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Form **990-EZ**

**Short Form  
Return of Organization Exempt From Income Tax**

OMB No 1545-1150

**2009**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code  
(except black lung benefit trust or private foundation)  
▶ Sponsoring organizations of donor advised funds and controlling organizations as defined in section 512(b)(13) must file Form 990. All other organizations with gross receipts less than \$500,000 and total assets less than \$1,250,000 at the end of the year may use this form.  
▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

**A For the 2009 calendar year, or tax year beginning** , 2009, and ending , 20

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input checked="" type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See Specific Instructions.	<b>C Name of organization</b> <b>Monarch Butterfly Fund</b>	<b>D Employer identification number</b> <b>94-3299134</b>
		Number and street (or P O box, if mail is not delivered to street address) Room/suite <b>628 Pond Isle</b>	<b>E Telephone number</b>
		City or town, state or country, and ZIP + 4 <b>Alameda, CA 94501</b>	<b>F Group Exemption Number</b> ▶

• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

**G Accounting Method.**  Cash  Accrual  
Other (specify) ▶

**I Website:** ▶ [www.monarchbutterflyfund.org](http://www.monarchbutterflyfund.org)

**H Check** ▶  if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF)

**J Tax-exempt status** (check only one) —  501(c) ( 3 ) ◀ (insert no.)  4947(a)(1) or  527

**K Check** ▶  if the organization is not a section 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A Form 990-EZ or Form 990 return is not required, but if the organization chooses to file a return, be sure to file a complete return

**L Add lines 5b, 6b, and 7b, to line 9 to determine gross receipts, if \$500,000 or more, file Form 990 instead of Form 990-EZ** ▶ \$ **36065**

**Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances** (See the instructions for Part I.)

Expenses Net Assets	<b>1</b>	Contributions, gifts, grants, and similar amounts received . . . . .	<b>1</b>	36065
	<b>2</b>	Program service revenue including government fees and contracts . . . . .	<b>2</b>	
	<b>3</b>	Membership dues and assessments . . . . .	<b>3</b>	
	<b>4</b>	Investment income . . . . .	<b>4</b>	
	<b>5a</b>	Gross amount from sale of assets other than inventory . . . . .	<b>5a</b>	
	<b>5b</b>	Less: cost or other basis and sales expenses . . . . .	<b>5b</b>	
	<b>5c</b>	Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a) . . . . .	<b>5c</b>	
	<b>6</b>	Special events and activities (complete applicable parts of Schedule G) If any amount is from gaming, check here ▶ <input type="checkbox"/>		
	<b>6a</b>	Gross revenue (not including \$ _____ of contributions reported on line 1) . . . . .	<b>6a</b>	
	<b>6b</b>	Less: direct expenses other than fundraising expenses . . . . .	<b>6b</b>	
	<b>6c</b>	Net income or (loss) from special events and activities (Subtract line 6b from line 6a) . . . . .	<b>6c</b>	
	<b>7a</b>	Gross sales of inventory, less returns and allowances . . . . .	<b>7a</b>	
	<b>7b</b>	Less: cost of goods sold . . . . .	<b>7b</b>	
	<b>7c</b>	Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a) . . . . .	<b>7c</b>	
	<b>8</b>	Other revenue (describe ▶ _____)	<b>8</b>	
	<b>9</b>	<b>Total revenue.</b> Add lines 1-2, 3, 4, 5c, 6c, 7c, and 8 . . . . .	<b>9</b>	36065
	<b>10</b>	Grants and similar amounts paid (attach schedule)	<b>10</b>	
	<b>11</b>	Benefits paid to or for members . . . . .	<b>11</b>	
	<b>12</b>	Salaries, other compensation, and employee benefits . . . . .	<b>12</b>	
	<b>13</b>	Professional fees and other payments to independent contractors . . . . .	<b>13</b>	6046
	<b>14</b>	Occupancy, rent, utilities, and maintenance . . . . .	<b>14</b>	
<b>15</b>	Printing, publications, postage, and shipping . . . . .	<b>15</b>	2057	
<b>16</b>	Other expenses (describe ▶ See Statement 1)	<b>16</b>	24428	
<b>17</b>	<b>Total expenses.</b> Add lines 10 through 16 . . . . .	<b>17</b>	32531	
<b>18</b>	Excess or (deficit) for the year (Subtract line 17 from line 9) . . . . .	<b>18</b>	3534	
<b>19</b>	Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return) . . . . .	<b>19</b>	38897	
<b>20</b>	Other changes in net assets or fund balances (attach explanation) . . . . .	<b>20</b>		
<b>21</b>	Net assets or fund balances at end of year. Combine lines 18 through 20 . . . . .	<b>21</b>	42431	

**Part II Balance Sheets.** If Total assets on line 25, column (B) are \$1,250,000 or more, file Form 990 instead of Form 990-EZ.

(See the instructions for Part II.)

	(A) Beginning of year	(B) End of year
<b>22</b> Cash, savings, and investments . . . . .	38897	42431
<b>23</b> Land and buildings . . . . .		
<b>24</b> Other assets (describe ▶ _____)		
<b>25 Total assets</b> . . . . .	38897	42431
<b>26 Total liabilities</b> (describe ▶ _____)		
<b>27 Net assets or fund balances</b> (line 27 of column (B) must agree with line 21) . . . . .	38897	42431

*22P*

<b>Part III Statement of Program Service Accomplishments</b> (See the instructions for Part III.)		<b>Expenses</b>	
What is the organization's primary exempt purpose? <u>Forest restoration and conservation</u> Describe what was achieved in carrying out the organization's exempt purposes. In a clear and concise manner, describe the services provided, the number of persons benefited, and other relevant information for each program title.		(Required for section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts, optional for others )	
28	See Statement 2		
	(Grants \$ _____ ) If this amount includes foreign grants, check here <input type="checkbox"/>	<b>28a</b>	24428
29	.....		
	(Grants \$ _____ ) If this amount includes foreign grants, check here <input type="checkbox"/>	<b>29a</b>	
30	.....		
	(Grants \$ _____ ) If this amount includes foreign grants, check here <input type="checkbox"/>	<b>30a</b>	
31	Other program services (attach schedule) .....		
	(Grants \$ _____ ) If this amount includes foreign grants, check here <input type="checkbox"/>	<b>31a</b>	
<b>32</b>	<b>Total program service expenses</b> (add lines 28a through 31a) .....	<b>32</b>	<b>24428</b>

**Part IV List of Officers, Directors, Trustees, and Key Employees.** List each one even if not compensated. (See the instructions for Part IV.)

(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
Robert J. Small 628 Pond Isle, Alameda, CA 94501	Chair - 10 hrs			
Jordi Honey-Roses 628 Pond Isle, Alameda, CA 94501	Vice Chair - 5 hrs			
DJ Agnew 628 Pond Isle, Alameda, CA 94501	Secretary - 2 hrs			
Karen Oberhauser 628 Pond Isle, Alameda, CA 94501	Director - 4 hrs			
Jean Lauriault 628 Pond Isle, Alameda, CA 94501	Director - 2 hrs			
Licolen Brower 628 Pond Isle, Alameda, CA 94501	Director - 4 hrs			
M. Isabel Ramirez 628 Pond Isle, Alameda, CA 94501	Director - 2 hrs			
Don Davis 628 Pond Isle, Alameda, CA 94501	Director - 2 hrs			
Chip Taylor 628 Pond Isle, Alameda, CA 94501	Director - 1 hr			
Elizabeth Howard 628 Pond Isle, Alameda, CA 94501	Director - 2 hrs			
Danielle Lee 628 Pond Isle, Alameda, CA 94501	Director - 2 hrs			
Gary Small 628 Pond Isle, Alameda, CA 94501	Treasurer - 1 hr			
Mia Monroe 628 Pond Isle, Alameda, CA 94501	Director - 1 hr			
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**Part V Other Information** (Note the statement requirements in the instructions for Part V.)

		Yes	No
33	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity . . . . .		✓
34	Were any changes made to the organizing or governing documents? If "Yes," attach a conformed copy of the changes . . . . .	✓	
35	If the organization had income from business activities, such as those reported on lines 2, 6a, and 7a (among others), but not reported on Form 990-T, attach a statement explaining why the organization did not report the income on Form 990-T.		
a	Did the organization have unrelated business gross income of \$1,000 or more or was it subject to section 6033(e) notice, reporting, and proxy tax requirements? . . . . .		✓
b	If "Yes," has it filed a tax return on <b>Form 990-T</b> for this year? . . . . .		✓
36	Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If "Yes," complete applicable parts of Schedule N . . . . .		✓
37a	Enter amount of political expenditures, direct or indirect, as described in the instructions. ▶ <b>37a</b> _____		
b	Did the organization file <b>Form 1120-POL</b> for this year? . . . . .		✓
38a	Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still outstanding at the end of the period covered by this return? . . . . .		✓
b	If "Yes," complete Schedule L, Part II and enter the total amount involved . . . . . <b>38b</b> _____		
39	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on line 9 . . . . . <b>39a</b> _____		
b	Gross receipts, included on line 9, for public use of club facilities . . . . . <b>39b</b> _____		
40a	Section 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under: section 4911 ▶ _____ ; section 4912 ▶ _____ ; section 4955 ▶ _____		
b	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or is it aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I . . . . .		✓
c	Section 501(c)(3) and 501(c)(4) organizations. Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 . . . . . ▶ _____		
d	Section 501(c)(3) and 501(c)(4) organizations. Enter amount of tax on line 40c reimbursed by the organization . . . . . ▶ _____		
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8886-T. . . . .		✓
41	List the states with which a copy of this return is filed. ▶ _____		
42a	The organization's books are in care of ▶ <u>Robert J. Small</u> Telephone no. ▶ <u>907-723-7979</u> Located at ▶ <u>P.O. Box 91225 Anchorage, AK</u> ZIP + 4 ▶ <u>99509</u>		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . . . .		✓
	If "Yes," enter the name of the foreign country: ▶ _____ See the instructions for exceptions and filing requirements for <b>Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts</b> .		
c	At any time during the calendar year, did the organization maintain an office outside of the U.S.? . . . . .		✓
	If "Yes," enter the name of the foreign country: ▶ _____		
43	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of <b>Form 1041</b> —Check here . . . . . ▶ <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year . . . . . ▶ <b>43</b> _____		
44	Did the organization maintain any donor advised funds? If "Yes," Form 990 must be completed instead of Form 990-EZ . . . . .		✓
45	Is any related organization a controlled entity of the organization within the meaning of section 512(b)(13)? If "Yes," Form 990 must be completed instead of Form 990-EZ . . . . .		✓

**Part VI Section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts only.** All section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts must answer questions 46-49b and complete the tables for lines 50 and 51.

- 46 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I Yes No
- 47 Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II 46 47 48 49a 49b
- 48 Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E ✓ ✓ ✓ ✓ ✓
- 49a Did the organization make any transfers to an exempt non-charitable related organization? 49a 49b
- b If "Yes," was the related organization a section 527 organization? ✓
- 50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and address of each employee paid more than \$100,000	(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

f Total number of other employees paid over \$100,000 . . . . . ▶ \_\_\_\_\_

51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation

d Total number of other independent contractors each receiving over \$100,000 . . . ▶ \_\_\_\_\_

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.

**Sign Here**

▶ Robert J. Small Signature of officer Date 15 May 2010

▶ **Robert J. Small Chair** Type or print name and title

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**Paid Preparer's Use Only**

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

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ **Deborah Spencer** EIN ▶ **528292465**

▶ **P.O. Box 91225 Anchorage, AK 99509** Phone no ▶ **801-427-1165**

May the IRS discuss this return with the preparer shown above? See instructions . . . . . ▶  Yes  No

Federal Statements  
Monarch Butterfly fund tax id: 94-3299134

**Statement 1**  
Form 990-EZ, Part 1, Line 16  
Other Expenses

Reforestation Projects.....	\$24,428.00
Total	<u>\$24,428.00</u>

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**Statement 2**  
Form 990-EZ, Part III, Line 28  
Statement of Program Service Accomplishments

The Monarch Butterfly fund works, through reforestation, to conserve the Mexican overwintering forest habitat of the monarch butterfly and improve the well-being of the Mexican communities. In cooperation with landowners and communities and working in areas within and nearby the Monarch Butterfly Biosphere Reserve, the Monarch Butterfly Fund helps to propagate, distribute and plant high quality pine and oyamel fir seedlings and to undertake related conservation and education projects.

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**Statement 3**  
Form 990-EZ, Part VI  
Regarding Transfers Associated with Personal Benefit Contracts

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premium on a personal benefit contract?.....NO
- (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?.....NO

12:18 PM  
 04/10/10  
 Accrual Basis

**Michoacan Reforestation Fund**  
**Profit & Loss**  
 January through December 2009

	Jan - Dec 09
<b>Income</b>	
_Intlnc	78 90
Interest Payments	5.01
- Contribution	32,216 66
<b>MRF - BANK</b>	
Bank Transfer	-14,999.93
Wire Transfer	4,978.00
MRF - BANK - Other	5,100.00
<b>Total MRF - BANK</b>	-4,921 93
<b>CONTRIBUTION</b>	8,686.50
<b>Total Income</b>	36,065 14
<b>Expense</b>	
Bank Charges	104 61
<b>LA CRUZ PROJECT</b>	
Misc. Invoices	24,428 00
<b>Total LA CRUZ PROJECT</b>	24,428 00
MRF Charity Support	250.00
<b>MRF CORPORATION EXPENSES</b>	
Accounting Services	2,050 00
Incorporation Expense	975 00
Legal Services	1,546.00
MBF Web Hosting Monthly	14 95
<b>Total MRF CORPORATION EXPENSES</b>	4,585 95
<b>MRF OFFICE OPERATIONS</b>	
Miscellaneous Expenses	715 00
Postage	142.00
Printing	1,200 29
<b>Total MRF OFFICE OPERATIONS</b>	2,057 29
<b>MRF PROFESSIONAL SERVICES</b>	
Consulting	709 75
Web Page Design	750.00
<b>Total MRF PROFESSIONAL SERVICES</b>	1,459 75
<b>MRF TRAVEL</b>	
Air Ticket	1,069 00
<b>Total MRF TRAVEL</b>	1,069.00
Uncategorized Expenses	793.35
<b>Total Expense</b>	34,747.95
<b>Net Income</b>	1,317.19

**State of California**  
**Secretary of State**



I, DEBRA BOWEN, Secretary of State of the State of California, hereby certify:

That the attached transcript of 21 page(s) is a full, true and correct copy of the original record in the custody of this office.

**IN WITNESS WHEREOF**, I execute this certificate and affix the Great Seal of the State of California this day of

JAN 05 2010

*Debra Bowen*

**DEBRA BOWEN**  
Secretary of State



**AGREEMENT OF MERGER**

DEC 28 2009

This Agreement of Merger (the "Agreement") dated December 3, 2009, is between Monarch Butterfly Fund, a California nonprofit public benefit corporation qualified as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Surviving Corporation"), and Monarch Butterfly Sanctuary Foundation, a Minnesota nonprofit corporation (the "Disappearing Corporation").

- 1. PARTIES' INTENT.** The parties intend by this Agreement to set forth the terms and conditions of a merger, subject to approvals as required by law and by the articles and bylaws of the parties.
- 2. SURVIVING CORPORATION.** Surviving Corporation is a California nonprofit public benefit corporation, with no voting members, exempt under Section 501(c)(3) and described by Section 509(a)(1) and Section 170(b)(1)(A)(vi) of the Internal Revenue Code.
- 3. DISAPPEARING CORPORATION.** Disappearing Corporation is a Minnesota nonprofit corporation, with no voting members, exempt under Section 501(c)(3) and described by Section 509(a)(1) and Section 170(b)(1)(A)(vi) of the Internal Revenue Code. Because each of Disappearing Corporation and Surviving Corporation has no voting members, there is no conversion of voting memberships of Disappearing Corporation into voting memberships of Surviving Corporation.
- 4. EFFECTIVE DATE.** When all applicable laws have been complied with and all necessary authorizations, approvals, or consents have been received, a copy of this agreement, together with an officer's certificate of each constituent corporation, shall be submitted by Surviving Corporation to the California Secretary of State for filing. This merger shall become effective on the date of filing. The date on which the merger becomes effective is referred to in this Agreement as the "Effective Date."
- 5. APPROVALS AND CONSENTS.** This merger is subject to receipt of the approval of any person or persons required by law or by the articles or bylaws of Surviving Corporation or of Disappearing Corporation. If such approval or approvals are not duly obtained, this Agreement is to be terminated, as provided in Section 10 of this Agreement.
- 6. STATEMENT OF MERGER.** It is agreed by the parties that on the Effective Date, as determined under Section 4 of this Agreement, Disappearing Corporation shall be merged into Surviving Corporation, the corporate existence of Surviving Corporation shall continue, and the separate corporate existence of Disappearing Corporation shall cease. The corporate identity, existence, purposes, powers, rights, and immunities of Disappearing Corporation shall be merged into and vested in Surviving Corporation and, except as otherwise provided in this Agreement, the corporate identity, existence, name, purposes, powers, rights, and immunities of Surviving Corporation shall continue unaffected and unimpaired by the merger.

## AGREEMENT OF MERGER

Surviving Corporation shall be subject to all Disappearing Corporation's debts, liabilities, and trust obligations in the same manner as if Surviving Corporation had itself incurred them, and all rights of creditors and all liens and trust obligations on or arising from the property of each constituent corporation shall be preserved unimpaired, as long as such liens and trust obligations on the property of Disappearing Corporation, if any, shall be limited to the property affected by such liens and obligations immediately before the Effective Date.

7. [Intentionally deleted]

**8. DIRECTORS AND OFFICERS.** Surviving Corporation's directors and officers from and after the Effective Date until changed in accordance with law and Surviving Corporation's articles and bylaws, shall be the following individuals who currently serve on Surviving Corporation's board of directors and the following individuals who serve on Dissolving Corporation's board of directors:

DJ Agnew

Lincoln Brower

Jordi Honey-Roses

Jean Lauriault

Danielle Lee

Karen Oberhauser

Isabel Ramirez

Robert J. Small

Chip Taylor

**9. ACTIVITIES PROHIBITED DURING MERGER.** Between the date of this Agreement and the Effective Date or date of termination, neither Surviving Corporation nor Disappearing Corporation shall, without the prior written consent of the other, engage in any activity or transaction other than in the ordinary course of its affairs, except as contemplated by this Agreement.

**10. TERMINATION OR ABANDONMENT.** This Agreement may be terminated and the merger abandoned at any time before the Effective Date (a) by the mutual consent of the respective boards of directors of Disappearing Corporation and Surviving Corporation; or (b) if in the opinion of the board of directors of either Disappearing Corporation or Surviving Corporation, evidenced by a certified copy of resolutions of that board filed with the other party to this Agreement, the merger is impractical or undesirable because of any of the following facts or circumstances: opinion of counsel that the merger would pose a substantial risk to Surviving Corporation's exempt status

## **AGREEMENT OF MERGER**

under Section 501(c)(3) of the Internal Revenue Code or to Surviving Corporation's recognized status as a public charity described by Section 509(a)(1) and Section 170(b)(1)(A)(vi) of the Internal Revenue Code. If termination occurs as provided in this paragraph, neither Disappearing Corporation nor Surviving Corporation or their respective boards of directors shall be liable to the other or its board of directors.

**11. REPRESENTATIONS AND WARRANTIES OF DISAPPEARING CORPORATION.** Disappearing Corporation represents and warrants to Surviving Corporation that the statements contained in this Section 11 are correct and complete as of the date of this Agreement and will be correct and complete as of the Effective Date (as though made then and as though the Effective Date were substituted for the date of this Agreement throughout this Section 11) except as otherwise set forth in this Agreement or on a schedule or exhibit hereto.

11.1. ORGANIZATION AND CORPORATE POWER. Disappearing Corporation is a corporation duly organized, validly existing and in good standing under the laws of the State of Minnesota. Disappearing Corporation has full corporate power and authority to carry on the programs and activities in which it is engaged and to own and use the properties owned and used by it.

11.2. AUTHORIZATION OF TRANSACTION. Disappearing Corporation has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder. Disappearing Corporation has no voting members, and its board of directors has the sole authority to authorize the transactions described herein. This Agreement constitutes the valid and legally binding obligation of Disappearing Corporation enforceable in accordance with its terms and conditions.

11.3. NONCONTRAVENTION. Neither the execution and the delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) violate any government regulation or statute, any court order to which Disappearing Corporation is subject or any provision of Disappearing Corporation's articles of incorporation or bylaws, as amended; or (ii) conflict with, result in a breach of, constitute a default under, create in any party the right to accelerate, terminate, modify or require any notice under any contract or any other obligation to which Disappearing Corporation is a party or by which it is bound or to which its assets are subject, except where such violation, conflict, breach, default, acceleration, termination, modification or failure to give notice would not have a material adverse effect on the ability of the parties to consummate the transactions contemplated by this Agreement.

11.4. NO UNDISCLOSED LIABILITIES. Disappearing Corporation has no liabilities or obligations of any nature (whether mature or immature, whether accrued or unaccrued, and whether absolute, contingent, conditional or potential) except those reflected on its Financial Statements (as defined below) and current liabilities incurred in the ordinary course of business.

11.5. GOVERNMENTAL COMPLIANCE, LICENSES AND PERMITS. Disappearing Corporation is and at all times has been in full compliance with all legal

## AGREEMENT OF MERGER

requirements that are applicable to it or to the conduct or operation of its business or the ownership or use of any of its assets. No event has occurred or circumstance exists that may constitute or result in a violation by or a failure to comply on the part of Disappearing Corporation with any such legal requirement. Disappearing Corporation has not received at any time any notice or other communication (whether oral or written) from any government or governmental agency or any other person regarding any actual, alleged, possible or potential violation of or failure to comply with any such legal requirement. Disappearing Corporation is in possession of all licenses and permits required for the operation of its business.

11.6. LITIGATION. To the best of Disappearing Corporation's knowledge, there is no action, suit or proceeding at law or in equity or any arbitration or any administrative or other proceeding by or before any governmental or other instrumentality or agency (collectively, "Proceedings") pending or threatened against Disappearing Corporation. No event has occurred or circumstance exists that may give rise to or serve as a basis for commencement of any such Proceeding.

11.7. FINANCIAL STATEMENTS. Disappearing Corporation has furnished to Surviving Corporation a statement of financial position (balance sheet), statement of revenues and expenses, and statement of cash flows (collectively, the "Financial Statements") for the periods ending October 31, 2009. Disappearing Corporation has also provided Surviving Corporation with such interim financial reports as are available to it as prepared by Karen Oberhauser (the "Interim Statements").

11.8. SUBSEQUENT EVENTS. Since October 31, 2009 (the "Interim Statement Date"), there have been no adverse changes in the assets, liabilities, business, financial condition, operations, results of operations or future prospects of Disappearing Corporation.

11.9. CONTRACTS. All contracts, if any, for the provision of services by Disappearing Corporation are set forth on Schedule A. Except as set forth on Schedule 11.9, all of the contracts for the provision of services by Disappearing Corporation as well as all other contracts and obligations (the "Contracts") of Disappearing Corporation are in full force and effect and are valid and enforceable in accordance with their terms, and no event has occurred or circumstance exists that would give any party or any other person the right to declare a default or exercise any remedy under or to accelerate the maturity or performance of or to cancel, terminate or modify any such contract. The terms of all contracts are reasonable to Disappearing Corporation and customary in the industries and trades in which they operate, and there are no extraordinary items in such contracts. Further, except as set forth on Schedule 11.9, all Contracts are assignable to Surviving Corporation and any approvals required thereunder have been obtained by Disappearing Corporation.

11.10. GOVERNMENTAL APPROVALS. Disappearing Corporation has obtained all governmental approvals from any federal, state or local agency from which Disappearing Corporation holds a license or with which Disappearing Corporation is a

## AGREEMENT OF MERGER

contracting party allowing for the transfer of any such license or permit and the assignment of any such contract.

11.11. ACCOUNTS RECEIVABLE. All accounts receivable of Disappearing Corporation that are reflected on its Financial Statements and Interim Statements or that have arisen subsequent to the Interim Statement Date, represent valid obligations arising from sales actually made or services performed in the ordinary course of business. Unless paid prior to the Effective Date, all such accounts receivable are or will be as of the Effective Date current and collectible net of the respective reserves, if any, shown on the Financial Statements or as set forth on Schedule 11.11.

11.12. TITLE TO PROPERTIES. Disappearing Corporation owns no real property. Disappearing Corporation owns personal property, if any, as set forth on Schedule 11.12.

11.13. INSURANCE. All property and casualty insurance policies and contracts maintained by Disappearing Corporation are in full force and effect. All premiums or other charges due and payable have been paid or will be paid prior to the Effective Date. Disappearing Corporation shall keep all such policies in full force until the Effective Date and shall notify Surviving Corporation of any material change in such policies. All insurance policies of Disappearing Corporation, if any, are set forth on Schedule 11.13.

11.14. ENVIRONMENTAL MATTERS. To the best of Disappearing Corporation's knowledge, Disappearing Corporation is and at all times prior to the date hereof has been in full compliance with all statutes, treaties, ordinances, regulations or other laws enacted or enforced by any government or governmental agency and designed to protect resources, species or ecological matter or reduce, prevent or minimize the effects (whether actual or potential) of any hazardous waste, material or substance (the "Environmental Laws"). There are no claims, liens, encumbrances or other restrictions existing or threatened or proposed in writing and arising under or pursuant to any Environmental Law with respect to or affecting any property, facility or other assets of Disappearing Corporation. Disappearing Corporation has not received nor has any reason to expect any order, notice, inquiry, citation, summons, directive or any other indication that alleges or suggests actual or potential violation or failure to comply with any Environmental Law or of any actual or potential obligation to undertake or bear the cost of any environmental liability.

11.15. TAXES. Disappearing Corporation has filed or will cause to be filed on or prior to the Effective Date, all federal, state and local tax returns or reports which are required to be filed by or with respect to Disappearing Corporation on or prior to the Effective Date (the "Returns"). Except as set forth on Schedule 11.15, all federal, state and local taxes (including interest and penalties) shown to be due and payable (the "Taxes") on the Returns by or with respect to Disappearing Corporation have been, or prior to the Effective Date will be, paid. Disappearing Corporation's Form 990 for its final year is not contemplated among the Returns.

## **AGREEMENT OF MERGER**

11.16. FINANCIAL ACCOUNTS. All bank, investment and other financial accounts, including the institution, type, account number, balance and authorized signatures, are set forth on Schedule 11.16, and all such accounts are in good standing.

11.17. PUBLIC CHARITY RECOGNITION. Disappearing Corporation has been recognized by the Internal Revenue Service as a public charity described by Section 509(a)(1) and Section 170(b)(1)(A)(vi) of the Internal Revenue Code. Over the past four taxable years immediately preceding the current year, Disappearing Corporation's "public support" meets or exceeds 10 percent of its "total support" on an aggregate basis, as such quoted terms are defined under Section 1.170A-9 of the Treasury Regulations.

### **12. REPRESENTATION AND WARRANTIES OF SURVIVING**

**CORPORATION.** Surviving Corporation represents and warrants to Disappearing Corporation that the statements contained in this Section 12 are correct and complete as of the date of this Agreement and will be correct and complete as of the Effective Date (as though made then and as though the Effective Date were substituted for the date of this Agreement throughout this Section 12) except as otherwise set forth in this Agreement or on a schedule or exhibit hereto.

12.1. ORGANIZATION AND CORPORATE POWER. Surviving Corporation is a corporation duly organized, validly existing and in good standing under the laws of the State of California. Surviving Corporation has full corporate power and authority to carry on the programs and activities in which it is engaged and to own and use the properties owned and used by it. Surviving Corporation is in possession of a determination letter from the Internal Revenue Service as to its exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and nothing has transpired since the date of issuance of this letter which would cause the Internal Revenue Service to revoke such determination.

12.2. AUTHORIZATION OF TRANSACTION. Surviving Corporation has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement constitutes the valid and legally binding obligation of Surviving Corporation enforceable in accordance with its terms and conditions.

12.3. NONCONTRAVENTION. Neither the execution and the delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) violate any government regulation or statute, any court order to which Surviving Corporation is subject or any provision of Surviving Corporation's articles of incorporation or bylaws, as amended; or (ii) conflict with, result in a breach of, constitute a default under, create in any party the right to accelerate, terminate, modify or require any notice under any contract or any other obligation to which Surviving Corporation is a party or by which it is bound or to which its assets are subject, except where such violation, conflict, breach, default, acceleration, termination, modification or failure to give notice would not have a material adverse effect on the ability of the parties to consummate the transactions contemplated by this Agreement.

## **AGREEMENT OF MERGER**

12.4. LITIGATION. To the best of Surviving Corporation's knowledge, there is no action, suit or proceeding at law or in equity or any arbitration or any administrative or other proceeding by or before any governmental or other instrumentality or agency (collectively, "Proceedings") pending or threatened against Surviving Corporation which could have a material adverse effect on the assets, liabilities, business, financial condition, operations, results of operations or future prospects of Surviving Corporation. No event has occurred or circumstance exists that may give rise to or serve as a basis for commencement of any such Proceeding.

### **13. COVENANTS OF DISAPPEARING CORPORATION.**

13.1. GENERAL. Disappearing Corporation will use its best efforts to take all actions, including any actions in connection with any required notices to, filings with, and authorizations, consents and approvals or governments and governmental agencies and do all things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement.

13.2. NOTICES AND CONSENTS. Disappearing Corporation will give any notices to third parties and will use its best efforts to obtain any third party consents that Surviving Corporation may request in connection with the consummation of the transactions contemplated by this Agreement.

13.3. OPERATION OF BUSINESS. Disappearing Corporation will not engage in any practice, take any action, embark on any course of inaction, or enter into any transaction outside the ordinary course of business from the date of this Agreement until the Effective Date. Without limiting the generality of the foregoing, Disappearing Corporation will not, other than in the ordinary course of business:

- 13.3.1. Authorize or effect any change in its Articles of Incorporation or Bylaws;
- 13.3.2. Create, incur, assume or guaranty any indebtedness;
- 13.3.3. Impose any security interest upon any of its assets;
- 13.3.4. Make any capital investment in, make any loan to, or acquire the securities or assets of, any other persons;
- 13.3.5. Make any unusual grants, purchases, or sales; provided, however, that Disappearing Corporation may pay for its own professional fees and costs incurred in connection with this Agreement;
- 13.3.6. Make any change in employment terms for any of its officers and employees; and
- 13.3.7. Commit to any of the foregoing.

13.4. FINAL TAX RETURNS AND FILINGS. Within a reasonable time after the Effective Date, the directors of Disappearing Corporation agree to file all final tax

## AGREEMENT OF MERGER

returns and other reports to administrative agencies which may be due and owing by Disappearing Corporation, which filings shall reflect, where appropriate, the Merger contemplated by this Agreement.

### 14. COVENANTS OF SURVIVING CORPORATION.

14.1. GENERAL. Surviving Corporation will use its best efforts to take all actions, including any actions in connection with any required notices to, filings with, and authorizations, consents and approvals or governments and governmental agencies and do all things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement.

14.2. INSURANCE. Surviving Corporation will maintain in force insurance of equal types and limits as that maintained by Disappearing Corporation as of the date of this Agreement.

14.3. MINNESOTA FILINGS. Surviving Corporation shall provide documentation of the merger to the Minnesota Secretary of State and shall also file with the Minnesota Secretary of State, in compliance with subdivision 4 of Section 317A.651 of the Minnesota Statutes (i) an agreement that it may be served with process in Minnesota in a proceeding for the enforcement of an obligation of a constituent corporation; and (ii) an irrevocable appointment of the Minnesota Secretary of State as its agent to accept service of process in any proceeding and an address to which process may be forwarded.

### 15. CONDITIONS TO CLOSING.

15.1. APPROVALS. The directors of Disappearing Corporation and the directors of Surviving Corporation shall have approved of the merger transaction contemplated by this Agreement and shall have approved and adopted this Agreement.

15.2. REPRESENTATIONS AND WARRANTIES. All representations and warranties made herein shall be true and correct in all material respects at and as of the date of this Agreement and the Effective Date.

15.3. LICENSES AND PERMITS. All licenses and permits for the operation of Disappearing Corporation's business shall be transferred or approval therefore shall have been obtained conditioned upon the closing of this Agreement.

16. AMENDMENTS AND WAIVERS. The parties may mutually amend any provision of this Agreement at any time prior to the Effective Date with a prior authorization of their respective boards of directors. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by both parties. No waiver by either party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent occurrence.

## **AGREEMENT OF MERGER**

**17. SEVERABILITY.** Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity and enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the parties agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration or area of the term or provision to delete specific words or phrases or to replace any invalid or unenforceable term or provision with a term or provision that is valid or enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time in which the judgment may be appealed.

**18. EXPENSES.** Each of the parties will bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby.

**19. INCORPORATION OF EXHIBITS AND SCHEDULES.** The exhibits and schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

**20. GOVERNING LAW.** This Agreement, and any dispute arising from the relationship between the parties to this Agreement, shall be governed by California law, including any laws that direct the application of another jurisdiction's laws.

**21. SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS.** The representations, warranties and covenants of the parties will survive the Effective Date.

**22. SECTION HEADINGS.** The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

**23. ENTIRE AGREEMENT.** This Agreement constitutes the entire agreement of the parties, superseding any prior written or oral agreements between them on the same subject.

**24. COUNTERPARTS.** This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed to be an original instrument, but all of them together shall constitute only one Agreement.

**25. FURTHER ASSURANCES.** On request by Surviving Corporation, Disappearing Corporation shall from time to time execute and deliver any documents and instruments and take any actions desirable or necessary to vest in Surviving Corporation the title to and possession of all rights, properties, assets, trusts, and business of Disappearing Corporation or otherwise to carry out the full intent and purpose of this Agreement.

[Remainder of page intentionally left blank.]

**AGREEMENT OF MERGER**

IN WITNESS WHEREOF, the parties have executed this Agreement.

**MONARCH BUTTERFLY FUND**

\_\_\_\_\_  
a California nonprofit public benefit  
corporation

By: Robert J. Small  
Name: ROBERT J. SMALL  
Its: PRESIDENT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**MONARCH BUTTERFLY SANCTUARY  
FOUNDATION**

\_\_\_\_\_  
a Minnesota nonprofit corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**AGREEMENT OF MERGER**

IN WITNESS WHEREOF, the parties have executed this Agreement.

**MONARCH BUTTERFLY FUND**

\_\_\_\_\_  
a California nonprofit public benefit  
corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

By: *Danielle Lee*

Name: Danielle Lee

Its: Secretary

**MONARCH BUTTERFLY SANCTUARY  
FOUNDATION**

\_\_\_\_\_  
a Minnesota nonprofit corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**AGREEMENT OF MERGER**

IN WITNESS WHEREOF, the parties have executed this Agreement.

**MONARCH BUTTERFLY FUND**

\_\_\_\_\_  
a California nonprofit public benefit corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**MONARCH BUTTERFLY SANCTUARY FOUNDATION**

\_\_\_\_\_  
a Minnesota nonprofit corporation

By: KSOber

Name: Karen Oberhauser

Its: President

By: KSOber

Name: Karen Oberhauser

Its: Secretary

**SCHEDULE A**

**CONTRACTS FOR THE PROVISION OF SERVICE  
BY DISAPPEARING CORPORATION**

**None.**

**SCHEDULE 11.9**

**DISAPPEARING CORPORATION  
CONTRACTS**

**None.**

**SCHEDULE 11.11**

**DISAPPEARING CORPORATION  
ACCOUNTS RECEIVABLE RESERVES**

**None.**

**SCHEDULE 11.12**

**DISAPPEARING CORPORATION  
PERSONAL PROPERTY**

**None.**

**SCHEDULE 11.13**

**DISAPPEARING CORPORATION  
INSURANCE POLICIES**

**None.**

**SCHEDULE 11.15**

**DISAPPEARING CORPORATION  
UNPAID TAXES**

**None.**

**SCHEDULE 11.16**

**DISAPPEARING CORPORATION  
BANK, INVESTMENT & FINANCIAL ACCOUNTS**

Institution	Account Type	Account #	Balance	Authorized Signatures
TCF Bank	Small Business Checking	8851597216	\$10,762.50 (as of 10/30/09)	Karen Oberhauser
RBC Dain Rauscher	Corporate Account	1101-8338-7064	\$0	Karen Oberhauser

**CERTIFICATE OF APPROVAL  
OF  
AGREEMENT OF MERGER**

Robert J. Small and Daniella Lee certify that:

1. They are the President and the Secretary, respectively, of Monarch Butterfly Fund, a California nonprofit public benefit corporation (the "Corporation").
2. The principal terms of the Agreement of Merger in the form attached were duly approved by the board of directors of the Corporation.
3. The Corporation has no members.
4. No other approvals are required.
5. The Attorney General of the State of California has been given notice of the merger.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: December 14, 2009

  
Robert J. Small, President

  
Danielle Lee, Secretary

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**CERTIFICATE OF APPROVAL  
OF  
AGREEMENT OF MERGER**

Karen Oberhauser certifies that:

1. She is the President and the Secretary of Monarch Butterfly Sanctuary Foundation, a Minnesota nonprofit public benefit corporation (the "Corporation").
2. The principal terms of the Agreement of Merger in the form attached were duly approved by the board of directors of the Corporation.
3. The Corporation has no members.
4. No other approvals are required.
5. The Attorney General of the State of California has been given notice of the merger.

I further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: 12/15, 2009

  
 \_\_\_\_\_  
 Karen Oberhauser,  
 President and Secretary

