Form 1023

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

OMB NO. 1545-0056 If exempt status is approved, this application will be open for public inspection.

Department of the Treasury Internal Revenue Service Read the instructions for each Part carefully.

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

Part I Identification	on of Applicant	cedural Checklist on page 8 of the instructions.			
	ization (as shown in organiz	document) 2 Employer identification numb	//TIM1\		
ra rumame or organ	ization (as shown in organiz	(If none, see page 3 of the in:	, ,		
EDUFX		94-3403230	su dodonsy		
1b c/o Name (if applic	able)	3 Name and telephone number	of person to		
		be contacted if additional info	rmation is		
tc Address (number	and atreast	needed			
to Address (number	and street)	Acom/sulte			
PO BOX 31932		JAMES STANISLAW (866	8) 894-2000		
1d City, town, or post	office, state, and ZIP + 4. If				
see Specific Instru	ctions for Part I, page 3.	DECEMBER			
0441 5044101000	04	5 Date incorporated or form	ed		
SAN FRANCISCO 1e Web site address	, CA 94131-0932	Check have if applying under costions			
WWW.EDUFX.OF	iG.	Check here if applying under section: 501(e) 501(f) 501(k)	501(n)		
		n of exemption under this Code section or under any	301(1)/		
			No X		
lf "Yes," attach an			740, 74		
		orm 990-EZ)?	No		
	xplanation (see instructions)	752			
DOCUMENTS TO	THE APPLICATION BEFOR	CH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING. (See Specific Instructions, Part I, Line 10, on page 3.) Get n, for examples of organizational documents.)	NG		
a X Corporation -	Attach a copy of the Artic	of Incorporation, (including amendments and restatements) showing			
		state official; also include a copy of the bylaws.			
b Trust -	Attach a copy of the Tru	denture or Agreement, including all appropriate signatures and dates	•		
c Association -		of Association, Constitution, or other creating document, with a declaridence the organization was formed by adoption of the document by e a copy of the bylaws.			
If the organization is	a corporation or an unincorpora	association that has not yet adopted bylaws, check here	, , .		
I declare under the penaltie		plication on behalf of the above organization and that I have examined this application, including the	<u> </u>		
Please					
Sign		CEO/EXECUTIVE DIRECTOR			
lere	(Signature)	(Title or authority of signer)	(Date)		
or Paperwork Reduction A					

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Part II Activities and Operational Information

Provide a detailed narrative description of all the activities of the organization - past, present, and planned. DO NOT MERELY
REFER TO OR REPEAT THE LANGUAGE IN THE ORGANIZATIONAL DOCUMENT. List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

SEE ATTACHMENT

What are or will be the organization's sources of financial support? List in order of size.
 GRANTS FROM FOUNDATIONS
 GRANTS FROM PRIVATE SECTOR COMPANIES
 GRANTS FROM GOVERNMENT AGENCIES
 CONTRIBUTIONS FROM PRIVATE INDIVIDUALS

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

THE ORGANIZATION PLANS TO CONDUCT FUNDRAISING EFFORTS BY REQUESTING GRANTS FROM FOUNDATIONS, GOVERNMENT AGENCIES, AND PRIVATE SECTOR COMPANIES AND INDIVIDUALS. TO DATE, NO FUNDRAISING ACTIVITIES HAVE BEEN INITIATED. FUNDRAISING ACTIVITIES WILL BE CONDUCTED BY VOLUNTEERS, BOARD MEMBERS, STAFF, AND POSSIBLY PROFESSIONAL GRANT WRITERS.

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DETAILED ANALYSIS OF ACTIVITIES

Following are the activities in which the organization will engage. The relative importance and percentage of time spent on each activity will vary over time.

Initially, the organization will engage in researching the issues relating to the underperformance of students in grades K-12 within the U.S. education system. The purpose of this research is to identify problem areas and issues of concern with respect to the overall effectiveness of the U.S. education system. The results of this research will allow the organization to begin research on methods of improving the U.S. education system, which is the organization's foremost exempt purpose. The activity will be conducted by the staff of the organization, under the direction of the Research Director and the Executive Director. The activity will be on a nationwide basis and will require approximately 35 percent of the time during the first 18 months after start-up and 10 percent during the second 18 months after start-up. After the initial research is completed, ongoing research will involve approximately 5 percent of the time.

Once the problem areas and issues of concern have been identified, the organization will undertake research on methods of improving the U.S. education system. The best methods for improving the U.S. education system will be identified and will be tested for validity and effectiveness. Subsequently, processes to implement these methods will be developed. The results of this activity will allow the organization to identify and promote methods and processes for the improvement of the U.S. education system in furtherance of the organization's stated exempt purpose. The activity will be conducted by the staff of the organization, and possibly outside organizations, under the direction of the Research Director and the Executive Director. The activity will be on a nationwide basis and will require approximately 45 percent of the time during the first 18 months after start-up. After the initial phase is completed, ongoing research will involve approximately 25 percent of the time.

After the methods and processes for improving the U.S. education system have been developed, the organization will undertake development of one or more prototype modules needed to implement the processes. These modules will be tested and refined as needed. The knowledge gained in the research and development will be made available to the public. By developing working examples of the methods and processes, the organization will be better able to promote methods and processes for the improvement of the U.S. education system in furtherance of the organization's stated exempt purpose. The activity will be conducted by the staff of the organization, and possibly outside organizations, under the direction of the Research Director and the Executive Director. The activity will be on a nationwide basis and will require approximately 45 percent of the time during the second 18 months of the organization's existence. After the initial phase is completed, ongoing research will involve approximately 35 percent of the time.

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The organization will engage in activities geared towards the promotion of the improved methods and processes as identified above. Examples of these activities include presentations at conferences, public service announcements, press interviews, and providing material and training for pilot programs in selected schools. Activities also include providing information and training to industries desiring to become suppliers of modules based on EduFX supported methods and processes. These activities will be ongoing and will begin during the first 18 months and will allow the organization to further its stated exempt purpose of promoting methods and processes for the improvement of the U.S. education. The activity will be conducted by the staff of the organization, and possibly outside organizations, under the direction of the Research Director and the Executive Director. The activity will be on a nationwide basis and will require approximately 10 percent of the time during the first 18 months and 15 percent during the second 18 months. After the initial phases are completed, this activity will involve approximately 30 percent of the time.

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Par	t ii Activities a	and Operational Information	(Continued)	
		information about the organization's gove		
a d	JAMES STANISL DAVID WALKER, CHRIS CRAWFO ALVIN PLATT, DII JAMES STANISL DAVID WALKER,	s, and titles of officers, directors, trustees AW, CEO/EXEC. DIR, 595 MARKET ST, SEC'Y/RESEARCH DIR., 444 S. 21ST S RD, DIRECTOR, 2349 STERLING CREE RECTOR, 490 EL CAPITAN PLACE, PAL AW, DIRECTOR, 595 MARKET ST., STE DIRECTOR, 444 S. 21ST ST., SAN JOS TO BE FILLED AS SOON AS POSSIBLE	STE 2500, SAN FRANCISCO, CA 94105 ST., SAN JOSE, CA 95116 EK RD, JACKSONVILLE, OR 97530 .O ALTO, CA 94306 .2500, SAN FRANCISCO, CA 94105 E, CA 95116	b Annual Compensation 100,000 100,000 0 0 0 0
c	officials or being a	ve persons serve as members of the gove appointed by public officials? , , , se se persons and explain the basis of their		es No X
d	organization (other members have eith Instructions, Part I If "Yes," explain. JAMES STANISLA	of the organization's governing body "disc r than by reason of being a member of the her a business or family relationship with ' I, Line 4d, on page 3.) AW IS AN OFFICER OF THE ORGANIZATIO	e governing body) or do any of the "disqualified persons"? (See Specific Y TION	es X No
5	Is the organization relationship with a	the outgrowth of (or successor to) anothe	r organization?	
6	any political organi grants; (b) purchas guarantees; (e) rei fundraising solicitat paid employees?	ganization directly or indirectly engage in a zation or other exempt organization (other ses or sales of assets; (c) rental of facilitie mbursement arrangements; (f) performar tions; or (g) sharing of facilities, equipmen	r than 501(c)(3) organization): (a) s or equipment; (d) loans or loan nce of services, membership, or it, mailing lists or other assets, or	es No X
7	If "Yes," explain an	financially accountable to any other orga d identify the other organization. Include o ports if any have been submitted.	nization? Yedetails concerning accountability or	no X

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Part	: II	Activities	s and Operational Information	(Continued)	
	pro	ducing inves		e performance of its exempt function? (Do not include property perational, explain their status, what additional steps remain to e," indicate "N/A."	
9			tion be the beneficiary of tax-exempt bond financin	ng within the next 2 years? Yes	No X
			organization's facilities or operations be mana		
đ	und Is ti	der a contrac he organiza ither of thes	ctual agreement?		No X No
	lf "\	Yes," comple	ete the following:	attach a schedule of membership fees and dues.	No X
			rganization's present and proposed efforts to ature or promotional material used for this pu		
¢	Wh	at benefits c	do (or will) the members receive in exchange	for their payment of dues?	
	req	uired, to pay	on provides benefits, services, or products, a for them?	X N/A Yes	No
	of it	ndividuals?	organization limit its benefits, services, or pro	X N/A Yes	No
	lf "Y	'es," explain	organization attempt to influence legislation? Also, give an estimate of the percentage of s to devote to this activity.	? Yes the organization's time and funds that it	No X
	or d	es or will the listribution o 'es," explain		campaigns, including the publication Yes	No X

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Part	ili Technical Re	quirements		
1	was created or form		d of the month in which your organization	No
2	If one of the exceptic question 7. Exceptions - You are ls a church integrated b ls not a pr	ns to the 15-month filing requirem not required to file an exemption on interchurch organization of local auxiliary of a church. See Specificate foundation and normally has dinate organization covered by a gainsteen organization orga	ent shown below applies, check the appropriate box and proceed to application within 15 months if the organization: I units of a church, a convention or association of churches, or an ic instructions, Line 2a, on page 4; gross receipts of not more than \$5,000 in each tax year; or group exemption letter, but only if the parent or supervisory organization	
3	If the organization do 27 months from the If "Yes," your organiz	end of the month in which the orga ation qualifies under Regulation s nonth filing requirement. Do not ar	on line 2 above, are you filing Form 1023 within anization was created or formed?	No
4	under the "reasonabl requirements of Reg If "Yes," give the reas	e action and good faith" and the "i ulations section 301.9100-3? cons for not filing this application w ons, Part III, Line 4, before compl	wish to request an extension of time to apply no prejudice to the interest of the government" Yes within the 27-month period described in question 3. etlng this item. Do not answer questions 5 and 6.	No
	can be recognized or do you want us to co 501(c)(3) organizatio	nly from the date this application is disider the application as a request on from the date the application is r	ualification as a section 501(c)(3) organization filed with your key District Director. Therefore, t for recognition of exemption as a section received and not retroactively to the date the	No
	the period beginning application was recei	with the date the organization was	d wish to request recognition of section 501(c)(4) status for somed and ending with the date the Form 1023 nization's section 501(c)(3) status), check here oplication.	~~~

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Part	III Techn	ical Requirements	(Continued)		
7 [Yes (A	zation a private foundation? nswer question 8.) nswer question 9 and proceed.	es instructed.)		
8 [r "Yes" to the question on line 7 omplete Schedule E)	, does the organization claim to be a private o	operating foundation?	
	After answer	ing question 8 on this line, go to	line 14 on page 7.		
9	requesting by	checking the box below that m	indicate the public charity classification the or lost appropriately applies:	-	
		a church or a convention or as		Sections 509(a)(1)	
-	(C	HURCHES MUST COMPLETE	SCHEDULE A.)	and 170(b)(1)(A)(i)	
	b As	a school (MUST COMPLETE	SCHEDULE B.)	Sections 509(a)(1) and 170(b)(1)(A)(ii)	
-	c As me	a hospital or a cooperative hos	pital service organization, or a erated in conjunction with a hospital cospital service organizations,	Sections 509(a)(1) and 170(b)(1)(A)(iii)	
_	. —	***************************************		Sections 509(a)(1)	
-		a governmental unit described		and 170(b)(1)(A)(v)	···
	or	being operated solely for the bomore of the organizations desc. UST COMPLETE SCHEDULE		Section 509(a)(3)	
-	f As	being organized and operated		OSCILAT GOS(B)(G)	
-		fety.		Section 509(a)(4)	
		being operated for the benefit of		Section 509(a)(1)	
-		ned or operated by a government		and 170(b)(1)(A)(iv)	
		receiving a substantial part of i ntributions from publicly support		Sections 509(a)(1)	
		vernmental unit, or from the ger	-	and 170(b)(1)(A)(vi)	
_	I As	normally receiving not more the	an one-third of its support from		
	gro	ess investment income and mor	e than one-third of its support from		
			nd gross receipts from activities		
-	rei	ated to its exempt functions (su	oject to certain exceptions).	Section 509(a)(2)	
	JTh	e organization is a publicly supp	orted organization but is not sure	Sections 509(a)(1) and	
	wh	ether it meets the public suppor	rt test of block h or block i. The	170(b)(1)(A)(vi) or	
	org	ganization would like the IRS to	decide the proper classification.	Section 509(a)(2)	

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

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Par	t III Technical Requirements (Continued)			
10	If you checked box h, i, or j on line 9, has the organization completed a tax year of at least 8 months? Yes - Indicate whether you are requesting:			
	A definitive ruling (Answer questions on lines 11 through 14.)			
	An advance ruling (Answer questions on lines 11 and 14 and attach two Forms 872-C completed	and	signed	l.)
	X No - You must request an advance ruling by completing and signing two Forms 872-C and attaching the	nem to	o the	
11	application. If the organization received any unusual grants during any of the tax years shown in Part IV-A, attach a list for	or eac	h year	
	showing the name of the contributor; the date and the amount of the grant; and a brief description of the nat	ure o	f the gr	ant.
	N/A			
			1	
12	If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here		and:	
	Enter 2% of line 8, col. (e), total, of Part IV-A 43,100			
b	Attach a list showing the name and amount contributed by each person (other than a governmental unit or "psupported" organization) whose total gifts, grants, contributions, etc., were more than the amount entered of			
		THIC	120.	
	If you are requesting a definitive ruling under section 509(a)(2), check here and:			
a	For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amou each "disqualified person." (For a definition of "disqualified person," see Specific Instructions, Part II, Line 4	nt rec d. on	eiveat pa3.)	rom
b	For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received	Ifrom		
	each payer (other than a "disqualified person") whose payments to the organization were more than $\$5,000$ this purpose, "payer" includes, but is not limited to, any organization described in sections $170(b)(1)(A)(i)$ three payments in the organization of the organization of the organization of the organization were more than $\$5,000$ this purpose, "payer" includes, but is not limited to, any organization described in sections $170(b)(1)(A)(i)$ three organization of the organization were more than $\$5,000$ this purpose, "payer" includes, but is not limited to, any organization described in sections $170(b)(1)(A)(i)$ three organization of the organization were more than $\$5,000$ this purpose, "payer" includes, but is not limited to, any organization described in sections $170(b)(1)(A)(i)$ three organization of the			
	(vi) and any governmental agency or bureau.	349 (1		
14	Indicate if your organization is one of the following. If so, complete the required schedule.	·		If "Yes,"
	(Submit only those schedules that apply to your organization. Do not submit blank schedules.)	Yes	No	complete Schedule:
	to the conscious of the LO			
	Is the organization a church?		Х	Α
	le the organization, or any part of it, a school?		х	В
	Is the organization, or any part of it, a hospital or medical research organization?		$ \mathbf{x} $	С
	Is the organization a section 509(a)(3) supporting organization?		х	D
	Is the organization a private operating foundation?		х	E
	Is the organization, or any part of it, a home for the aged or handicapped?		х	F
	Is the organization, or any part of it, a child care organization?		х	G
	Does the organization provide or administer any scholarship benefits, student aid, etc.?		х	Н
	Has the organization taken over, or will it take over, the facilities of a "for profit" institution?		х	1
	Broth montations			•

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Part IV Financial Data

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

Rev	enue	Current		<u>ient of Revenue and</u>		~	
		year		3 prior tax y	for 2 years		
1	Gifts, grants, and contributions received (not	(a) From to	6/26/01 12/31/01	(b) 19 2002	(c) 19 2003	(d) 19	(e) TOTAL
_	including unusual grants)		280,000	825,000	1,050,000		2,155,00
2	Membership fees received						
3	Gross investment income]	İ	
	(see instructions) , , ,						
4	Net income from						
	organization's unrelated business activities not						
	included on line 3						
5	Tax revenues levied for and	·	•				
_	either paid to or spent on						
	behalf of the organization					İ	
6	Value of services or				···		
	facilities furnished by a						
	governmental unit to the						
	organization without charge						
	(not including the value of		1				
	services or facilities						
	generally furnished the						
-	public without charge) . , , ,			****			
′	Other income (not including						
	gain or loss from sale of						
	capital assets) (attach						
8	schedule)		550 000	ADE 880	4.050.000		
9	Total (add lines 1 through 7)		280,000	825,000	1,050,000	0	2,155,00
ð	Gross receipts from admissions, sales of						
	merchandise or services, or						
	furnishing of facilities in any		İ				
	activity that is not an						
	unrelated business within						
	the meaning of section 513.		ŀ				
	Include related cost of sales on line 22.						
	Total (add lines 8 and 9)		280,000	825,000	1,050,000	0	2,155,00
1	Gain or loss from sale of						
	capital assets (att. sch.)						
12	Unusual grants						·
13	Total revenue (add lines 10						
	through 12)	1	280,000	825,000	1,050,000	0	2,155,00
	ees						
	Fundraising expenses , , ,	ļ	5,000	12,000	19,000		
5	Contributions, gifts, grants,						
	and similar amounts paid		1				
6	(attach schedule)					2	
4	Dispursements to or for benefit of members (attach		1				
	schedule) , , , .						
7	Compensation of officers.	h					
•	directors, and trustees						
	(attach schedule)		100,000	280,000	280,000		
8	Other salaries and wages	****	70,000	170,000			
_	Interest		,000	170,000	250,000		
_	Occupancy (rent, utilities, etc.)		12,000	36,000	48,000		
	Depreciation and depletion		. ~, ~ ~ ~	30,000	40,000		
	Other (attach sch.)		80,200	309,300	439,600		
_	Total expenses (add lines			4447240	-100,000		
	14 through 22)		267,200	807,300	1,036,600	o	
		***			.,000,000		
	Excess of revenue over						
4	Excess of revenue over expenses (line 13 minus						e de la companya de la companya de la companya de la companya de la companya de la companya de la companya de

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SCHEDULE TO PART IV FINANCIAL DATA

LINE 17 COMPENSATION OF OFFICERS

NAME	POSITION	HOURS	COMPENSATION
JAMES STANISLAW	CEO/EXEC. DIRECTOR	40+/WK	100,000
DAVE WALKER	RESEARCH DIRECTOR	40+/WK	100,000
(TO BE HIRED BEGINNING 2002)	CHIEF FINANCIAL OFFICER	40/WK	80,000

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SCHEDULE TO PART IV FINANCIAL DATA

LINE 22 OTHER EXPENSES	CURRENTYR	2002	<u>2003</u>
TRAVEL	10,000	24,000	36,000
RESEARCH & DEVELOPMENT	20,000	200,000	300,000
PILOT PROGRAM MATERIAL	-	5,000	10,000
WEBSITE DEVELOPMENT/MAINTENANCE	20,000	10,000	10,000
OFFICE EQUIPMENT	3,000	4,000	4,000
SUPPLIES	1,000	2,000	2,000
TELEPHONE	3,300	5,000	6,500
PAYROLL TAX/BENEFITS	20,400	54,000	63,600
INSURANCE	1,000	2,000	3,500
MISCELLANEOUS	1,500	3,300	4,000
TOTAL	80,200	309,300	439,600

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Pari	IV Financial Data (Continued)		•
	B. Balance Sheet (at the end of the period shown)		Current tax year
	Assets		2001
1	Cash	1	0
2	Accounts receivable, net	, 2	0
3	Inventories		0
4	Bonds and notes receivable (attach schedule)	4	0
5	Corporate stocks (attach schedule)	5	0
6	Mortgage loans (attach schedule)	6	o
7	Other investments (attach schedule)		0
8	Depreciable and depletable assets (attach schedule)	8	o
9	Land	9	0
10	Other assets (attach schedule)	10	0
11	Total assets (add lines 1 through 10)	11	0
	Liabilities		
12	Accounts payable		0
13	Contributions, gifts, grants, etc., payable	13	0
14	Mortgages and notes payable (attach schedule)	14	0
15	Other liabilities (attach schedule)	15	0
16	Total liabilities (add lines 12 through 15)	16	0
	Fund Balances or Net Assets		
17	Total fund balances or net assets		0
18	Total liabilities and fund balances or net assets (add line 16 and line 17)		0