

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

1997

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 1997 calendar year, OR tax year period beginning JULY 1, 1997, and ending JUNE 30, 1998

- 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 or town, state or country, 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

Other (specify) _____

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.

I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Specific Instructions on page 11.)

Revenue	1 Contributions, gifts, grants, and similar amounts received:			
	a Direct public support	1a	1,362,515	
	b Indirect public support	1b	-0-	
	c Government contributions (grants)	1c	-0-	
	d Total (add lines 1a through 1c) (attach schedule of contributors) (cash \$ <u>1,362,515</u> noncash \$ <u>-0-</u>)	1d		1,362,515
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2		58,133
	3 Membership dues and assessments	3		-0-
	4 Interest on savings and temporary cash investments	4		23,315
	5 Dividends and interest from securities	5		-0-
	6a Gross rents	6a	-0-	
	b Less: rental expenses	6b	-0-	
	c Net rental income or (loss) (subtract line 6b from line 6a)	6c		-0-
7 Other investment income (describe _____)	7		-0-	
Revenue	8a Gross amount from sale of assets other than inventory	(A) Securities		(B) Other
	b Less: cost or other basis and sales expenses	-0-	8a	-0-
	c Gain or (loss) (attach schedule)	-0-	8b	-0-
	d Net gain or (loss) (combine line 8c, columns (A) and (B))	-0-	8c	-0-
	8d			-0-
	9 Special events and activities (attach schedule)			
	a Gross revenue (not including \$ <u>-0-</u> of contributions reported on line 1a)	9a	-0-	
	b Less: direct expenses other than fundraising expenses	9b	-0-	
c Net income or (loss) from special events (subtract line 9b from line 9a)	9c		-0-	
Revenue	10a Gross sales of inventory, less returns and allowances	10a	-0-	
	b Less: cost of goods sold	10b	-0-	
	c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c		-0-
	11 Other revenue (from Part VII, line 103)	11		2,205
	12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		1,446,168
Expenses	13 Program services (from line 44, column (B))	13		908,225
	14 Management and general (from line 44, column (C))	14		222,795
	15 Fundraising (from line 44, column (D))	15		86,594
	16 Payments to affiliates (attach schedule)	16		-0-
	17 Total expenses (add lines 16 and 44, column (A))	17		1,217,614
Net Assets	18 Excess or (deficit) for the year (subtract line 17 from line 12)	18		228,554
	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19		173,002
	20 Other changes in net assets or fund balances (attach explanation)	20		-0-
	21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		401,556

II 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 15.)

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-			
23	Specific assistance to individuals (attach schedule)	-0-			
24	Benefits paid to or for members (attach schedule)	-0-			
25	Compensation of officers, directors, etc.	168,920	81,375	60,937	26,609
26	Other salaries and wages	273,018	193,143	62,240	17,634
27	Pension plan contributions	10,104	5,246	3,568	1,290
28	Other employee benefits	24,068	13,959	7,220	2,888
29	Payroll taxes	36,458	22,708	10,125	3,624
30	Professional fundraising fees	-0-			
31	Accounting fees	2,273	1,403	639	231
32	Legal fees	375	-0-	375	-0-
33	Supplies	102,382	63,205	28,781	10,396
34	Telephone	19,070	11,773	5,361	1,936
35	Postage and shipping	7,305	4,510	2,054	742
36	Occupancy	72,978	45,053	20,515	7,410
37	Equipment rental and maintenance	47,653	29,418	13,396	4,839
38	Printing and publications	13,989	8,636	3,933	1,420
39	Travel	116,505	110,680	-0-	5,825
40	Conferences, conventions, and meetings	8,789	8,350	-0-	439
41	Interest	-0-			
42	Depreciation, depletion, etc. (attach schedule)	13,301	13,301	-0-	-0-
43	Other expenses (itemize): a insurance	9,798	6,049	2,754	995
	b Consultants, authors, subcontractors	287,148	287,148	-0-	-0-
	c Temporary help	3,113	1,922	875	316
	d Dues, filing fees	367	347	20	-0-
	e				
44	Total functional expenses (add lines 22 through 43) Organizations completing columns (B)-(D), carry these totals to lines 13-15	1,217,614	908,225	222,795	86,594

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

III Statement of Program Service Accomplishments (See Specific Instructions on page 18.)

What is the organization's primary exempt purpose? ▶ <u>Help preserve Earth's ecological balance.</u>	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
a Global Peace and Security: Provided information to more than 1,000 readers in 26 countries on peace and security in East Asia; conducted research and education programs on future of nuclear weapons in East Asia; promoted nuclear non-proliferation in East Asia. (Grants and allocations \$ <u>-0-</u>)	445,030
b Sustainable Development: Promoted environmental objectives into national economic policies and international institutions, especially in the Asia-Pacific Economic Cooperation forum (APEC). Conducted research and education on linkages between trade, environment and development; ecologically sound economic policies; and regional cooperation. (Grants and allocations \$ <u>-0-</u>)	390,537
c Pegasus: Provided Bay Area teenagers opportunities to acquire sailing and scientific-technical skills, learn teamwork, and become environmentally sensitive. Took 18 classes from East Bay schools for sails in collaboration with Shorebird Nature Center, and conducted an intensive summer school in collaboration with the Police Activities League for teenagers-at-risk. (Grants and allocations \$ <u>-0-</u>)	72,658
d	
(Grants and allocations \$ <u>N/A</u>)	
e Other program services (attach schedule) (Grants and allocations \$ <u>None</u>)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services) ▶	908,225

IV **Balance Sheets** (See Specific Instructions on page 18.)

				(A)		(B)
				Beginning of year		End of year
Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.						
Assets	45	Cash—non-interest-bearing		18,116	45	32,711
	46	Savings and temporary cash investments		551,775	46	536,820
	47a	Accounts receivable	47a -0-	3,151	47c	-0-
	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)		6,371	50	21,218
	51a	Other notes and loans receivable (attach schedule)	51a 7	-0-	51c	7
	b	Less: allowance for doubtful accounts	51b -0-			
	52	Inventories for sale or use		-0-	52	-0-
	53	Prepaid expenses and deferred charges		2,065	53	829
	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	61,955	57c	48,654	
b	Less: accumulated depreciation (attach schedule)	57b 49,354				
58	Other assets (describe ► <u>life insur. policy on Exec Dir's</u>)		-0-	58	39,828	
59	Total assets (add lines 45 through 58) (must equal line 74)		643,433	59	680,067	
Liabilities	60	Accounts payable and accrued expenses		509	60	50,244
	61	Grants payable		-0-	61	-0-
	62	Deferred revenue		469,922	62	228,267
	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 ► <u>None.</u>)		-0-	65	-0-
66	Total liabilities (add lines 60 through 65)		470,431	66	278,511	
Net Assets or Fund Balances	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		173,002	70	401,556
	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	Total net assets or fund balances (add lines 67 through 69 OR lines 70 through 72; column (A) must equal line 19 and column (B) must equal line 21)		173,002	73	401,556	
74	Total liabilities and net assets / fund balances (add lines 66 and 73)		643,433	74	680,067	

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

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

V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated; see Specific Instructions on page 20.)

(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
Dr. Kirk R. Smith, 1831 Second St., Berkeley, CA 94710-1902	President, 1	-0-	-0-	-0-
Dr. Walden Bello, FOCUS, Chulalongkorn Univ., Bangkok, Thailand	Vice Pres., 1	-0-	-0-	-0-
Thomas Miller, Esq., 1831 Second St., Berkeley, CA 94710-1902	Treasurer, 1	-0-	-0-	-0-
Lyuba Zarsky, 1831 Second St., Berkeley, CA 94710-1902	Secretary, 1	-0-*	-0-*	-0-*
Dr. Peter Hayes, 1831 Second St., Berkeley, CA 94710-1902	Member, 1	-0-*	-0-*	-0-*
Tom Athanasiou, 1831 Second St., Berkeley, CA 94710-1902	Member, 1	-0-	-0-	-0-
*Peter Hayes and Lyuba Zarsky not compensated as Board members, but as staff: see below.				
Lyuba Zarsky, 1831 Second St., Berkeley, CA 94710-1902	CoDirector, 40+	\$84,460	\$23,449	-0-
Peter Hayes, 1831 Second St., Berkeley, CA 94710-1902	Co Director, 40-	\$84,460	\$23,449	-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 20.

Other Information (See Specific Instructions on page 21.)

		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	76	X
77	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.	77	X
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b	If "Yes," has it filed a tax return on Form 990-T for this year? N/A	78b	
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	X
80a	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?	80a	X
b	If "Yes," enter the name of the organization N/A and check whether it is <input type="checkbox"/> exempt OR <input type="checkbox"/> nonexempt.		
81a	Enter the amount of political expenditures, direct or indirect, as described in the instructions for line 81. 81a -0-		
b	Did the organization file Form 1120-POL for this year?	81b	X
82a	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?	82a	X
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.) 82b		
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? N/A	84b	
85	501(c)(4), (5), or (6) organizations. — a Were substantially all dues nondeductible by members? N/A	85a	
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year. N/A	85b	
c	Dues, assessments, and similar amounts from members 85c N/A		
d	Section 162(e) lobbying and political expenditures 85d N/A		
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices 85e N/A		
f	Taxable amount of lobbying and political expenditures (line 85d less 85e) 85f N/A		
g	Does the organization elect to pay the section 6033(e) tax on the amount in 85f? N/A	85g	
h	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	85h	
86	501(c)(7) organizations. —Enter: a Initiation fees and capital contributions included on line 12 86a N/A		
b	Gross receipts, included on line 12, for public use of club facilities. 86b N/A		
87	501(c)(12) organizations. —Enter: a Gross income from members or shareholders 87a N/A		
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) 87b N/A		
88	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	88	X
89a	501(c)(3) organizations. —Enter: Amount of tax imposed during the year under: section 4911 -0- ; section 4912 -0- ; section 4955 -0-		
b	501(c)(3) and 501(c)(4) organizations. —Did the organization engage in any section 4958 excess benefit transaction during the year? If "Yes," attach a statement explaining each transaction	89b	X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958. -0-		
d	Enter: Amount of tax in 89c, above, reimbursed by the organization -0-		
90a	List the states with which a copy of this return is filed California		
b	Number of employees employed in the pay period that includes March 12, 1997 (See instructions.) 90b 8		
91	The books are in care of Nautilus Institute Telephone no. (510) 204-9296 Located at 1831 Second Street, Berkeley, CA ZIP + 4 94710-1902		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 —Check here N/A <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year N/A 92		

VII Analysis of Income-Producing Activities (See Specific Instructions on page 25.)

	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	
93 Program service revenue:					
a Consulting/speaking/writing					57,101
b Program fees					1,032
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	23,315	
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 increase in cash --			14	2,205	
b value of life insurance					
c on Executive Directors					
d					
e					
104 Subtotal (add columns (B), (D), and (E))				25,520	58,133
105 Total (add line 104, columns (B), (D), and (E))					83,653

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

VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See Specific Instructions on page 26.)

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).
93a	Speaking, writing, and consulting on international policy issues that form the focus of our tax-exempt function. Furthers public understanding of the issues we address.
93b	Fees for attending/participating in programmatic activities such as workshops and training sessions that educate participants in the policy issues we address. Helps further public understanding of these issues.

IX 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
None.	%			
	%			
	%			
	%			

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. (See General Instructions on page 10.)

Signature of officer: *Steve Freedkin* Date: 11/13/98 Type or print name and title: Steve Freedkin, Managing Director

Paid Preparer's Use Only

Preparer's signature: _____ Date: _____ Check if self-employed: Preparer's SSN: _____
 Firm's name (or your, if self-employed) and address: _____ EIN: _____ ZIP + 4: _____



**SCHEDULE A
(Form 990)**

Organization Exempt Under Section 501(c)(3)

OMB No. 1545-0047

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

1997

Department of the Treasury
Internal Revenue Service

Supplementary Information

See separate instructions.
▶ **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

95:3608292

I 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
Steve Freedkin 1831 Second St., Berkeley CA 94710	Managing Director, 40+	51,333	3,812	-0-
Total number of other employees paid over \$50,000				

II 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
Dr. David Von Hippel 910 East 23rd Avenue, Eugene, OR 97405-3075	Consulting and authorship of studies on energy demand issues	\$60,765
Center for Global Communications (GLOCOM) Harks Roppongi Bldg. 6-15-21, Roppongi, Minato-ku, Tokyo, Japan	Subcontractor for energy policy workshops & research papers	\$95,135
Total number of others receiving over \$50,000 for professional services	None.	

III **Statements About Activities**

- 1** 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 ► \$ N/A
 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.
- 2** 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:
 - a** Sale, exchange, or leasing of property?
 - b** Lending of money or other extension of credit?
 - c** Furnishing of goods, services, or facilities?
 - d** Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?
 - e** Transfer of any part of its income or assets?
 If the answer to any question is "Yes," attach a detailed statement explaining the transactions.
- 3** Does the organization make grants for scholarships, fellowships, student loans, etc.?
- 4** 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.)

	Yes	No
1		X
2a		X
2b		X
2c		X
2d	X	
2e		X
3		X
4	N/A	

IV **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

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

IV-A **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) 1996	(b) 1995	(c) 1994	(d) 1993	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	789,933	671,000	264,508	391,000	2,116,441
16 Membership fees received	-0-	-0-	-0-	-0-	-0-
17 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	74,517	16,369	80,516	53,800	225,202
18 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	13,473	8,113	6,885	6,976	35,447
19 Net income from unrelated business activities not included in line 18	-0-	-0-	-0-	-0-	-0-
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf.	-0-	-0-	-0-	-0-	-0-
21 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-
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets	-0-	-0-	-0-	-0-	-0-
23 Total of lines 15 through 22.	877,923	695,482	351,909	451,776	2,377,090
24 Line 23 minus line 17.	803,406	679,113	271,393	397,976	2,151,888
25 Enter 1% of line 23	8,779	6,955	3,519	4,518	
26 Organizations described in lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a 43,038
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 1993 through 1996 exceeded the amount shown in line 26a. Enter the sum of all these excess amounts.					26b 1,719,772
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c 2,151,888
d Add: Amounts from column (e) for lines: 18 <u>35,447</u> 19 <u>-0-</u> 22 <u>-0-</u> 26b <u>1,719,772</u>					26d 1,755,219
e Public support (line 26c minus line 26d total)					26e 396,669
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 18 %
27 Organizations described on line 12: 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: (1996) (1995) (1994) (1993) N/A					
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: (1996) (1995) (1994) (1993) N/A					
c Add: Amounts from column (e) for lines: 15 _____ 16 _____ 17 _____ 20 _____ 21 _____					27c
d Add: Line 27a total _____ and line 27b total _____					27d
e Public support (line 27c total minus line 27d total).					27e
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e) ▶ 27f \$					
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h %
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1993 through 1996, 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
29		

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?

30		
-----------	--	--

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.)

31		
-----------	--	--

32 Does the organization maintain the following:

32a		
------------	--	--

a Records indicating the racial composition of the student body, faculty, and administrative staff?

32a		
------------	--	--

b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?

32b		
------------	--	--

c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?

32c		
------------	--	--

d Copies of all material used by the organization or on its behalf to solicit contributions?

32d		
------------	--	--

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:

32e		
------------	--	--

a Students' rights or privileges?

33a		
------------	--	--

b Admissions policies?

33b		
------------	--	--

c Employment of faculty or administrative staff?

33c		
------------	--	--

d Scholarships or other financial assistance?

33d		
------------	--	--

e Educational policies?

33e		
------------	--	--

f Use of facilities?

33f		
------------	--	--

g Athletic programs?

33g		
------------	--	--

h Other extracurricular activities?

33h		
------------	--	--

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?

33i		
------------	--	--

34a		
------------	--	--

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

34b		
------------	--	--

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

35		
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VI-A XXXXXXXXXX **Lobbying Expenditures by Electing Public Charities** (See instructions on page 6.)
(To be completed **ONLY** by an eligible organization that filed Form 5768)

N/A

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

Limits on Lobbying Expenditures

(The term "expenditures" means amounts paid or incurred.)

	(a) Affiliated group totals	(b) To be completed for ALL electing organizations
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38 Total lobbying expenditures (add lines 36 and 37)	38	
39 Other exempt purpose expenditures	39	
40 Total exempt purpose expenditures (add lines 38 and 39)	40	
41 Lobbying nontaxable amount. Enter the amount from the following table—		
If the amount on line 40 is— The lobbying nontaxable amount is—		
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	
42 Grassroots nontaxable amount (enter 25% of line 41)	42	
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43	
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	

Caution: If there is an amount on either line 43 or line 44, you must 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 7.)

	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 1997	(b) 1996	(c) 1995	(d) 1994	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

VI-B XXXXXXXXXX **Lobbying Activity by Nonelecting Public Charities**

(For reporting only by organizations that did not complete Part VI-A) (See instructions on page 7.)

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
a Volunteers		X	
b Paid staff or management (Include compensation in expenses reported on lines c through h.)		X	
c Media advertisements		X	
d Mailings to members, legislators, or the public		X	-0-
e Publications, or published or broadcast statements		X	-0-
f Grants to other organizations for lobbying purposes		X	-0-
g Direct contact with legislators, their staffs, government officials, or a legislative body		X	-0-
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means		X	-0-
i 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.

EIN 95-3608292

Line 1d - Schedule of ContributorsContributors of \$5,000 or more in Fiscal 1997-98

<u>Amount Given</u>	<u>Contributor</u>
\$ 10,000	Center for Global Communication Harks Roppongi Bldg. 6-15-21, Roppongi, Minato-ku Tokyo, Japan
98,000	Center for Global Partnership - The Japan Foundation 152 West 57th St., 39th Floor, New York, NY 10019-3310
10,000	Citicorp Foundation 451 Montgomery St., San Francisco, CA 94104-1101
5,000	East Bay Community Foundation 501 Wickson Ave., Oakland, CA 94610-2727
100,000	Ford Foundation 320 E. 43rd St., New York, NY 10017-4890
30,000	John Merck Fund 11 Beacon St., Suite 1230, Boston, MA 02108-3002
30,000	Ploughshares Fund Fort Mason, San Francisco, CA 94123
160,000	Rockefeller Foundation 420 Fifth Avenue, New York, NY 10018-2729
129,345	United States-Japan Foundation 145 E. 32nd St., New York, NY 10016-6055
545,000	W. Alton Jones Foundation 232 E. High St., Charlottesville, VA 22901-5178

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
\$12,000	Peter Hayes	Cash advance for Asia trip. Receipts for expenditures have subsequently been received, and remainder of cash has been returned to Nautilus.
\$ 9,218	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, 1998.

Line 51a - Schedule of Other Notes and Loans Receivable

\$ 7	Steve Freedkin	Personal use of office postage; repaid to Nautilus, August 1998
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Line 57b - Accumulated Depreciation Schedule

Item	Acquired	Cost/Basis	Prior Yrs' Deprecia.	Method	Rate/ Life	Deprecia. This Year
Boat	1/94	\$ 63,000	\$ 22,050	SL	10	\$6,300
Library	Prior to 6/95	35,007	14,002	SL	5	7,001
SUBTOTALS		\$ 98,007	\$ 36,052			\$13,301
		(Line 57a)				(Line 42 Col. A)
DEPRECIATION TOTAL			$\$36,052 + \$13,301 =$			\$49,353
						(Line 57b)
VALUE AFTER DEPRECIATION:			$\$98,007 - \$49,353 =$			\$48,654 (Line 57c)

Nautilus of America, Inc.

EIN 95-3608292

Line 77 - By-Laws

Conformed copy of amended By-Laws follows this page.



The Nautilus Institute

for Security and Sustainable Development

Thursday, 12 November 1998

The attached is a complete and correct copy of the conformed By-Laws of Nautilus of America, Inc., including all amendments adopted to date. The amendments adopted by the Board of Directors on September 9, 1997 are **highlighted**, with language removed from the By-Laws shown in **striketrough** type and language added to the By-Laws shown with **double underscore**.

Signed:

Lyuba Zarsky
Secretary of the Board
Nautilus of America, Inc.

Ltr Zarsky Cover Conformed By-Laws 981112

NAUTILUS OF AMERICA, INC.

BY-LAWS

ARTICLE I

Section 1. The principal office of the Corporation shall be in the City of ~~Oakland~~ Berkeley, County of Alameda and State of California. The Corporation may have other offices at such other places, either within or without the State of California, as the Board of Directors may from time to time designate.

ARTICLE II

Section 1. The affairs and property of the Corporation shall be managed and controlled by a Board of Directors of not ~~less~~ fewer than three and not more than fifteen Directors, at least one of whom shall be a citizen of the United States and a resident of California, except that there may be any number of Honorary Directors elected pursuant to Section 8 of this ARTICLE II.

Section 2. The number of Directors within the limits specified may be fixed from time to time by the Board of Directors at any meeting by vote of two-thirds of the Directors at any one time in office. No reduction in the number of Directors shall have the effect of removing any Director prior to the expiration of his term in office.

Section 3. The Directors shall be divided as equally as possible into three classes, each class having a regular term of office of three (3) years expiring at the time of the ~~November~~ annual meeting in a different year, provided the initial group of Directors shall be elected for terms of one, two, or three years.

Section 4. Elections. At each annual meeting of the Directors, the successors to the Directors of the class whose term shall expire in that year shall be elected by the Directors to hold office for a regular term of three (3) years and until their successors are elected.

Section 5. Any Director may resign at any time by giving written notice addressed to the Secretary and delivered at or mailed to the office of the Secretary. Such resignation shall take effect at the time specified therein, and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

If any Director shall fail to attend three consecutive meetings of the Board, and such failure has not been excused, ~~he~~ that Director may be deemed to have resigned.

Any Director may be removed for cause as a Director by a vote of the majority of all the Directors then serving at a meeting of the Board of Directors called for that purpose.

Section 6. Any vacancy among the Directors, however arising, may be filled for the unexpired term at any time by the Board of Directors then remaining in office.

Section 7. The Directors and any other members of any special or Standing Committee of the Board of Directors shall not be paid any fixed annual salary for their services as such, but by resolution of the Board of Directors may be allowed traveling expenses for attendance at each regular or special meeting of the Board of Directors, provided, however, that nothing herein contained shall be construed as prohibiting the payment to any person who is a Director of compensation for services rendered to the Corporation in any other capacity.

Section 8. The Board of Directors may, in its discretion, elect Honorary Directors. Such Honorary Directors shall have the right to receive notice of and to attend all meetings of the Board and to participate in the discussion of any matters thereat, but shall not be entitled to vote, shall not be responsible for any actions taken by the Board, and shall not be counted for the purpose of determining a quorum.

ARTICLE III

Meetings

Section 1. The annual meetings of the Directors shall be held on such date ~~in November~~ and at such place and time as shall be fixed and designated by the President, or, if not so fixed and designated, on the last Saturday of November at 10 a.m. at the office of the Corporation in the State of California.

Special meetings of Directors may be called at any time by the President and shall be called by him/her upon the written request of any three Directors.

Written notice, stating the time and place of each meeting of Directors and the general nature of the business to be transacted thereat shall be given by the Secretary to each Director at his/her last known post-office address, not more than ~~thirty (30)~~ forty-five (45) nor less than ten (10) days before the meeting.

Section 2. Notice of any regular or special meeting of the Directors may be waived in writing before, at or after the meeting by any person entitled to notice of the meeting.

Section 3. The presence in person of ~~one-third~~ a majority of all the Directors at any meeting of the Board, shall constitute a quorum for the transaction of business, provided that in no case shall there be fewer than two Directors present. Unless otherwise provided by law ~~of or~~ in these By-Laws, the action of a majority of those present at any meeting at which a quorum is present shall be the action of the Board of Directors. In the absence of a quorum, any meeting may be adjourned by the vote of a majority of those present, without further notice.

Section 4. Except as otherwise provided by law, if all the Directors shall consent in writing to any action to be taken by the Corporation, such action shall be as valid a corporate action as

though it had been authorized at a meeting of the Board of Directors. Any such consent shall be filed with the Secretary of the Corporation.

ARTICLE IV

Corporate and Administrative Officers

Section 1. The officers of the Corporation shall be a President, a Vice President, a Secretary, a Treasurer and may include a Comptroller and such additional Vice Presidents, Assistant Secretaries, and Assistant Treasurers as may from time to time be elected by the Board of Directors. An Assistant Treasurer may be a Bank or Trust Company.

Section 2. The administrative officers of the Corporation shall be an Executive Director and may include a Business Manager, a financial or budgetary officer with such title as may be selected by the Board of Directors, and any other officer from time to time appointed by the Board of Directors whose title is not designated in Section 1 of this ARTICLE IV.

Section 3. The President, the Vice President, the Secretary and the Treasurer shall be Directors, but other officers need not be Directors.

The same individual may serve as both an officer of the Corporation (and hold any two offices concurrently other than those of President and Secretary) and as an administrative officer of the Corporation.

Section 4. The Board of Directors may, in its discretion, require any officer to give bond, at the Corporation's expense, in such amount and with such sureties as it may determine.

Section 5. The officers of the Corporation whose titles are designated in Section 1 of this ARTICLE IV shall be elected by the Board of Directors at each annual meeting and shall hold office for one year and until their successors are elected. The administrative officers of the Corporation shall hold office during the pleasure of the Board.

Section 5. Any vacancy in any office, however arising, may be filled for the unexpired term at any time by the Board of Directors.

Section 7. The President shall exercise general supervision over the affairs of the Corporation and perform the usual duties pertaining to his office. S/he shall preside at all meetings of the Board of Directors and be a member of the Executive Committee. S/he shall receive notice of and may attend all other committee meetings whether or not a duly elected member thereof.

Section 8. The Vice Presidents shall, in the order of seniority of their offices, have the power and perform the duties of the President in the latter's absence and shall perform such other duties and functions as the Board of Directors shall prescribe.

Section 9. The other officers of the Corporation whose titles are designated in Section 1 of this ARTICLE IV shall have such powers and perform such duties as usually pertain to their respective offices and such additional powers and duties as may be specifically authorized by the Board of Directors.

Section 10. The Executive Director, or the Co-Executive Directors, shall be the chief administrative officer(s) of the Corporation charged with implementing its objectives and purposes and shall perform his those functions subject to the control of the Board of Directors. ~~S/he~~ The Executive Director(s) shall have the power to suspend and to remove employees ~~appointed by him~~, and, when authorized by the Board of Directors, to remove administrative officers of the Corporation appointed by the Board of Directors pursuant to Section 2 of this ARTICLE IV.

The Executive Director(s) shall be responsible generally for the performance by of all administrative officers and employees of the Corporation, however appointed, of their respective duties.

The Executive Director shall attend all meetings of the Board of Directors and of the several Standing Committees designated in subsection (1)(a) and (1)(b) of ARTICLE V of these By-Laws, and shall render reports on the discharge of his/her/their duties when requested to do so by the Board of Directors. The Executive Director(s) shall annually prepare a proposed budget for the ensuing fiscal years and submit the same to the Finance Committee.

Section 11. Except as may otherwise be provided in this ARTICLE IV, the officers, administrative officers, and employees shall have such authorities, responsibilities and duties as normally pertain to their respective positions and as may be prescribed by the Board of Directors or delegated by it to Officers ~~of~~ or Committees of the Board, all in the discretion of the Board of Directors.

Section 12. Any officer may resign at any time by giving written notice addressed to the Secretary and delivered at or mailed to the office of the Secretary. Any such resignation shall take effect at the time specified therein, and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

ARTICLE V

Committees

Section 1. There shall be the following Standing Committees:

- (a) Executive Committee, to consist of not ~~less~~ fewer than ~~three (3)~~ two (2) nor more than seven (7) Directors and the President
- (b) Finance Committee, to consist of not ~~less~~ fewer than two (2) nor more than five (5) Directors and the Treasurer

The members of all Standing Committees (other than the officers designated in this Section) and the respective ~~Chairman~~ Chairpersons thereof shall be elected at the annual meeting of the Board of Directors and shall hold office for one (1) year and until their successors are elected. Any vacancy in a Standing Committee may be filled by the Board of Directors whenever ~~the same it~~ occurs. In the case of the absence of any member of any Standing Committee, the President shall have the power to designate a Director to act upon such Committee in the place of the absent member. The Secretaries of all Standing Committees shall be appointed by the respective ~~Chairman~~ Chairpersons of the Committees.

The Executive and Finance Committees shall each keep minutes of their proceedings, which minutes shall be sent to all Directors and acted upon by the Board of Directors at the earliest practical ensuing meeting thereof. One-half of the existing members of any Standing Committee shall constitute a quorum. The persons to act as ~~Chairman~~ Chairpersons in the absence of the elected ~~Chairman~~ Chairpersons shall be elected by the respective Committees.

Section 2. The Board of Directors may from time to time elect or authorize the President to appoint such other committees and with such memberships as it may deem necessary or desirable and prescribe the duties thereof.

Section 3. Any member of any Committee may be removed with or without cause, by a majority vote of the Board of Directors at any meeting thereof, ~~provided not less than ten (10) days written notice that such removal is to be considered is given to each Director in advance of such meeting.~~

Section 4. The Executive Committee shall have and may exercise all the powers of the Board of Directors, between meetings of the Board of Directors, except the power to amend the By-Laws, to fill vacancies on the Board of Directors or on the Executive Committee, or to remove officers of the Corporation designated in Section 1 of ARTICLE IV or members of any Committees.

Section 5. The Finance Committee shall have general charge of the monies and securities of the Corporation, with authority to invest and reinvest the same. It may authorize the transfer of

stocks, bonds or other securities of the Corporation, and may contract with a bank or trust company to act as custodian of property of the Corporation and with a bank, trust company, corporation, firm or individual to advise in respect of the investment thereof. It shall review the Corporation's insurance coverage from time to time. It shall review the Corporation's proposed budget for the ensuing year and make recommendations thereon to the Board of Directors at its annual meeting and give approval to any revisions therein.

Section 6. Any action in which a majority of the existing members of any Committee shall concur in writing shall be the binding and valid action of said Committee and shall be reported at the next succeeding meeting of such Committee or of the Board of Directors, whichever shall first occur.

ARTICLE VI

Compensation of and Transactions Affecting Directors and Officers or Spouses or Kindred of Same

No Director, officer or spouse or kindred of same shall receive, directly or indirectly, any salary, compensation or employment from the Corporation, either as Director or officer or in any other capacity, unless authorized by the concurring vote or written approval of two-thirds of all the Directors then serving.

No Director ~~or~~ or officer of the Corporation, or spouse or kindred of same, shall be interested, directly or indirectly, in any contract relating to operations conducted by the Corporation, or for furnishing supplies or services to the Corporation, unless authorized by the concurring vote or written approval of two-thirds of all the Directors then serving. This restriction shall not apply to a contract with an organization (including without limitation a foundation, educational or medical institution or business firm) with which a Director, officer, spouse or kindred of same is associated in any capacity if he or she has no personal financial interest in the contract.

ARTICLE VII

Other Matters

Section 1. The seal of the Corporation shall have inscribed thereon the following words and figures:

NAUTILUS OF AMERICA, INC. 1981

Section 2. The fiscal year of the Corporation shall run from July 1st to June 30th.

ARTICLE VIII

Amendments

These By-Laws may be amended in whole or in part by the written consent thereto of all Directors or by a two-thirds vote of the Directors present at a meeting of the Board of Directors if notice in writing of the proposed change was given each Director at least ten (10) days in advance of such meeting and not more than ~~thirty (30)~~ forty-five (45) days in advance of such meeting.

Nautilus of America, Inc.
 Employer ID # 95-3608292
 Form 990 — FY 1997

Attachment to Schedule A, Line 26(b)

Amounts contributed by each person whose total gifts for 1993-1996 exceeded the amount shown in Line 26(a): \$43,038

Contributor	FY 1996	FY 1995	FY 1994	FY 1993	TOTAL	Excess
Ford Foundation	\$ 135,000	\$ 90,000			\$ 225,000	\$ 18,362
John Merck Fund	\$ 30,000	\$ 30,000	\$ 50,000	\$ 50,000	\$ 160,000	\$ 16,362
Rockefeller Brothers Fund	\$ 75,000	\$ 113,000			\$ 188,000	\$ 17,632
Rockefeller Foundation	\$ 150,000	\$ 185,000	\$ 200,000	\$ 245,000	\$ 780,000	\$ 76,362
United States-Japan Foundation	\$ 188,408				\$ 188,408	
W. Alton Jones Foundation	\$ 240,000	\$ 165,000	\$ 120,000		\$ 525,000	\$ 43,362
Winston Foundation	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 100,000	
Totals	\$ 843,408	\$ 608,000	\$ 395,000	\$ 320,000	\$ 2,166,408	\$ 171,716

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.

The Nautilus Institute has worked diligently to broaden its funding base. Public support grew markedly in FY 1997; **using the formulae on Schedule A, Page 3 for FY 1997 only, public support was 39% last year.** Further broadening of the organization's funding base is being actively pursued in FY 1998.

California Exempt Organization Annual Information Return

1997

199

For calendar or fiscal year beginning 07/01/97 - 06/30/98 and ending 06/30/98

Attach Preaddressed Label or See Instructions

A Final return? Yes. If yes check applicable box No
 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

California corporation number D 1 0 1 4 9 2 1 9 5 3 6 0 8 2 9 2 FEIN

Corporation/Organization name NAUTILUS OF AMERICA, INC.

Address 1831 SECOND STREET

City BERKELEY State CA ZIP code 94710-1902

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

Receipts and Revenues <small>(Attach check or money order here.)</small>	1	Gross sales or receipts from other sources. From Side 2, Part II, line 8	1	83,653
	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	1,362,515
	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	1,446,168
	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	1,446,168
Expenses	9	Total expenses and disbursements. From Side 2, Part II, line 18	9	1,217,614
	10	Excess of receipts over expenses and disbursements. Subtract line 9 from line 8	10	228,554
Filing Fee	11	Filing fee \$10 or \$25. See General Instruction, F	11	10.00
	12	Penalty for failure to file on time. See General Instruction, L	12	-0-
	13	Balance due. Add line 11 and line 12	13	\$ 10.00

- 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 financial records are in care of The Nautilus Institute Daytime telephone (510) 204-9296

located at 1831 Second Street, Berkeley, CA 94710-1902

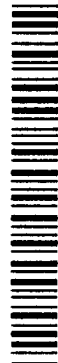
Please Sign Here

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] 11/13/98 Managing Director (510) 204-9296
Signature of officer Date Title Daytime telephone

Paid Preparer's Use Only

Preparer's signature N/A 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	8	
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)
Assets				
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				
Liabilities and net worth				
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

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.

MAIL TO:
Registry of Charitable Trusts
P.O. Box 903447
Sacramento, CA 94203-4470
Telephone (916) 445-2021

TO ATTORNEY GENERAL OF CALIFORNIA
Section 12586, California Government Code

ACCOUNTING PERIOD — For the Year Beginning JULY 1, 1997 and Ending JUNE 30, 1998

If address changed check here and show changes below
USE THIS PEEL-OFF LABEL ON CT-2 FORMS SUBMITTED.

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

Corporate or Organization No. D-1014921

042542 YEAR ENDED 06/30/1998

Nat NAUTILUS OF AMERICA INC
1831 2ND ST
Adc BERKELEY CA 94710

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 N/A federal tax status.

City or town, State, and ZIP code

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

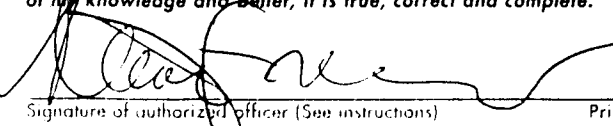
Gross receipts \$ 1,446,168 Total assets \$ 680,067
Are the program activities of this entity limited solely to grantmaking?

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", check below the government agencies and the total grant amounts received from each. 1(a) Federal <input type="checkbox"/> _____, 1(b) State <input type="checkbox"/> _____, 1(c) City <input type="checkbox"/> _____, 1(d) County <input type="checkbox"/> <u>N/A</u>		X
2 Were you audited by any government agency which resulted in audit exceptions in excess of \$50,000 being taken? 2 If "yes", attach a copy of the audit report. Enter here the total exceptions. 2a \$ <u>N/A</u>		X
3 Did an auditor or accountant issue a report on your financial statements? 3 If "yes", enter: Accountant's or Auditor's Name <u>N/A</u> Telephone () <u>N/A</u>		X
4 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 the payment of life insurance on an officer or director; financing the principal residence of officer; compensation for services disclosed on the List of Officers, Directors and Trustees on Form 990, Part V; Form 990EZ, Part IV; or Form 990PF, Part VII). 4 If "yes", attach a full explanation. Enter here the amount involved. 4a \$ <u>-0-</u>		X
5 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? 5 If "yes", attach a justification of why noncharitable entities receive your charitable property. Enter here the fair market value of the donations. 5a \$ <u>-0-</u>		X
6 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. 6		X
7(a) Was there any theft, embezzlement, diversion or misuse of your charitable property or funds? If "yes", attach a schedule giving a full and complete explanation. 7(a)		X
7(b) Were any of your officers, directors or trustees named in any court action in which it was alleged that any trust or fiduciary duty was breached? If "yes", attach a statement giving a full and complete explanation. 7(b)		X
7(c) Were there any allegations of theft, embezzlement, diversion, or misuse of funds or property by officers, directors, trustees or employees which were investigated by your organization? If "yes", attach a statement giving a full and complete explanation. 7(c)		X
8 Were any organization funds used to pay any penalty, fine or judgment? 8 If "yes", attach a full explanation. Enter here the total amount involved. 8a \$ <u>-0-</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.

 Organization's area code and telephone number (510) 204 - 9296
Steve Freedkin Managing Director 11/12/98

- 9 Did a fundraising consultant or commercial fundraiser receive any payment from you, or retain any money from fundraising on your behalf? 9
 If "yes", complete Part IV (Form CT-2).
- 10 Did your invested assets total \$50,000 or more? If "yes", complete Part V (Form CT-2) (See line 12 instructions) 10
- 11 Did you receive any income from any bingo game? 11
 If "yes", enter here and on Form 990, line 9a, the gross receipts provided by all bingo players before deductions for any costs or prizes, whether or not all gross receipts were received by your organization. 11a \$ -0-
- 12 Employee compensation of the five highest paid employees:
- (a) Did any individual employee receive salary plus employer contribution to employee benefit plans, expense account or other allowance in excess of \$100,000? 12a
- (b) Other than salary, was compensation, bonuses or other benefits not listed in (a) above of \$10,000 or more, paid any employee? 12b
- (c) Did any employee receive the benefit of a residence for personal use which was owned or leased by the organization? 12c
- (d) Did the organization lease, rent or purchase any equipment, property, or facility to or from an employee or any business entity in which the employee had any financial interest? 12d
 If "yes", enter here the total amount involved. 12d \$ -0-
- (e) Did the organization make any loans in excess of \$5,000 to any employee? 12e
 If any of questions 12(a),(b),(c),(d) or (e) are answered "yes", attach specific details to fully explain any "yes" response and fully complete Part I, Schedule A (Form 990).
- 13 Did you make payments totalling over \$50,000 to any independent consultants or contractors other than for (a) fundraising, (b) accounting, (c) legal fees, (d) investment fees? 13
 If "yes", either complete Part II of Schedule A (Form 990) for the five highest paid regardless of the amounts; or, attach a similar schedule of names, addresses, type of service and amounts.
 Enter here the total of all payments to all independent contractors. 13a \$ 287,149
- 14 If you incurred or paid any of the following taxes and/or related penalties, enter the amounts in blanks provided.
- | | | Tax | Penalty |
|------------------------------|-----|--------|---------|
| a. Payroll | 14a | 36,458 | -0- |
| b. Sales (on items you sold) | 14b | -0- | -0- |
| c. Personal Property | 14c | -0- | -0- |
| d. Real Estate | 14d | -0- | -0- |
| e. Unrelated Business Income | 14e | -0- | -0- |
- 15 Were you named as a beneficiary to receive a portion of commercial transactions (commercial co-ventures, joint venture marketing, or cause-related marketing)? 15
 If "yes", enter here the gross amount received. 15a \$ 117.37

Yes	No
	X
	X
	X
X	
	X
	X
	X
X	
X	

PART III ADDITIONAL INFORMATION FROM PRIVATE FOUNDATIONS ONLY

N/A

16 Did you file a Form 4720 with the Internal Revenue Service? 16
 If "yes", attach a copy of Form 4720 and enter here the amount of total taxes paid with that return. 16a

Yes	No

PART IV FUNDRAISING CONSULTANT OR COMMERCIAL FUNDRAISER (FC-CFR) (SEE QUESTION 9) N/A

	ACTIVITY #1	ACTIVITY #2	ACTIVITY #3**	TOTAL
17 Brief Description of Campaign, Drive, Event, or Services				
18 Date or Period Covered				
19 Name of FC-CFR				
20 Address of FC-CFR				
21 Gross Receipts from Donors*			21	
22 Total Retained by or Paid to FC-CFR			22	
23 All Other Fund-Raising Expenses			23	
24 Net Proceeds (Line 21 Less 22 and 23)			24	

* On line 21, 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 10) N/A

25 Securities, beginning of year at cost	25
26 Securities acquired, at cost or original basis.	26
27 Securities sold, at cost or original basis (may include sales expenses)	27
28 Securities, end of year at cost	28
29 Securities, end of year at market value	29
30 Sum of all gains on sales during the year	30
31 Sum of all losses on sales during the year	31
32 Dividends and interest from securities (990, line 5 or 990-PF, Part I, line 4, column (a))	32
33 Total return realized (line 65 less line 66, plus line 67)	33
34 Less all fees, salaries, and other costs incurred to earn investment income	34
35 Net return realized from investments in securities (line 68 less line 69)	35

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

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

If "yes" on any line from 36-43, attach a full explanation including original basis and current value.