within the immediate area, mainly in Austin. However, as an online publication, it is possible that we will receive contributions from supportive individuals in other jurisdictions and states who are interested in the reporting published by The Austin Bulldog and want to support our continuing operations.

The Austin Bulldog will fundraise only for its own operations. It will do no fundraising for another organization and will have no other organization doing fundraising for it.

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Page 6: Part VIII: Line 10 Intellectual Property

The Austin Bulldog is an online news operation established for the purpose of publishing reporting in the public interest, as well as commentary, and will, therefore, be creating intellectual property.

The Austin Bulldog staff, freelance journalists and volunteers will produce reporting and commentary, publish it via www.theaustinbulldog.org, and market it to the public through e-mail newsletters and social media, such as Facebook and Twitter.

The Austin Bulldog will own the copyright to the articles, i.e., intellectual property, it publishes. The articles will be written by staff, freelance writers (work for hire), and volunteers. The Austin Bulldog will derive no revenue from these intellectual property rights. Instead, The Austin Bulldog will publish its intellectual property using a Creative Commons license (see <http://creativecommons.org>). The Creative Commons license will allow individuals or other media to use The Austin Bulldog's intellectual property free of charge, provided such users give credit to The Austin Bulldog.

Page 9: Part IX: Line 1, Gifts, Grants & Contributions

The amounts shown are for a grant that has been approved for The Austin Bulldog. The funds are given by the John S. and James L. Knight Foundation, a nonprofit 501(c)(3) philanthropic organization. The funds are administered by J-Lab: The Institute for Interactive Journalism, American University. The first \$10,000 of that grant was received in late May 2009 and another \$7,000 is due in mid-December 2009. The final \$8,000 of the grant will be disbursed in June 2010, provided that amount can be matched with other revenue.

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The Austin Bulldog will be seeking other grant funding as appropriate sources are identified.

Page 9: Part IX: Line 7, Revenue otherwise not listed

The Austin Bulldog has received no other funding to date but plans to solicit funds from individual donors. The Austin Bulldog also will use e-commerce on its website to process donations from its readers. All the amounts shown here are projections.

Page 9: Part IX: Line 18, Other Salaries and Wages

The amounts shown are salary for the editor and publisher. For more information, see information supplied above for Page 3: Part V: Line 3a, Highest Compensated Employee.

Page 9; Part IX: Line 22, Professional Fees

Professional review of forms for certificate of formation and IRS Form 1023 by accountant and attorney before filing: \$563

Contractor to create The Austin Bulldog website: \$1,500

Total professional fees: \$2,063

Page 9: Part IX: Line 23, Expenses not otherwise classified

Year 1 One-time startup other expenses

Filing fees for Certificate of Formation as a Texas nonprofit incorporation \$50

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Filing fee, Texas Assumed Name Certificate	\$50
Filing fee for Travis County, Texas, Assumed Name Certificate	\$18
Filing fee for IRS Form 1023	\$750
One-time startup expenses subtotal:	\$868

Year 1 annual ongoing expenses

Website hosting, tech support per year:	\$2,500
Internet broadband service:	\$1,800
Telephone service (cell & land line):	\$1,200
Audit and preparation of tax filings:	\$1,000
Subtotal of Year 1 ongoing annual expenses:	\$6,500

Year 1 Fees for freelance writing services: \$7,069

Year 1 Grand total of other expenses: \$14,437

Year 2 annual ongoing expenses

Website hosting, tech support per year:	\$2,500
Internet broadband service:	\$1,800
Telephone service (cell & land line):	\$1,200
Audit and preparation of tax filings:	\$1,000
Subtotal of Year 2 ongoing annual expenses:	\$6,500
Year 2 Fees for freelance writing services:	\$8,500

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Year 2 Grand total of other expenses: \$15,000

Year 3 annual ongoing expenses

Website hosting, tech support per year: \$2,500

Internet broadband service: \$1,800

Telephone service (cell & land line): \$1,200

Audit and preparation of tax filings: \$1,000

Subtotal of Year 3 ongoing annual expenses: \$6,500

Year 3 Fees for freelance writing services: \$15,500

Year 3 Grand total other of expenses: \$22,000

Page 10: Part IX, Line 2, Accounts Receivable

Another \$7,000 of the New Voices grant is due to be disbursed in mid-December.

Page 11: Part X, Line 5g, Public Charity Status

The Austin Bulldog will not receive money from a governmental unit. Its funding will depend upon grants and donations from the general public.