

Dear Mr. Woo:

Following are the answers to the questions sent to us on August 9th regarding our application for a 501 c 3 exempt status. It is our intention to be functioning as a 501 c 3 and we believe that we are operating within these bounds. Hopefully our answers will allay your concern that we are better suited to a 501 c 4 than a 501 c 3 status, and our application for a 501 c 3 will be approved. Please let us know if these answers to your questions are not clear, as we would feel very remiss if we did not receive approval due to lack of communication.

1. Will you use the organization to promote community farming? If yes, please explain briefly and explain the estimated percentage of time and funds spent in promoting community farming?

What we promote is farming education, and enhancing marketing and business skills in order that minority and aspiring farmers can be successful as agricultural producers. Our agriculture programs center around teaching organic farming practices that benefit the larger community, and one of the marketing strategies that we teach to growers is CSA, community supported agriculture, which by USDA definition “ consists of a community of individuals who pledge support to a farm operation so that the farmland becomes, either legally or philosophically, the community's farm, with the growers and consumers providing mutual support and sharing the risks and benefits of food production.” By this definition of community farming, the answer is yes. We promote community farming through our farm incubation program, targeting socially disadvantaged farmers. Our farm incubation program provides information and expertise, land for growing, facilities and equipment , business development services as well as technical assistance. The educational programs are available to the general public as well as to the farm families growing on the Farley Center land. Starting in January 2011, with support from the USDA, we have held 18 free workshops that were open to the broader community. Over 50 different farmers and aspiring farmers attended at least one workshop, and many attended multiple workshops.

Currently the agriculture component funds that have been spent come from two USDA grants that have been received by Community Groundworks, a 501 c 3, on our behalf. Approximately 75% of our hours are spent on developing and delivering our educational programs. Once these grants are complete we envision the farm incubator being approximately 60% of our overall budget with the potential of a decreasing percentage as we work toward our vision of developing scholarships for internships for students working in fields related to our overall mission of sustainability, peace and justice.

2. Please explain your organization's role in the growth and development of local food distribution network.

The Farley Center encourages economic development through training disadvantaged farmers to run successful businesses, and distributing produce locally is a key part of this. Our organization has not

directly developed or grown the distribution network, but in our trainings we do teach farmers ways that they can sell their produce locally, so indirectly have expanded the local food distribution network. This year, through our grants from USDA, our staff are teaching farmers how to set up CSAs and mobile produce stands (the stands are in low income neighborhoods in Madison that do not have grocery stores or farmers markets, so residents find it hard to buy fresh healthy produce). Additionally they are selling at local farmer's markets and outside of WIC clinics to promote local, fresh healthy food. Recent publicity in this regard can be found at

<http://www.thedailypage.com/theguide/details.php?event=265657>

http://host.madison.com/news/local/grassroots/article_9cd267d4-cb60-11e0-9710-001cc4c03286.html

Please note that we have realized that we checked the "no" box under economic development on the 1023 Form with our original application. Although our farm incubator does not provide assistance to induce new businesses to locate in communities whose economies are depressed or deteriorating, we do provide the kind of assistance mentioned above to a group of people who have survived on subsistence farming and who create a sub-community of economic depression. Thus we feel that our farm incubator does provide economic development and Form 1023 of our application for 501 c 3 page 6, box number 6a regarding economic development should have been checked "yes".

3. Please state whether you encourage each CSA to sell its produce to local food stores and restaurants.

The CSAs are independent entities that sell directly to families and individuals. We have taught classes on wholesale business development, and several of the farmers we teach have sold produce to restaurants and stores. Certainly we believe that selling wholesale to food stores and restaurants are good sales opportunities for local farmers and our trainings give the farmers skills to sell to local food stores and restaurants. However, a mixed venue of marketing is encouraged. Some are growing to sell at farmer's markets, some are growing for home consumption, some are growing for direct sale to targeted consumers via mobile carts, and all are growing to get hands-on experience running a small farming enterprise before they are prepared to get their own land and try to make it without the support they get from the Farley Center.

4. Please state whether you provide a one-on-one service for farmers, agriculture producers, ranchers and non-governmental organizations. Or is the organization acting as a consultant? Please explain the organization's intention.

We neither provide a one-on-one service or act as consultants. We provide education and training. The Farley Center Farm Incubator was formed to promote local economic

development amongst a population that is economically and socially disadvantaged. We further charitable and educational purposes by operating an agricultural training program that includes a farm business incubator which provides an evolving group of disadvantaged, minority and new farmers with operating space and management counseling for their start-up businesses. Much of the education is also available to a wider audience of a similar cohort of growers. Specifically, our purposes are:

- to train these farmers and other aspiring farmers, and provide them appropriate counsel with respect to the organization, management, and production of farm businesses
- to strengthen the economy by training low-income people to launch and strengthen farm businesses
- to provide a site and facilities for the formation, nurture and development of new farm businesses
- to address the public interest by training a new cohort of farmers each year who will supply healthy organic produce for local consumption
- to do outreach to welcome participation from aspiring farmers from diverse populations including recent immigrants, people of color, and women
- to provide aspiring farmers with the necessary guidance and training until the success of their business is reasonably assured, and then transition them to independence

5. Will you engage in the sale of services? If yes, please submit the following:

No, all of our services are free.

6. It was indicated that you could recoup direct costs from your workshops/seminars etc. Please state what is included in your direct/fixed costs. Also please supply a schedule or draft of your fees or charges in the various programs or activities that you are planning on carrying out.

Currently every educational session for the Natural Path Sanctuary, peace and justice component, and the Farm Incubator programs have been offered to the public for free. We had envisioned that we might be able to recoup direct costs from our workshops in the future, however we have decided against this and will rely on grants and donations to cover those costs, in order that we can stay true to our mission of serving all people. Fixed expenses for the programs include publicity, administrative time coordinating programs, staff time leading the programs, space related overhead such as utilities, building maintenance, insurance and taxes, any food provided, and any supplies needed for the program.

We are fortunate to have 2 large grants from the USDA (made possible with thanks to Community Ground Works, a 501c3 entity), in addition to the land and equipment of the Farley Center, (a non-stockholding, not for profit corporation), that support our extensive training and technical assistance offerings to farmers. The grants allow us to have paid staff as well as cover the cost of presenters and the other fixed expenses listed, and to provide the agricultural training services

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without charge. Having our own 501 c 3 status would enable us to obtain grants under our own fiscal agency so that we can continue to offer these programs.

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8.Regarding 501 c 3 consistency.

It appears that the main areas of concern include a) whether we are exclusively serving an educational or charitable purpose and b) whether the public good is being served over individual benefit .

Following is our rationale for both of these issues.

a) Educational/charitable purpose:

This year we presented a strong education program: we taught an extensive curriculum of free workshops to train small-time produce growers and people who want to become farmers. Our instructors and program planners include successful local farmers, educators from many local nonprofits, and faculty and staff of the University of Wisconsin- Madison. We will continue and expand the agricultural workshop series this fall, next year, and into the future. We provide business development education to the farmers participating in the incubator at our site, *and also to the general public*, as part of our incubator program. Our farm business development services revolve completely around education and training.

As a Center we have a schedule of programs focusing on peace, justice, death care, and sustainability (which has been provided in past communications with the IRS) to serve our mission of advancing wider community understanding of the sustainable needs, and ways to care for, our planet, based on our commitment to shared social responsibility . ALL of these are offered for free. Attached is a listing of the farm incubator related programs to reinforce the fact that our primary purpose is educational with a strong charitable component (Attachment A).

Our land is being used free of charge by underserved and underprivileged populations who would not be able to put into practice the farming education without this donation, demonstrating our charitable purpose. By inviting university students and other school children to learn from nature and the land through research, field trips and various projects we demonstrate our educational purpose. ALL of our activities revolve around education and by providing these programs free of charge to the general public, free use of building space and free environmental programs on our land, we are providing a public benefit.

b) Public vs. individual benefit:

Our educational programs are available to the community. Starting in January 2011, with support from the USDA, we have held 18 free workshops that were open to the public. Over 50 different farmers and aspiring farmers attended at least one workshop, and many attended multiple workshops. The ONLY benefit provided is that of expanded knowledge and capacity which is true of any organization that has

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an educational function. There is no direct flow of funds to or from the farmers and the Farley Center. The farm incubator families, temporarily benefit from free land use, which stabilizes their costs so that they can put into practice the improved marketing and growing skills they have learned, so that eventually they will become self-sustaining farmers independent of the Farley Center. This is a typical incubation model and according to the National Business Incubator Association 92% of business incubators are 501c3s. We have created our agricultural program based on the successful models of several respected farm business development and farm incubator organizations in other parts of the country, all of them 501c3s. They are:

1. The Farm Business Development Center at Prairie Crossing, in Illinois

Prairie Crossing is our mentor farm incubator, and a funded partner through our USDA grants to help us establish our training programs based on their success. Their director, Mike Sands, works very closely with us and has helped us to set up effective training, technical assistance and business development services for farmers. Their website is <http://www.prairiecrossingfarms.com/>

2. The Agricultural and Land Based Training Association, in Salinas, CA

ALBA has been a farmer training center and farm incubator for 30 years, and operates programs that we are using as a model. They hosted our staff for an intensive training field trip in February, where we learned how to create a program of business development and organic agricultural education. They have allowed us to use program materials from their well-developed training curriculum. Their website is <http://www.albafarmers.org/>

3. Intervale Farms Program, in Vermont

Intervale has been operating to provide business development support services to farmers for over 20 years. Two of our staff have visited their site to learn about their successful educational programs. We have patterned our program manual on theirs, which they shared with us. Their website is www.intervale.org/programs/agricultural_development/intervale_farms.shtml .

Additionally participating farmers in our farm incubator program are expected to become mentors to new farmers as their skills become increasingly proficient. This way those who have gained from the incubation program, extend that benefit to an increasing number of participants.

Our only interactions with private landowners are through our new Land Link program. This service gives farmland owners a chance to meet aspiring farmers who cannot afford to purchase their own land. We make these introductions in large public meetings, where all farmers and land owners interested are welcome to attend. About 20 land owners have gotten in touch to offer land this year, **and in most cases they are offering the land free of charge.** Our program is patterned on the very successful and large California FarmLink, a 501c3. Their website is www.californiafarmlink.org .

Attachment A

Workshops in 2011 sponsored by the Farley Center

JANUARY

Sun. 16 – 2:30 – 6 Erin Schneider, Designing the Diversified Organic Orchard

Tues. 25 – 4:30 – 7:30 Steve Pincus (Tipi Produce), non-hoophouse season extension and organic greenhouse starts

FEBRUARY

Mon. 7 – 5-8 Claire Strader, crop planning

Tues. 8 – 5-7pm Mark Geistlinger (Midwest Organic Services Association) – intro to organic certification**

Sun. 13 – 2-5pm Deirdre Birmingham, organic apple cultivation and management

Mon. 14 – 5-8pm Claire Strader, organic soil fertility management

Wed. 16 – 4:30-7:30 Steve Pincus, equipment and irrigation considerations

Tues. 22 – 5-8pm Mark Geistlinger (MOSA), organic certification forms

MARCH

Mon. 7 – 2-4 Claire Strader, managing an organic greenhouse (in her greenhouse)

Tues. 8 – 4:30-7:30 Steve Pincus, CSA management considerations, growing your business

Fri. 11 – 4-6 Harriet Behar (Midwest Organic and Sustainable Education Service) Organic Pest and Disease Management

Sun. 13 – 3-5 Robin Meier – Farm Taxes

Mon. 14 – 5-8 Mark Geistlinger (MOSA) Organic Record-Keeping

Mon. 21 – 5:30-7 Harriet Behar (MOSES) Selling Wholesale

APRIL

Sun. 17 – Jay Salinas, hoophouse construction

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Mon. 18 – Kristen Kordet (Blue Moon Community Farm) CSA Planning

MAY

Mon. May 2 – Astrid Newenhouse (UW-Madison) Tool Safety and Farmer Health

Fri. May 20 & Sun. May 22 – Daniel Robleto (Farley Center) & Dennis Fiser (Madison Area CSA Coalition)
How to Build a Low-Cost Farm Cooler

More workshops will be held this fall, then the winter curriculum will repeat, similar to this year's.

FALL of 2011 schedule:

Classes will be at Wisconsin Women's Business Development Corporation, a 501c3. www.wwbic.org

Mondays from 6pm-9pm:

8-29 Basic Computer Skills for Business Owners - Workshop will cover basic computer functionality/interface, Excel and MS Word products. Students will use WWBIC's computer lab and have hands-on practice.

9-12 Advanced Computer skills for Business Owners - Students will further develop the skills learned in the Basic Computer Skills class.

9-19 Record Keeping 101 - Business owners will learn what records need to be kept and for how long, basic accounting, and how to complete a general ledger by hand as well as an Excel spreadsheet for record keeping. Organizational systems for recordkeeping and best practices will be discussed.

9-26 Boot camp #1 - Workshop will cover general business planning, including legal issues for small businesses, marketing, bookkeeping and pricing. Students will each receive a copy of the NxLevel Book for this class.

10-3 Boot camp #2 - This session will further explore topics discussed in Boot Camp #1 and provide assistance with business registration.

Four hands-on technical assistance workshops for farmers, dates TBD in Sept and Oct 2011:

- Irrigation
- Building a greenhouse
- Tractor maintenance
- Building a farm cooler