

# Return of Organization Exempt From Income Tax

Under section 501(c) of the Internal Revenue Code (except black lung benefit trust or private foundation) or section 4947(a)(1) nonexempt charitable trust

1996

This Form is Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

**Note:** The organization may have to use a copy of this return to satisfy state reporting requirements.

**A** For the 1996 calendar year, OR tax year period beginning JULY 1, 1996, and ending JUNE 30, 1997

**B** Check if:

- Change of address
- Initial return
- Final return
- Amended return (required also for State reporting)

Please use IRS label or print or type. See Specific Instructions.

**C** Name of organization  
**NAUTILUS OF AMERICA, INC.**

Number and street (or P.O. box if mail is not delivered to street address) Room/suite  
**1831 SECOND STREET**

City, town, or post office, state, and ZIP+4  
**BERKELEY, CA 94710-1902**

**D** Employer identification number

**95 3608292**

**E** State registration number

**D-1014921**

**F** Check  if exemption application is pending

**G** Type of organization →  Exempt under section 501(c)( 3 ) (insert number) OR  section 4947(a)(1) nonexempt charitable trust

**Note:** Section 501(c)(3) exempt organizations and 4947(a)(1) nonexempt charitable trusts MUST attach a completed Schedule A (Form 990).

**H(a)** Is this a group return filed for affiliates? . . . . .  Yes  No

**I** If either box in H is checked "Yes," enter four-digit group exemption number (GEN) ▶ N/A

**(b)** If "Yes," enter the number of affiliates for which this return is filed: . . . ▶ N/A

**J** Accounting method:  Cash  Accrual

**(c)** Is this a separate return filed by an organization covered by a group ruling?  Yes  No

**K** Check here  if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if it received a Form 990 Package in the mail, it should file a return without financial data. **Some states require a complete return.**

**Note:** Form 990-EZ may be used by organizations with gross receipts less than \$100,000 and total assets less than \$250,000 at end of year.

**Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Specific Instructions on page 9.)**

Revenue	<b>1</b> Contributions, gifts, grants, and similar amounts received:				
	<b>a</b> Direct public support	<b>1a</b>		789,933	
	<b>b</b> Indirect public support	<b>1b</b>		-0-	
	<b>c</b> Government contributions (grants)	<b>1c</b>		-0-	
	<b>d</b> Total (add lines 1a through 1c) (attach schedule of contributors) (cash \$ <u>789,933</u> noncash \$ <u>-0-</u> )	<b>1d</b>			789,933
	<b>2</b> Program service revenue including government fees and contracts (from Part VII, line 93)	<b>2</b>			74,517
	<b>3</b> Membership dues and assessments	<b>3</b>			-0-
	<b>4</b> Interest on savings and temporary cash investments	<b>4</b>			13,473
	<b>5</b> Dividends and interest from securities	<b>5</b>			-0-
	<b>6a</b> Gross rents	<b>6a</b>		-0-	
	<b>b</b> Less: rental expenses	<b>6b</b>		-0-	
	<b>c</b> Net rental income or (loss) (subtract line 6b from line 6a)	<b>6c</b>			-0-
<b>7</b> Other investment income (describe ▶ )	<b>7</b>			-0-	
<b>8a</b> Gross amount from sale of assets other than inventory	(A) Securities		(B) Other		
	-0-	<b>8a</b>	-0-		
	<b>b</b> Less: cost or other basis and sales expenses	<b>8b</b>	-0-		
	<b>c</b> Gain or (loss) (attach schedule)	<b>8c</b>	-0-		
<b>d</b> Net gain or (loss) (combine line 8c, columns (A) and (B))	<b>8d</b>			-0-	
<b>9</b> Special events and activities (attach schedule)	<b>a</b> Gross revenue (not including \$ <u>-0-</u> of contributions reported on line 1a)	<b>9a</b>		-0-	
	<b>b</b> Less: direct expenses other than fundraising expenses	<b>9b</b>		-0-	
	<b>c</b> Net income or (loss) from special events (subtract line 9b from line 9a)	<b>9c</b>			-0-
<b>10a</b> Gross sales of inventory, less returns and allowances	<b>10a</b>		-0-		
	<b>b</b> Less: cost of goods sold	<b>10b</b>		-0-	
	<b>c</b> Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	<b>10c</b>			-0-
<b>11</b> Other revenue (from Part VII, line 103)	<b>11</b>			-0-	
<b>12</b> Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	<b>12</b>			877,923	
Expenses	<b>13</b> Program services (from line 44, column (B))	<b>13</b>		704,402	
	<b>14</b> Management and general (from line 44, column (C))	<b>14</b>		133,802	
	<b>15</b> Fundraising (from line 44, column (D))	<b>15</b>		44,973	
	<b>16</b> Payments to affiliates (attach schedule)	<b>16</b>		-0-	
	<b>17</b> Total expenses (add lines 16 and 44, column (A))	<b>17</b>			883,177
Net Assets	<b>18</b> Excess or (deficit) for the year (subtract line 17 from line 12)	<b>18</b>		(5,254)	
	<b>19</b> Net assets or fund balances at beginning of year (from line 73, column (A))	<b>19</b>		178,256	
	<b>20</b> Other changes in net assets or fund balances (attach explanation)	<b>20</b>		-0-	
	<b>21</b> Net assets or fund balances at end of year (combine lines 18, 19, and 20)	<b>21</b>			173,002

**Statement of Functional Expenses**

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See Specific Instructions on page 13.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule) (cash \$ -0- noncash \$ -0-)	-0-	-0-		
23	Specific assistance to individuals (attach schedule)	-0-	-0-		
24	Benefits paid to or for members (attach schedule)	-0-	-0-		
25	Compensation of officers, directors, etc.	165,435	107,533	33,087	24,815
26	Other salaries and wages	176,095	123,267	47,546	5,283
27	Pension plan contributions	-0-	-0-	-0-	-0-
28	Other employee benefits	42,745	28,886	10,092	3,767
29	Payroll taxes	28,754	19,431	6,789	2,534
30	Professional fundraising fees	-0-			
31	Accounting fees	2,395	1,820	479	96
32	Legal fees	-0-	-0-	-0-	-0-
33	Supplies	47,858	38,286	8,614	957
34	Telephone	19,692	16,738	1,969	985
35	Postage and shipping	4,365	3,710	436	218
36	Occupancy	53,058	45,100	5,306	2,653
37	Equipment rental and maintenance	40,410	32,328	8,082	-0-
38	Printing and publications	7,526	6,397	753	376
39	Travel	65,776	55,910	6,578	3,289
40	Conferences, conventions, and meetings	2,333	2,139	194	-0-
41	Interest	-0-	-0-	-0-	-0-
42	Depreciation, depletion, etc. (attach schedule)	13,301	13,301	-0-	-0-
43	Other expenses (itemize): a Insurance	15,097	11,474	3,623	-0-
b	Consultants	143,908	143,908	-0-	-0-
c	Commissioned Authors	54,036	54,036	-0-	-0-
d	Temporary Office Help	392	137	255	-0-
e					
44	<b>Total functional expenses</b> (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	883,177	704,402	133,802	44,973

**Reporting of Joint Costs.**—Did you report in column (B) (Program services) any joint costs from a combined educational campaign and fundraising solicitation?  Yes  No  
 If "Yes," enter (i) the aggregate amount of these joint costs \$ N/A ; (ii) the amount allocated to Program services \$ N/A ; (iii) the amount allocated to Management and general \$ N/A ; and (iv) the amount allocated to Fundraising \$ N/A

**Statement of Program Service Accomplishments** (See Specific Instructions on page 16.)

What is the organization's primary exempt purpose? <b>Help preserve Earth's ecological balance</b>	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
<b>a Global Peace &amp; Security Projects:</b> Produce daily online report on Northeast Asia security; maintain extensive Internet resources; convened US-Japan Energy Policy Study Group, produced numerous related papers, and organized first of several workshops; began groundbreaking East Asia Energy Futures study; produced report on Northeast Asia Regional Electricity Cooperation as first phase of organizing sub-regional energy network. (Grants and allocations \$-0-)	284,434
<b>b Sustainable Development Projects:</b> Created workshop and special issue of <i>Journal of Environment and Development</i> on environmental cooperation at APEC (Asia-Pacific Economy Cooperation); maintain online Asia Pacific Regional Environmental Network with biweekly news publication and extensive resources; held three workshops with policy leaders and produced papers on U.S. trade and environment policy. (Grants and allocations \$-0-)	351,884
<b>c Pegasus Project:</b> Conducted numerous teaching sails in conjunction with local schools, police league, and nature center; upgraded boat to demonstrate environmentally sound boating; developed draft curriculum on environment and the San Francisco Bay; began groundbreaking research on pollution of the Bay by boats. (Grants and allocations \$-0-)	68,084
<b>d</b> _____ _____	
(Grants and allocations \$ _____)	
<b>e Other program services</b> (attach schedule) (Grants and allocations \$ -0- )	-0-
<b>f Total of Program Service Expenses</b> (should equal line 44, column (B), Program services)	704,402

**Balance Sheets** (See Specific Instructions on page 16.)

				(A)		(B)
				Beginning of year		End of year
<b>Note:</b> Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.						
<b>Assets</b>	45	Cash—non-interest-bearing . . . . .		83,583	45	18,116
	46	Savings and temporary cash investments . . . . .		151,280	46	551,775
	47a	Accounts receivable . . . . .	47a 3,151	44,813	47c	3,151
	b	Less: allowance for doubtful accounts . . . . .	47b -0-			
	48a	Pledges receivable . . . . .	48a -0-	-0-	48c	-0-
	b	Less: allowance for doubtful accounts . . . . .	48b -0-			
	49	Grants receivable . . . . .		-0-	49	-0-
	50	Receivables from officers, directors, trustees, and key employees (attach schedule) . . . . .		7,026	50	6,371
	51a	Other notes and loans receivable (attach schedule). . . . .	51a -0-	-0-	51c	-0-
	b	Less: allowance for doubtful accounts . . . . .	51b -0-			
	52	Inventories for sale or use . . . . .		-0-	52	-0-
	53	Prepaid expenses and deferred charges . . . . .		-0-	53	2,065
	54	Investments—securities (attach schedule) . . . . .		-0-	54	-0-
	55a	Investments—land, buildings, and equipment: basis . . . . .	55a -0-	-0-	55c	-0-
	b	Less: accumulated depreciation (attach schedule). . . . .	55b -0-			
56	Investments—other (attach schedule) . . . . .		-0-	56	-0-	
57a	Land, buildings, and equipment: basis . . . . .	57a 98,007	75,256	57c	61,955	
b	Less: accumulated depreciation (attach schedule). . . . .	57b 36,052				
58	Other assets (describe ► none ) . . . . .		-0-	58	-0-	
59	<b>Total assets</b> (add lines 45 through 58) (must equal line 74) . . . . .		361,958	59	643,433	
<b>Liabilities</b>	60	Accounts payable and accrued expenses . . . . .		736	60	509
	61	Grants payable . . . . .		-0-	61	-0-
	62	Deferred revenue . . . . .		182,966	62	469,922
	63	Loans from officers, directors, trustees, and key employees (attach schedule). . . . .		-0-	63	-0-
	64a	Tax-exempt bond liabilities (attach schedule) . . . . .		-0-	64a	-0-
	b	Mortgages and other notes payable (attach schedule) . . . . .		-0-	64b	-0-
	65	Other liabilities (describe ► none ) . . . . .		-0-	65	-0-
66	<b>Total liabilities</b> (add lines 60 through 65) . . . . .		183,702	66	470,431	
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.					
	67	Unrestricted . . . . .			67	
	68	Temporarily restricted . . . . .			68	
	69	Permanently restricted . . . . .			69	
	Organizations that do not follow SFAS 117, check here ► <input checked="" type="checkbox"/> and complete lines 70 through 74.					
	70	Capital stock, trust principal, or current funds . . . . .		178,256	70	173,002
	71	Paid-in or capital surplus, or land, building, and equipment fund . . . . .		-0-	71	-0-
	72	Retained earnings, endowment, accumulated income, or other funds . . . . .		-0-	72	-0-
73	<b>Total net assets or fund balances</b> (add lines 67 through 69 OR lines 70 through 72; column (A) must equal line 19 and column (B) must equal line 21) . . . . .		178,256	73	173,002	
74	<b>Total liabilities and net assets / fund balances</b> (add lines 66 and 73) . . . . .		361,958	74	643,433	

n/a <b>Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See Specific Instructions, page 18.)</b>	n/a <b>Reconciliation of Expenses per Audited Financial Statements with Expenses per Return</b>
<b>a</b> Total revenue, gains, and other support per audited financial statements . . . ▶ <b>b</b> Amounts included on line <b>a</b> but not on line 12, Form 990: (1) Net unrealized gains on investments . . . \$ _____ (2) Donated services and use of facilities \$ _____ (3) Recoveries of prior year grants . . . \$ _____ (4) Other (specify): _____ _____ \$ _____ Add amounts on lines (1) through (4) ▶ <b>c</b> Line <b>a</b> minus line <b>b</b> . . . . . ▶ <b>d</b> Amounts included on line 12, Form 990 but not on line <b>a</b> : (1) Investment expenses not included on line 6b, Form 990 . . . \$ _____ (2) Other (specify): _____ _____ \$ _____ Add amounts on lines (1) and (2) ▶ <b>e</b> Total revenue per line 12, Form 990 (line <b>c</b> plus line <b>d</b> ) . . . . . ▶	<b>a</b> Total expenses and losses per audited financial statements . . . ▶ <b>b</b> Amounts included on line <b>a</b> but not on line 17, Form 990: (1) Donated services and use of facilities \$ _____ (2) Prior year adjustments reported on line 20, Form 990 . . . . . \$ _____ (3) Losses reported on line 20, Form 990 . . . \$ _____ (4) Other (specify): _____ _____ \$ _____ Add amounts on lines (1) through (4) ▶ <b>c</b> Line <b>a</b> minus line <b>b</b> . . . . . ▶ <b>d</b> Amounts included on line 17, Form 990 but not on line <b>a</b> : (1) Investment expenses not included on line 6b, Form 990 . . . \$ _____ (2) Other (specify): _____ _____ \$ _____ Add amounts on lines (1) and (2) ▶ <b>e</b> Total expenses per line 17, Form 990 (line <b>c</b> plus line <b>d</b> ) . . . . . ▶

**List of Officers, Directors, Trustees, and Key Employees** (List each one even if not compensated; see Specific Instructions on page 18.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
<b>BOARD OF DIRECTORS</b>				
Dr. Kirk Smith, 1831 Second St., Berkeley, CA 94710-1902	President, 1	-0-	-0-	-0-
Dr. Walden Bello, FOCUS, Chulalongkorn Univ., Bangkok, Thai.	Vice Pres., 1	-0-	-0-	-0-
Thomas Miller, 1831 Second St., Berkeley, CA 94710-1902	Treasurer, 1	-0-	-0-	-0-
Tom Athanasiou, 1831 Second St., Berkeley, CA 94710-1902	Board Member, 1	-0-	-0-	-0-
<b>KEY EMPLOYEES</b>				
Lyuba Zarsky, 1831 Second St., Berkeley, CA 94710-1902	CoDirector, 40+	82,717.58		-0-
Dr. Peter Hayes, 1831 Second St., Berkeley, CA 94710-1902	Co-Executive Director, 40+	82,717.58		-0-

**75** Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? ▶  Yes  No  
 If "Yes," attach schedule—see Specific Instructions on page 18.

**Other Information** (See Specific Instructions on page 19.)

		Yes	No
<b>76</b>	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity		X
<b>77</b>	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.		X
<b>78a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		X
<b>78b</b>	If "Yes," has it filed a tax return on <b>Form 990-T</b> for this year?		n/a
<b>79</b>	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement		X
<b>80a</b>	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?		X
<b>80b</b>	If "Yes," enter the name of the organization <u>n/a</u> and check whether it is <input type="checkbox"/> exempt <b>OR</b> <input type="checkbox"/> nonexempt.		
<b>81a</b>	Enter the amount of political expenditures, direct or indirect, as described in the instructions for line 81.	<b>81a</b>	-0-
<b>81b</b>	Did the organization file <b>Form 1120-POL</b> for this year?		X
<b>82a</b>	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	X	
<b>82b</b>	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions for reporting in Part III.)	<b>82b</b>	
<b>83a</b>	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
<b>83b</b>	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
<b>84a</b>	Did the organization solicit any contributions or gifts that were not tax deductible?		X
<b>84b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		n/a
<b>85a</b>	<b>501(c)(4), (5), or (6) organizations.</b> —a Were substantially all dues nondeductible by members?		n/a
<b>85b</b>	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, <b>do not</b> complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		n/a
<b>85c</b>	Dues, assessments, and similar amounts from members	<b>85c</b>	n/a
<b>85d</b>	Section 162(e) lobbying and political expenditures	<b>85d</b>	n/a
<b>85e</b>	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	<b>85e</b>	n/a
<b>85f</b>	Taxable amount of lobbying and political expenditures (line 85d less 85e)	<b>85f</b>	n/a
<b>85g</b>	Does the organization elect to pay the section 6033(e) tax on the amount in 85f?		n/a
<b>85h</b>	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount in 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		n/a
<b>86a</b>	<b>501(c)(7) organizations.</b> —Enter: a Initiation fees and capital contributions included on line 12	<b>86a</b>	n/a
<b>86b</b>	Gross receipts, included on line 12, for public use of club facilities.	<b>86b</b>	n/a
<b>87a</b>	<b>501(c)(12) organizations.</b> —Enter: a Gross income from members or shareholders	<b>87a</b>	n/a
<b>87b</b>	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	<b>87b</b>	n/a
<b>88</b>	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership? If "Yes," complete Part IX		X
<b>89a</b>	<b>501(c)(3) organizations.</b> —Enter: Amount of tax paid during the year under: section 4911 <u>-0-</u> ; section 4912 <u>-0-</u> ; section 4955 <u>-0-</u>		
<b>89b</b>	<b>501(c)(3) and 501(c)(4) organizations.</b> —Did the organization engage in any section 4958 excess benefit transaction during the year? If "Yes," attach a statement explaining each transaction		X
<b>89c</b>	Enter: Amount of tax paid by the organization managers or disqualified persons during the year under section 4958		-0-
<b>89d</b>	Enter: Amount of tax in <b>89c</b> , above, reimbursed by the organization		-0-
<b>90</b>	List the states with which a copy of this return is filed <u>California</u>		
<b>91</b>	The books are in care of <u>Nautilus Institute</u> Telephone no. <u>( 510 ) 204-9296</u> Located at <u>1831 Second St., Berkeley, CA</u> ZIP + 4 <u>94710-1902</u>		
<b>92</b>	<b>Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041</b> —Check here <u>n/a</u> and enter the amount of tax-exempt interest received or accrued during the tax year <u>92</u> <u>n/a</u>		

**Analysis of Income-Producing Activities** (See Specific Instructions on page 22.)

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
Enter gross amounts unless otherwise indicated.					
93 Program service revenue:					
a consulting, speaking and			22	74,517	
b / writing fees					
c					
d					
e					
f					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	13,473	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		-0-		87,990	-0-
105 Total (add line 104, columns (B), (D), and (E))				87,990	

Note: (Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.)

**Relationship of Activities to the Accomplishment of Exempt Purposes** (See Specific Instructions on page 23.)

Line No. ▼	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
	none

**Information Regarding Taxable Subsidiaries** (Complete this Part if the "Yes" box on line 88 is checked.)

Name, address, and employer identification number of corporation or partnership	Percentage of ownership interest	Nature of business activities	Total income	End-of-year assets
n/a	%			
	%			
	%			
	%			

**Please Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature of officer: Steve Freedkin Date: 11/14/97 Type or print name and title: Managing Director

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**Paid Preparer's Use Only**

Preparer's signature: \_\_\_\_\_ Date: \_\_\_\_\_ Check if self-employed:  Preparer's SSN: \_\_\_\_\_

Firm's name (or yours if self-employed) and address: \_\_\_\_\_ EIN: \_\_\_\_\_ ZIP + 4: \_\_\_\_\_



Nautilus of America, Inc.

EIN 95-3608292

**Line 1d - Schedule of Contributors**

Contributors of \$5,000 or more in Fiscal 1996-97

<u>Amount Given</u>	<u>Contributor</u>
\$ 187,043	Center for Global Partnership Japan Fund 152 West 57th St., 39th Floor, New York, NY 10019-3310
22,500	John Merck Fund 11 Beacon St., Suite 1230, Boston, MA 02108-3002
10,000	Moriah Fund 1634 I Street, NW, Washington, DC 20006-4003
20,100	Ploughshares Fund Fort Mason, San Francisco, CA 94123
24,750	Rockefeller Brothers Fund 1290 Avenue of the Americas, New York, NY 10104-0223
150,000	Rockefeller Foundation 420 Fifth Avenue, New York, NY 10018-2729
7,900	Rose Foundation 6008 College Ave. #10, Oakland, CA 94618-1382
178,879	United States-Japan Foundation 145 E. 32nd St., New York, NY 10016-6055
24,000	The University of California Berkeley, CA
145,000	W. Alton Jones Foundation 232 E. High St., Charlottesville, VA 22901-5178
16,750	Winston Foundation 2040 S Street, NW #201, Washington, DC 20009-1110

Nautilus of America, Inc.

EIN 95-3608292

**Line 42 - Depreciation, Depletion, Etc.**

See below, **Line 55b**, rightmost column

**Line 50 - Schedule of Receivables from Officers, Directors, Trustees, and Key Employees**

Amount	Due From	Notes
\$6,371	Lyuba Zarsky	Ms. Zarsky authorized use of her personal credit card for Nautilus charges. Nautilus paid the card each month, then obtained reimbursement for personal expenditures from Ms. Zarsky. This amount represents personal expenditures for which Nautilus was due reimbursement on June 30, 1997. This amount has been repaid to Nautilus as of Nov. 1, 1997, and a separate credit card has been established for Nautilus charges.

**Line 57b - Accumulated Depreciation Schedule**

Item	Acquired	Cost/Basis	Prior Yrs' Deprecia.	Method	Rate/ Life	Deprecia. This Year
Boat	1/94	\$ 63,000	\$ 15,750	SL	10	\$6,300
Library	Prior to 6/95	35,007	7,001	SL	5	7,001
<b>SUBTOTALS</b>		<b>\$ 98,007</b>	<b>\$ 22,751</b>			<b>\$13,301</b>
		(Line 57a)	\			(Line A42)
<b>DEPRECIATION TOTAL</b>			\$22,751 + \$13,301 =			<b>\$36,052</b>
						(Line 57b)
<b>VALUE AFTER DEPRECIATION:</b>		\$98,007 - \$36,052 =				<b>\$61,955</b> (Line 57c)



**SCHEDULE A  
(Form 990)**

**Organization Exempt Under Section 501(c)(3)**

(Except Private Foundation) and Section 501(e), 501(f), 501(k),  
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

**Supplementary Information**

See separate instructions.

OMB No. 1545-0047

**1996**

Department of the Treasury  
Internal Revenue Service

▶ **Must be completed by the above organizations and attached to their Form 990 (or 990-EZ).**

Name of the organization

Nautilus of America, Inc.

Employer identification number

953608292

**Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
(See instructions on page 1. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
None (other than those listed in Form 990, Part V)				
Total number of other employees paid over \$50,000 ▶	-0-			

**Compensation of the Five Highest Paid Independent Contractors for Professional Services**  
(See instructions on page 1. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
None.		
Total number of others receiving over \$50,000 for professional services ▶	-0-	

<b>Statements About Activities</b>		Yes	No
<b>1</b>	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ <u>-0-</u> Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.	1	X
<b>2</b>	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any of its trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary:		
<b>a</b>	Sale, exchange, or leasing of property?	2a	X
<b>b</b>	Lending of money or other extension of credit?	2b	X
<b>c</b>	Furnishing of goods, services, or facilities?	2c	X
<b>d</b>	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? Our two Executive Directors serve on staff and on the Board. See 990 Part V.	2d	X
<b>e</b>	Transfer of any part of its income or assets? If the answer to any question is "Yes," attach a detailed statement explaining the transactions.	2e	X
<b>3</b>	Does the organization make grants for scholarships, fellowships, student loans, etc.?	3	X
<b>4</b>	Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs qualify to receive payments. (See instructions on page 2.)		

**Reason for Non-Private Foundation Status** (See instructions on pages 2 through 4.)

The organization is not a private foundation because it is (please check only **ONE** applicable box):

- 5**  A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6**  A school. Section 170(b)(1)(A)(ii). (Also complete Part V, page 4.)
- 7**  A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8**  A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9**  A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ▶ .....
- 10**  An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a**  An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b**  A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12**  An organization that normally receives: **(1) more than 33 1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions—subject to certain exceptions, and **(2) no more than 33 1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13**  An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: **(1)** lines 5 through 12 above; or **(2)** section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). (See section 509(a)(3).)

Provide the following information about the supported organizations. (See instructions on page 4.)

(a) Name(s) of supported organization(s)	(b) Line number from above
None.	None.

- 14**  An organization organized and operated to test for public safety. Section 509(a)(4). (See instructions on page 4.)

**Support Schedule** (Complete only if you checked a box on line 10, 11, or 12.) *Use cash method of accounting.*

**Note:** You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in) . ▶	(a) 1995	(b) 1994	(c) 1993	(d) 1992	(e) Total
<b>15</b> Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.) . . . . .	671,000	264,508	391,000	208,500	1,535,008
<b>16</b> Membership fees received . . . . .	-0-	-0-	-0-	-0-	-0-
<b>17</b> Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is not a business unrelated to the organization's charitable, etc., purpose . . . . .	16,369	80,516	53,800	63,417	214,102
<b>18</b> Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975 . . . . .	8,113	6,885	6,976	2,383	24,357
<b>19</b> Net income from unrelated business activities not included in line 18 . . . . .	-0-	-0-	-0-	-0-	-0-
<b>20</b> Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf. . . . .	-0-	-0-	-0-	-0-	-0-
<b>21</b> The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge. . . . .	-0-	-0-	-0-	-0-	-0-
<b>22</b> Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets . . . . .	-0-	-0-	-0-	5,330	5,330
<b>23</b> Total of lines 15 through 22. . . . .	695,482	351,909	451,776	279,630	1,778,797
<b>24</b> Line 23 minus line 17. . . . .	679,113	271,393	397,976	216,213	1,564,695
<b>25</b> Enter 1% of line 23 . . . . .	6,955	3,519	4,518	2,796	
<b>26 Organizations described in lines 10 or 11:</b> a Enter 2% of amount in column (e), line 24 . . . . . ▶					<b>26a</b> \$ 31,294
b Attach a list (which is not open to public inspection) showing the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1992 through 1995 exceeded the amount shown in line 26a. Enter the sum of all these excess amounts. . . . . ▶					<b>26b</b> \$ 1,305,236
c Total support for section 509(a)(1) test: Enter line 24, column (e) . . . . . ▶					<b>26c</b> \$ 1,564,695
d Add: Amounts from column (e) for lines: 18 \$ 24,357 19 \$ -0- . . . . .					
22 \$ 5,330 26b \$ 1,305,236 . . . . . ▶					<b>26d</b> \$ 1,334,923
e Public support (line 26c minus line 26d total) . . . . . ▶					<b>26e</b> \$ 229,772
f Public support percentage (line 26e (numerator) divided by line 26c (denominator)) See attach. ▶					<b>26f</b> 15%
<b>27 Organizations described on line 12:</b> a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," attach a list to show the name of, and total amounts received in each year from each "disqualified person." Enter the sum of such amounts for each year:					
(1995) . . . . . (1994) . . . . . (1993) . . . . . (1992) . . . . .					
b For any amount included in line 17 that was received from a nondisqualified person, attach a list to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year:					
(1995) . . . . . (1994) . . . . . (1993) . . . . . (1992) . . . . .					
c Add: Amounts from column (e) for lines: 15 \$ _____ 16 \$ _____ . . . . .					
17 \$ _____ 20 \$ _____ 21 \$ _____ . . . . . ▶					<b>27c</b> \$ _____
d Add: Line 27a total \$ _____ and line 27b total \$ _____ . . . . . ▶					<b>27d</b> \$ _____
e Public support (line 27c total minus line 27d total) . . . . . ▶					<b>27e</b> \$ _____
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e) . . . ▶					<b>27f</b> \$ _____
g Public support percentage (line 27e (numerator) divided by line 27f (denominator)) . . . . . ▶					<b>27g</b> _____ %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)) . ▶					<b>27h</b> _____ %

**28 Unusual Grants:** For an organization described in line 10, 11, or 12 that received any unusual grants during 1992 through 1995, attach a list (which is not open to public inspection) for each year showing the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not include these grants in line 15. (See instructions on page 4.)

**Private School Questionnaire** (See instructions on page 4.)  
**(To be completed ONLY by schools that checked the box on line 6 in Part IV)**

N/A

**29** Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?

	Yes	No
<b>29</b>		

**30** Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?

<b>30</b>		
-----------	--	--

**31** Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?  
If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)

<b>31</b>		
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**32** Does the organization maintain the following:

- a** Records indicating the racial composition of the student body, faculty, and administrative staff?
- b** Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?
- c** Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?
- d** Copies of all material used by the organization or on its behalf to solicit contributions?

<b>32a</b>		
<b>32b</b>		
<b>32c</b>		
<b>32d</b>		

If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)

**33** Does the organization discriminate by race in any way with respect to:

- a** Students' rights or privileges?
- b** Admissions policies?
- c** Employment of faculty or administrative staff?
- d** Scholarships or other financial assistance?
- e** Educational policies?
- f** Use of facilities?
- g** Athletic programs?
- h** Other extracurricular activities?

<b>33a</b>		
<b>33b</b>		
<b>33c</b>		
<b>33d</b>		
<b>33e</b>		
<b>33f</b>		
<b>33g</b>		
<b>33h</b>		

If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)

**34a** Does the organization receive any financial aid or assistance from a governmental agency?

<b>34a</b>		
------------	--	--

**b** Has the organization's right to such aid ever been revoked or suspended?

<b>34b</b>		
------------	--	--

If you answered "Yes" to either 34a or b, please explain using an attached statement.

**35** Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation

<b>35</b>		
-----------	--	--

**Lobbying Expenditures by Electing Public Charities** (See instructions on page 6.)  
 (To be completed **ONLY** by an eligible organization that filed Form 5768)

Check here **a**  if the organization belongs to an affiliated group.  
 Check here **b**  if you checked "a" above and "limited control" provisions apply.

<b>Limits on Lobbying Expenditures</b>		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term "expenditures" means amounts paid or incurred.)			
<b>36</b>	Total lobbying expenditures to influence public opinion (grassroots lobbying)	<b>36</b>	
<b>37</b>	Total lobbying expenditures to influence a legislative body (direct lobbying)	<b>37</b>	
<b>38</b>	Total lobbying expenditures (add lines 36 and 37)	<b>38</b>	
<b>39</b>	Other exempt purpose expenditures	<b>39</b>	
<b>40</b>	Total exempt purpose expenditures (add lines 38 and 39)	<b>40</b>	
<b>41</b>	Lobbying nontaxable amount. Enter the amount from the following table—		
	<b>If the amount on line 40 is—</b> <b>The lobbying nontaxable amount is—</b>		
	Not over \$500,000 . . . . . 20% of the amount on line 40.		
	Over \$500,000 but not over \$1,000,000 . . . \$100,000 plus 15% of the excess over \$500,000		
	Over \$1,000,000 but not over \$1,500,000 . . \$175,000 plus 10% of the excess over \$1,000,000		
	Over \$1,500,000 but not over \$17,000,000 . \$225,000 plus 5% of the excess over \$1,500,000		
	Over \$17,000,000 . . . . . \$1,000,000		
<b>42</b>	Grassroots nontaxable amount (enter 25% of line 41)	<b>42</b>	
<b>43</b>	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	<b>43</b>	
<b>44</b>	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	<b>44</b>	

**Caution:** If there is an amount on either line 43 or line 44, file Form 4720.

**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.  
 See the instructions for lines 45 through 50 on page 8.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 1996	(b) 1995	(c) 1994	(d) 1993	(e) Total
<b>45</b> Lobbying nontaxable amount . . . . .					
<b>46</b> Lobbying ceiling amount (150% of line 45(e)).					
<b>47</b> Total lobbying expenditures . . . . .					
<b>48</b> Grassroots nontaxable amount . . . . .					
<b>49</b> Grassroots ceiling amount (150% of line 48(e))					
<b>50</b> Grassroots lobbying expenditures . . . . .					

**Lobbying Activity by Nonelecting Public Charities**

(For reporting only by organizations that did not complete Part VI-A) (See instructions on page 8.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
<b>a</b> Volunteers . . . . .		X	
<b>b</b> Paid staff or management (Include compensation in expenses reported on lines c through h.) . . . . .		X	
<b>c</b> Media advertisements . . . . .		X	
<b>d</b> Mailings to members, legislators, or the public . . . . .		X	
<b>e</b> Publications, or published or broadcast statements . . . . .		X	
<b>f</b> Grants to other organizations for lobbying purposes . . . . .		X	
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body . . . . .		X	
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means . . . . .		X	
<b>i</b> Total lobbying expenditures (add lines c through h) . . . . .			-0-

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.



Nautilus of America, Inc.  
 Employer ID # 95-3608292  
 Form 990 — FY 1996

**Attachment to Schedule A, Line 26(b)**

Amounts contributed by each person whose total gifts for 1992-1994 exceeded the amount shown in Line 26(a): \$31,294

Contributor	FY 1995	FY 1994	FY 1993	FY 1992	TOTAL
Ford Foundation	\$90,000			\$90,000	\$180,000
John Merck Fund	\$30,000	\$50,000	\$50,000		\$130,000
Rockefeller Brothers Fund	\$113,000				\$113,000
Rockefeller Foundation	\$185,000	\$200,000	\$245,000	\$40,000	\$670,000
W. Alton Jones Foundation	\$165,000	\$120,000		\$40,000	\$325,000
Winston Foundation	\$25,000	\$25,000	\$25,000		\$75,000
<b>Totals</b>	<b>\$608,000</b>	<b>\$395,000</b>	<b>\$320,000</b>	<b>\$170,000</b>	<b>\$1,493,000</b>

**Facts and Circumstances**

The Nautilus Institute is supported by a wide range of foundations which do not have representation on our Board of Directors or our staff. As a rule, project descriptions and grant applications are originated by Nautilus, which then seeks funding from prospects identified by Nautilus. Control of Nautilus rests with its Board of Directors and staff.

Additionally, The Nautilus Institute has worked diligently to broaden its funding base. The total number of major funders has grown to 12 in FY 1996-97 (see attachment to Form 990, Line 1d). Moreover, substantial efforts are underway to increase the amount of public support — for example, we have just submitted (early November, 1997) a proposal for nearly \$1 million in funds, all of which would qualify as public support.

# California Exempt Organization Annual Information Statement or Return

1996

199

For calendar or fiscal year beginning			MONTH	DAY	YEAR	and ending			MONTH	DAY	YEAR
			7	1	1996,				6	30	97

D-1014921 NOSAI L 06  
 NAUTILUS OF AMERICA, INC.  
 1531 SECOND ST.  
~~346 GARDEN AV~~  
 BERKELEY CA ~~94707~~ 94710-1902

California corporation number FEIN

Corporation/Organization name

Address

City State ZIP code

A Final return?  
 Dissolved  Withdrawn  Merged/Reorganized (attach explanation)  
 If a box is checked, enter date

B Check forms filed this year: State:  109  100  100S  
 Federal:  990  990EZ  990T  990PF  1041  1120H  1120

C If organization is exempt under R&TC Section 23701d and is a school, public charity, religious organization or is controlled by a religious organization, check box. See General Instruction F. No filing fee is required.

D Is this a group filing? See General Instruction M.  Yes  No

E Is this a nonexempt charitable trust as described in IRC Section 4947(a)(1)?  
 Yes  No

F Accounting method used Accrual

**Part I Complete Part I unless not required to file this form. See General Instructions B and C.**

Receipts and Revenues	1	Gross sales or receipts from other sources. From Side 2, Part II, line 8	1	87,990
	2	Gross dues and assessments from members and affiliates	2	-0-
	3	Gross contributions, gifts, grants, and similar amounts received. See instructions page 2	3	789,933
	4	Total gross receipts for filing requirement test. Add line 1 through line 3. This line must be completed. If the result is less than \$25,000, see General Instruction C	4	877,923
	5	Cost of goods sold	5	-0-
	6	Cost or other basis and sales expenses of assets sold	6	-0-
	7	Total costs. Add line 5 and line 6	7	-0-
	8	Total gross income. Subtract line 7 from line 4	8	877,923
Expenses	9	Total expenses and disbursements. From Side 2, Part II, line 18	9	883,177
	10	Excess of receipts over expenses and disbursements. Subtract line 9 from line 8	10	(5,254)
Filing Fee	11	Filing fee \$10 or \$25. See General Instruction F	11	10
	12	Penalty for failure to file on time. See General Instruction L	12	-0-
	13	Balance due. Add line 11 and line 12	13	10

- 14 If exempt under R&TC Section 23701d, has the organization during the year: (1) participated in any political campaign, or (2) attempted to influence legislation or any ballot measure, or (3) made an election under R&TC Section 23704.5 (relating to lobbying by public charities)? If "yes," complete and attach form FTB 3509  Yes  No
- 15 Did the organization have any changes in its activities, governing instrument, articles of incorporation or bylaws that have not been reported to the Franchise Tax Board? If "Yes," complete an explanation and attach copies of revised documents  Yes  No
- 16 Is the organization exempt under R&TC Section 23701g?  Yes  No  
 If "yes," enter amount of gross receipts from nonmember sources \$ n/a
- 17 Did the organization file Form 100, Form 100S or Form 109 to report taxable income?  Yes  No  
 If "yes," enter amount of total income reported \$ n/a

18 The books are in care of The Nautilus Institute Daytime telephone (510) 204-9296  
 located at 1831 Second St., Berkeley, CA 94710-1902

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

[Signature] 11/14/97 Managing Director (510) 204-9296  
 Signature of officer Date Title Daytime telephone

Paid Preparer's Use Only

Preparer's signature Date Check if self-employed  Preparer's social security no.  
 Firm's name (or yours, if self-employed) and address FEIN Daytime telephone ( )



**Part II Organizations with gross receipts of more than \$25,000 and private foundations regardless of amount of gross receipts — complete Part II or furnish substitute information. See Specific Line Instructions.**

Receipts from Other Sources	1	Gross sales or receipts from all business activities. See instructions page 3	1	
	2	Interest	2	
	3	Dividends	3	
	4	Gross rents	4	
	5	Gross royalties	5	
	6	Gross amount received from sale of assets	6	
	7	Other income. Attach schedule	7	
	8	Total gross sales or receipts from other sources. Add line 1 through line 7. Enter here and on Side 1, Part I, line 1		
Expenses and Disbursements	9	Contributions, gifts, grants, and similar amounts paid. Attach schedule	9	
	10	Disbursements to or for members	10	
	11	Compensation of officers, directors and trustees. Attach schedule	11	
	12	Other salaries and wages	12	
	13	Interest	13	
	14	Taxes	14	
	15	Rents	15	
	16	Depreciation and depletion	16	
	17	Other. Attach schedule	17	
	18	Total expenses and disbursements. Add line 9 through line 17. Enter here and on Side 1, Part I, line 9	18	

**Schedule L Balance Sheets**

	Beginning of income year		End of income year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash				
2 Net accounts receivable				
3 Net notes receivable. Attach schedule				
4 Inventories				
5 Federal and state government obligations				
6 Investments in other bonds. Attach schedule				
7 Investments in stock. Attach schedule				
8 Mortgage loans (number of loans _____)				
9 Other investments. Attach schedule				
10 a Depreciable assets				
b Less accumulated depreciation				
11 Land				
12 Other assets. Attach schedule				
13 Total assets				
<b>Liabilities and net worth</b>				
14 Accounts payable				
15 Contributions, gifts, grants payable				
16 Bonds and notes payable. Attach schedule				
17 Mortgages payable				
18 Other liabilities. Attach schedule				
19 Capital stock or principle fund				
20 Paid-in or capital surplus. Attach reconciliation				
21 Retained earnings or income fund				
22 Total liabilities and net worth				

**Schedule M-1 Reconciliation of income per books with income per return**

Do not complete this schedule if the amount on Schedule L, line 13, column (d), is less than \$25,000.

1	Net income per books	7	Income recorded on books this year not included in this return. Attach schedule
2	Federal income tax	8	Deductions in this return not charged against book income this year. Attach schedule
3	Excess of capital losses over capital gains	9	Total. Add line 7 and line 8
4	Income not recorded on books this year. Attach schedule	10	Net income per return. Subtract line 9 from line 6
5	Expenses recorded on books this year not deducted in this return. Attach schedule		
6	Total. Add line 1 through line 5		

# PERIODIC REPORT

TO ATTORNEY GENERAL OF CALIFORNIA  
 Section 12586, California Government Code

Failure to file this report by the 15th day of the fifth month after the close of your accounting period may result in the loss of your tax exemption and the assessment of a minimum tax of \$800 plus interest.

ACCOUNTING PERIOD — For the Year Beginning July 1, 1996 and Ending June 30, 1997

If address changed check here  and show changes below   
 File Form with label. Otherwise, print or type address.

State Charity registration number CT 4 2 5 4 2  
 (If unknown, leave blank)

Corporate or Organization No. D-1014921

• Name of organization 042542 YEAR ENDED 06/30/97 •  
NAUTILUS OF AMERICA INC  
 Address (number and street)  
1831 SECOND STREET  
 City or town, State, and ZIP code  
 • BERKELEY, CA 94710-1902 •

A. Is the organization exempt from federal income tax? 

Yes	No
X	

  
 B. If "no", is this entity a split-interest trust? 

Yes	No

  
 If "no", affix Exhibit A to explain your federal tax status.

**PART I FILING REQUIREMENTS: CHECK ONE BOX AND ATTACH THE REQUIRED IRS FORMS.**

- This entity is **not** a private foundation. We have attached a completed copy of IRS Form 990 or 990EZ, and Schedule A (Form 990) and related attachments (even though we may not be required to file these uniform forms with the IRS). Omit Part III below.
- This entity is a private foundation. We have attached a completed copy of IRS Form 990-PF and related attachments. Complete all Parts below.

**PART IA ACTIVITIES: ENTER AMOUNTS AND CHECK BOX**

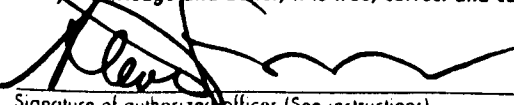
Gross receipts \$ 877,923 Total assets \$ 643,433  
 Are the program activities of this entity limited solely to grantmaking? 

Yes	No
	X

**PART II STATEMENTS REGARDING THIS ORGANIZATION DURING THE PERIOD OF THIS REPORT**

	Yes	No
1 Was 50% or more of your total revenue from government agencies? (See line 1 instructions) . . . . . 1 If "yes", affix in sequence Exhibit 1. List the name, address or telephone number, grant amount, and purpose of grant for your two main granting agencies.		X
2 Were you audited by any government agency which resulted in audit exceptions in excess of \$50,000 being taken? . . . . . 2 If "yes", affix as Exhibit 2 a copy of the audit report. Enter here the total exceptions. . . . . 2a \$ <u>n/a</u>		X
3 Did or will an independent public accountant issue a report on your financial statements? . . . . . 3 If "yes", enter here: Accountant's Name <u>n/a</u> Telephone ( ) <u></u>		X
4 Is any of your property held in the name of or commingled with the property of any other organization or person, other than pooled investment funds? . . . . . 4 If "yes", affix in sequence as Exhibit 4 a justification. Include a list and value of assets commingled if not provided in a prior year.		X
5 Were there any contracts, loans, leases or other financial transactions between the organization and any officer, director or trustee thereof either directly or with an entity in which any such officer, director or trustee had any financial interest? (Exclude compensation for services that is disclosed and attached on the List of Officers, Directors and Trustees on Form 990, Part V; Form 990EZ, Part IV; or Form 990-PF, Part VIII.) . . . . . 5 If "yes", affix in sequence as Exhibit 5 a full explanation. Enter here the amount involved. . . . . 5a \$ <u>n/a</u>		X
6 Did you transfer or donate anything to an organization that is not tax-exempt under Section 501 (c) (3) or 501 (c) (4) of the IRC? . . . . . 6 If "yes", affix in sequence as Exhibit 6 a justification of why noncharitable entities receive your charitable property. Enter here the fair market value of the donations. . . . . 6a \$ <u>n/a</u>		X
7 Did this organization regularly solicit salvage, sell salvage in a thrift store, or was it a party to a contract involving the solicitation or sale of salvage? If "yes", include amounts on Form 990, line 10. . . . . 7		X
8 Was there any theft, embezzlement or diversion of your charitable property; or, were you or any of your officers, directors or trustees a party to any court action in which it was alleged that any trust or fiduciary duty was breached? . . . . . 8 If "yes", affix in sequence as Exhibit 8 a full explanation.		X
9 Were any organization funds used to pay any penalty, fine or judgment? . . . . . 9 If "yes", affix as Exhibit 9 a full explanation. Enter here the total amount involved. . . . . 9a \$ <u>n/a</u>		X

Under penalties of perjury, I declare that I have examined this report, including accompanying documents, schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

  
 Signature of authorized officer (See instructions)

Organization's area code and telephone number (510) 204-9296  
 Steve Freedkin Managing Director 11/14/97  
 Printed Name Title Date



**PART III ADDITIONAL INFORMATION FROM PRIVATE FOUNDATIONS ONLY**

n/a

31 Did you file a Form 4720 with the Internal Revenue Service? . . . . . 31  
 If "yes", affix in sequence as Exhibit 31 a copy of Form 4720 and enter here the amount of total taxes paid with  
 that return . . . . . 31a \_\_\_\_\_  
 (32-39 not currently in use)

Yes	No

**PART IV FUNDRAISING CONSULTANT OR COMMERCIAL FUNDRAISER (FC-CFR) (SEE QUESTION 11)**

n/a	ACTIVITY #1	ACTIVITY #2	ACTIVITY #3**	TOTAL
40 Brief Description of Campaign, Drive, Event, or Services				
41 Date or Period Covered				
42 Name of FC-CFR				
43 Address of FC-CFR				
44 Gross Receipts from Donors*			44	
45 Total Retained by or Paid to FC-CFR			45	—
46 All Other Fund-Raising Expenses			46	—
47 Net Proceeds (Line 44 Less 45 and 46)			47	

(48-59 not currently in use) \* On line 44, do not deduct any costs from gross donations.

\*\* NOTE: If more than three activities, attach a schedule using the same format and include amounts in Part IV totals.

**PART V SUMMARY OF INVESTMENTS TOTALING \$50,000 OR MORE (SEE QUESTION 12)**

n/a	
60 Securities, beginning of year at cost . . . . .	60
61 Securities acquired, at cost or original basis . . . . .	61
62 Securities sold, at cost or original basis (may include sales expenses) . . . . .	62
63 Securities, end of year at cost . . . . .	63
64 Securities, end of year at market value . . . . .	64
65 Sum of all gains on sales during the year . . . . .	65
66 Sum of all losses on sales during the year . . . . .	66
67 Dividends and interest from securities (990, line 5 or 990-PF, Part I, line 4, column (a)) . . . . .	67
68 Total return realized (line 65 less line 66, plus line 67) . . . . .	68
69 Less all fees, salaries, and other costs incurred to earn investment income . . . . .	69
70 Net return realized from investments in securities (line 68 less line 69) . . . . .	70

Has this organization engaged in, purchased, sold or held during the year:

	Yes	No
71 Investments (any type) which produce no current income? . . . . .		
72 Investments (any type) worth one half or less of original basis? . . . . .		
73 Securities on margin? . . . . .		
74 Warrants, puts, calls, options, commodity futures, or short sales? . . . . .		
75 Stocks rated "Speculative Grade" by Moody's, or ranked "B-" or lower by Standard & Poor's? . . . . .		
76 Securities not publicly traded? . . . . .		
77 Municipal bonds or similar tax-exempt securities which yield less than taxable securities? . . . . .		
78 Stock in which an officer, director or trustee owns 10% or more of the outstanding shares? . . . . .		

If "yes" on any line from 71-78, affix in sequence as Exhibit 78 a full explanation including original basis and current value.

## ACCOUNTING PERIOD

The annual accounting period (fiscal year) selected should normally coincide with your natural operating cycle; it is not necessary that your fiscal year end on December 31 or June 30.

This Form CT-2 and attachments should cover your established fiscal year. It should agree with the fiscal year used on federal returns and should reconcile with prior reports filed with this office.

To change your accounting period with this office, attach to Form CT-2 an approved copy of Internal Revenue Service Form 1128, Application for Change in Accounting Period.

## FINAL PERIODIC REPORT (FORM CT-2)

In the case of a complete liquidation, dissolution or termination, Form CT-2 must be filed on or before the 15th day of the fifth month following such termination. Write "FINAL REPORT" prominently across the face of Form CT-2, attach a copy of the dissolution or termination document and final IRS return.

The Attorney General must be a party to liquidation proceedings in many cases. See Section 6716 of the Corporations Code and Section 12591 of the Government Code.

## GROUP REPORTS

Group reporting can benefit subordinate units. A group report may be filed on Form CT-2 for two or more affiliates by a parent, state or district organization. The parent is still required to file a separate report for itself and may not be included in the group report. When an organization complies in all respects with the related Internal Revenue Service Form 990 Instructions on filing a group return, then a copy of the IRS parent and group returns on Form 990 may be attached to Forms CT-2 and filed with the Registry of Charitable Trusts for those included organizations.

Parent or like organizations that do not file a group report for subordinate units, or do not include some units in a group report, should attach to their report to the Registry an annual roster listing the name and address of subordinate units in California not included in the parent's report.

## ADDRESS—LABEL

If you received a Form CT-2 from the Registry with a pre-addressed label affixed, please file that copy. Using the pre-labeled form helps to avoid errors in

processing the report. If you did not receive a pre-labeled Form CT-2, enter the current address in the address portion of the form.

You must advise us of any change in your mailing address. If your address is incorrect on the label, draw a line through that part and enter the correct address. Frequent changes in your mailing address or use of an address where correspondence does not receive proper attention often results in non-compliance and cost penalties. We recommend using a permanent mailing address whenever possible.

## STATE REGISTRATION NUMBER

The state registration number is the Charitable Trust (CT) number assigned to this office. If you are filing a Form CT-2 with a pre-addressed label affixed, the number is shown on the top left corner of the label.

If you do not have a pre-labeled Form CT-2, enter the CT-2 registration number previously assigned by this office. A correct CT number will not exceed five digits.

## CORPORATE OR ORGANIZATION NUMBER

Incorporated entities enter the corporation number assigned by the California Secretary of State. Unincorporated organizations and trusts enter the number assigned by the California Franchise Tax Board.

## IS THE ORGANIZATION EXEMPT FROM FEDERAL INCOME TAX?

Check "yes", if the Internal Revenue Service has issued a letter stating that you are exempt from federal income tax. If no such determination letter has been issued, check "no". If the answer to part B is also "no", then explain in an attachment why you have not qualified for exemption from federal income tax.

## SIGNATURE AND CERTIFICATION

Form CT-2 must be signed by an officer who is a member of the Board of Directors or Board of Trustees, such as the president, vice president, treasurer, secretary, etc. Any person signing the CT-2 who is not a member of the Board of Directors or Trustees must have been authorized by such Board members to sign Form CT-2.

## SPECIFIC INSTRUCTIONS

Amounts on Form CT-2 may be rounded off to whole dollars. Enter "0" if an amount is zero.

## UNIFORM REPORTING

Currently there are several conflicting AICPA Industry Audit Guides and Statement of Position 78-10 for nonprofit organizations. Similar transactions, however, should be reported similarly by comparable organizations.

Therefore, when filing a copy of Form 990 with the Attorney General, it should be prepared in accordance with the AICPA Guide for Voluntary Health and Welfare Organizations and the Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations (Standards).

Form 990 may be prepared in accordance with AICPA Statement of Position 78-10 for APPLICABLE organizations EXCEPT where it conflicts with the Health and Welfare Audit Guide and the Standards. Such conflicts include multi-purpose expense allocation and current restricted revenue.

The Attorney General recognizes that there may be special circumstances for certain types of organizations which could justify departures from the above reporting requirements. If an organization determines that it needs to depart from one or more reporting requirements of paragraphs two and three above, it must completely substantiate and fully disclose how following the above reporting requirements would materially mis-state the organization's financial position. This substantiation must include a presentation comparing the figures in question by showing both sets of figures prepared according to the above reporting requirements and according to the organization's own preferred method of reporting. Existing accounting literature must be referenced. All special circumstances must be explained. A detailed reconciliation to the Attorney General's reporting requirements must be prepared including appropriate notes and submitted with Form CT-2.

**EXCEPTION:** The value of donated services and facilities, if reported, may not be included as support in Part I or as an expense in Part II, Form 990. Donated services and facilities may be reported in Item 82 and in Part III in accordance with Form 990 instructions.

The Internal Revenue Service will accept Forms 990 prepared in accordance with these uniform reporting instructions.

The following instructions are numbered to correspond with the related part or line number on Form CT-2.

**Line 1.** If 50% or more of the amount entered on Form 990, line 12 (or Form 990-PF, Part I, line 12) is from grants received from government agencies, attach a schedule to Form CT-2. On the schedule, provide the name and address of the agencies, the purpose of the grant and the amount. If more than two such grants were received, you need list only those two that provide the largest amounts.

**Line 4.** If the answer to this question is "yes", attach an explanation which describes the property and gives its fair market value. Also, name the organization(s) or person(s) involved, and the reason for which the property has been commingled. If the property has been commingled with the property of another organization, state whether or not the other organization is formed for charitable purposes.

**Line 10.** "Direct Public Support" is defined in IRS Form 990 Specific Instructions for line 1a of Form 990.

**Line 11.** "Fundraising Consultant" or "Commercial Fundraiser" is any person (except for your own employees), organization or business entity who for compensation either (a) assists, advises, counsels, or otherwise provides any services related to fundraising, or (b) solicits for charitable purposes, or as a result of such solicitation, receives or controls funds, assets or property. If the answer to line 11 is "yes", Form CT-2, Part IV, must be completed and the applicable amount also entered on Form 990, line 30.

**Line 12.** "Invested Assets" are those items properly reportable on Form 990, lines 54, 55 and 56 or on Form 990-PF, Part II, lines 10, 11, 12 and 13. If these assets total \$50,000 or more, Form CT-2, Part V, must be completed.

**Part III.** Only Private Foundations complete this part. The information required by CT-2, Part III, must be entered in this part, since such specific details are not available from Form 990-PF which is filed by private foundations.

**Part V.** Lines 60-70 and 73-78 of this part relate only to securities investments (those reportable on Form 990, line 54 or Form 990-PF, Part II, line 10). Lines 71 and 72 relate to any invested assets, in addition to securities.