

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

OMB No. 1545-0056

Note: If exempt status is approved, this application will be open for public inspection.

Use the instructions to complete this application and for a definition of all **bold** items. For additional help, call IRS Exempt Organizations Customer Account Services toll-free at 1-877-829-5500. Visit our website at **www.irs.gov** for forms and publications. If the required information and documents are not submitted with payment of the appropriate user fee, the application may be returned to you.

Attach additional sheets to this application if you need more space to answer fully. Put your name and EIN on each sheet and identify each answer by Part and line number. Complete Parts I - XI of Form 1023 and submit only those Schedules (A through H) that apply to you.

Part I Identification of Applicant

1 Full name of organization (exactly as it appears in your organizing document)		2 c/o Name (if applicable)
Neurological Recovery House		
3 Mailing address (Number and street) (see instructions)	Room/Suite	4 Employer Identification Number (EIN)
1919 23 1/2 Street S.E.		26-2357256
City or town, state or country, and ZIP + 4		5 Month the annual accounting period ends (01 - 12)
Rochester, Minnesota 55904		12
6 Primary contact (officer, director, trustee, or authorized representative) a Name: Ann Moessner		b Phone: 507.284.0966
		c Fax: (optional)
7 Are you represented by an authorized representative, such as an attorney or accountant? If "Yes," provide the authorized representative's name, and the name and address of the authorized representative's firm. Include a completed Form 2848, <i>Power of Attorney and Declaration of Representative</i> , with your application if you would like us to communicate with your representative. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
8 Was a person who is not one of your officers, directors, trustees, employees, or an authorized representative listed in line 7, paid, or promised payment, to help plan, manage, or advise you about the structure or activities of your organization, or about your financial or tax matters? If "Yes," provide the person's name, the name and address of the person's firm, the amounts paid or promised to be paid, and describe that person's role. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
9a Organization's website: No site has been established to date		
b Organization's email: (optional) No email site has been established to date		
10 Certain organizations are not required to file an information return (Form 990 or Form 990-EZ). If you are granted tax-exemption, are you claiming to be excused from filing Form 990 or Form 990-EZ? If "Yes," explain. See the instructions for a description of organizations not required to file Form 990 or Form 990-EZ. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
11 Date incorporated if a corporation, or formed, if other than a corporation. (MM/DD/YYYY) 07/27/2007		
12 Were you formed under the laws of a foreign country? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," state the country.		

Part II Organizational Structure

You must be a corporation (including a limited liability company), an unincorporated association, or a trust to be tax exempt. (See instructions.) **DO NOT file this form unless you can check "Yes" on lines 1, 2, 3, or 4.**

- 1** Are you a **corporation**? If "Yes," attach a copy of your articles of incorporation showing **certification of filing** with the appropriate state agency. Include copies of any amendments to your articles and be sure they also show state filing certification. ☒ **Yes** ☐ **No**
- 2** Are you a **limited liability company (LLC)**? If "Yes," attach a copy of your articles of organization showing certification of filing with the appropriate state agency. Also, if you adopted an operating agreement, attach a copy. Include copies of any amendments to your articles and be sure they show state filing certification. Refer to the instructions for circumstances when an LLC should not file its own exemption application. ☐ **Yes** ☒ **No**
- 3** Are you an **unincorporated association**? If "Yes," attach a copy of your articles of association, constitution, or other similar organizing document that is dated and includes at least two signatures. Include signed and dated copies of any amendments. ☐ **Yes** ☒ **No**
- 4a** Are you a **trust**? If "Yes," attach a signed and dated copy of your trust agreement. Include signed and dated copies of any amendments. ☐ **Yes** ☒ **No**
- b** Have you been funded? If "No," explain how you are formed without anything of value placed in trust. ☐ **Yes** ☐ **No**
- 5** Have you adopted **bylaws**? If "Yes," attach a current copy showing date of adoption. If "No," explain how your officers, directors, or trustees are selected. ☒ **Yes** ☐ **No**

Part III Required Provisions in Your Organizing Document

The following questions are designed to ensure that when you file this application, your organizing document contains the required provisions to meet the organizational test under section 501(c)(3). Unless you can check the boxes in both lines 1 and 2, your organizing document does not meet the organizational test. **DO NOT file this application until you have amended your organizing document.** Submit your original and amended organizing documents (showing state filing certification if you are a corporation or an LLC) with your application.

- 1** Section 501(c)(3) requires that your organizing document state your exempt purpose(s), such as charitable, religious, educational, and/or scientific purposes. Check the box to confirm that your organizing document meets this requirement. Describe specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document. Refer to the instructions for exempt purpose language. Location of Purpose Clause (Page, Article, and Paragraph): Article II ☒
- 2a** Section 501(c)(3) requires that upon dissolution of your organization, your remaining assets must be used exclusively for exempt purposes, such as charitable, religious, educational, and/or scientific purposes. Check the box on line 2a to confirm that your organizing document meets this requirement by express provision for the distribution of assets upon dissolution. If you rely on state law for your dissolution provision, do not check the box on line 2a and go to line 2c. ☒
- 2b** If you checked the box on line 2a, specify the location of your dissolution clause (Page, Article, and Paragraph). Do not complete line 2c if you checked box 2a. Article XII
- 2c** See the instructions for information about the operation of state law in your particular state. Check this box if you rely on operation of state law for your dissolution provision and indicate the state: Minnesota ☒

Part IV Narrative Description of Your Activities

Using an attachment, describe your *past*, *present*, and *planned* activities in a narrative. If you believe that you have already provided some of this information in response to other parts of this application, you may summarize that information here and refer to the specific parts of the application for supporting details. You may also attach representative copies of newsletters, brochures, or similar documents for supporting details to this narrative. Remember that if this application is approved, it will be open for public inspection. Therefore, your narrative description of activities should be thorough and accurate. Refer to the instructions for information that must be included in your description.

Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors

- 1a** List the names, titles, and mailing addresses of all of your officers, directors, and trustees. For each person listed, state their total annual **compensation**, or proposed compensation, for all services to the organization, whether as an officer, employee, or other position. Use actual figures, if available. Enter "none" if no compensation is or will be paid. If additional space is needed, attach a separate sheet. Refer to the instructions for information on what to include as compensation.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
Dr. Ronald Reeves	Chairman	807 4th Street SW Rochester, MN 55902	NONE
Tim Brennan	Vice-Chairman	24709 616th Street Mantorville, MN 55955	NONE
Anne Moessner	Secretary	1919 23 1/2 Street SE Rochester, MN 55904	NONE
Jeff Smigielski	Treasurer	1917 67th Street NW Rochester, MN 55901	NONE

Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)

b List the names, titles, and mailing addresses of each of your five highest compensated employees who receive or will receive compensation of more than \$50,000 per year. Use the actual figure, if available. Refer to the instructions for information on what to include as compensation. Do not include officers, directors, or trustees listed in line 1a.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
No compensated persons			

c List the names, names of businesses, and mailing addresses of your five highest compensated independent contractors that receive or will receive compensation of more than \$50,000 per year. Use the actual figure, if available. Refer to the instructions for information on what to include as compensation.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
None			

The following "Yes" or "No" questions relate to *past, present, or planned* relationships, transactions, or agreements with your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, and 1c.

2a Are any of your officers, directors, or trustees **related** to each other through **family or business relationships**? If "Yes," identify the individuals and explain the relationship. ☐ Yes ☒ No

b Do you have a business relationship with any of your officers, directors, or trustees other than through their position as an officer, director, or trustee? If "Yes," identify the individuals and describe the business relationship with each of your officers, directors, or trustees. ☐ Yes ☒ No

c Are any of your officers, directors, or trustees related to your highest compensated employees or highest compensated independent contractors listed on lines 1b or 1c through family or business relationships? If "Yes," identify the individuals and explain the relationship. ☐ Yes ☒ No

3a For each of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c, attach a list showing their name, qualifications, average hours worked, and duties.

b Do any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c receive compensation from any other organizations, whether tax exempt or taxable, that are related to you through **common control**? If "Yes," identify the individuals, explain the relationship between you and the other organization, and describe the compensation arrangement. ☐ Yes ☒ No

4 In establishing the compensation for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, and 1c, the following practices are recommended, although they are not required to obtain exemption. Answer "Yes" to all the practices you use.

a Do you or will the individuals that approve compensation arrangements follow a conflict of interest policy? ☒ Yes ☐ No
b Do you or will you approve compensation arrangements in advance of paying compensation? ☒ Yes ☐ No
c Do you or will you document in writing the date and terms of approved compensation arrangements? ☒ Yes ☐ No

Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)

- d Do you or will you record in writing the decision made by each individual who decided or voted on compensation arrangements? ☒ Yes ☐ No
- e Do you or will you approve compensation arrangements based on information about compensation paid by **similarly situated** taxable or tax-exempt organizations for similar services, current compensation surveys compiled by independent firms, or actual written offers from similarly situated organizations? Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation. ☒ Yes ☐ No
- f Do you or will you record in writing both the information on which you relied to base your decision and its source? ☒ Yes ☐ No
- g If you answered "No" to any item on lines 4a through 4f, describe how you set compensation that is **reasonable** for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in Part V, lines 1a, 1b, and 1c.
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- 5a Have you adopted a **conflict of interest policy** consistent with the sample conflict of interest policy in Appendix A to the instructions? If "Yes," provide a copy of the policy and explain how the policy has been adopted, such as by resolution of your governing board. If "No," answer lines 5b and 5c. ☒ Yes ☐ No
- b What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you for setting their own compensation?
- c What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you regarding business deals with themselves?
- Note:** A conflict of interest policy is recommended though it is not required to obtain exemption. Hospitals, see Schedule C, Section I, line 14.
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- 6a Do you or will you compensate any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, or 1c through **non-fixed payments**, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are determined, who is eligible for such arrangements, whether you place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation. ☒ Yes ☐ No
- b Do you or will you compensate any of your employees, other than your officers, directors, trustees, or your five highest compensated employees who receive or will receive compensation of more than \$50,000 per year, through non-fixed payments, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are or will be determined, who is or will be eligible for such arrangements, whether you place or will place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation. ☒ Yes ☐ No
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- 7a Do you or will you purchase any goods, services, or assets from any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such purchase that you made or intend to make, from whom you make or will make such purchases, how the terms are or will be negotiated at **arm's length**, and explain how you determine or will determine that you pay no more than **fair market value**. Attach copies of any written contracts or other agreements relating to such purchases. ☐ Yes ☒ No
- b Do you or will you sell any goods, services, or assets to any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such sales that you made or intend to make, to whom you make or will make such sales, how the terms are or will be negotiated at **arm's length**, and explain how you determine or will determine you are or will be paid at least fair market value. Attach copies of any written contracts or other agreements relating to such sales. ☐ Yes ☒ No
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- 8a Do you or will you have any leases, contracts, loans, or other agreements with your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," provide the information requested in lines 8b through 8f. ☐ Yes ☒ No
- b Describe any written or oral arrangements that you made or intend to make.
- c Identify with whom you have or will have such arrangements.
- d Explain how the terms are or will be negotiated at **arm's length**.
- e Explain how you determine you pay no more than fair market value or you are paid at least fair market value.
- f Attach copies of any signed leases, contracts, loans, or other agreements relating to such arrangements.
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- 9a Do you or will you have any leases, contracts, loans, or other agreements with any organization in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a 35% interest? If "Yes," provide the information requested in lines 9b through 9f. ☐ Yes ☒ No

Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)

- b** Describe any written or oral arrangements you made or intend to make.
- c** Identify with whom you have or will have such arrangements.
- d** Explain how the terms are or will be negotiated at arm's length.
- e** Explain how you determine or will determine you pay no more than fair market value or that you are paid at least fair market value.
- f** Attach a copy of any signed leases, contracts, loans, or other agreements relating to such arrangements.

Part VI Your Members and Other Individuals and Organizations That Receive Benefits From You

The following "Yes" or "No" questions relate to goods, services, and funds you provide to individuals and organizations as part of your activities. Your answers should pertain to *past, present, and planned* activities. (See instructions.)

- 1a** In carrying out your exempt purposes, do you provide goods, services, or funds to individuals? If "Yes," describe each program that provides goods, services, or funds to individuals. ☒ **Yes** ☐ **No**
- b** In carrying out your exempt purposes, do you provide goods, services, or funds to organizations? If "Yes," describe each program that provides goods, services, or funds to organizations. ☐ **Yes** ☒ **No**
- 2** Do any of your programs limit the provision of goods, services, or funds to a specific individual or group of specific individuals? For example, answer "Yes," if goods, services, or funds are provided only for a particular individual, your members, individuals who work for a particular employer, or graduates of a particular school. If "Yes," explain the limitation and how recipients are selected for each program. ☒ **Yes** ☐ **No**
- 3** Do any individuals who receive goods, services, or funds through your programs have a family or business relationship with any officer, director, trustee, or with any of your highest compensated employees or highest compensated independent contractors listed in Part V, lines 1a, 1b, and 1c? If "Yes," explain how these related individuals are eligible for goods, services, or funds. ☐ **Yes** ☒ **No**

Part VII Your History

The following "Yes" or "No" questions relate to your history. (See instructions.)

- 1** Are you a **successor** to another organization? Answer "Yes," if you have taken or will take over the activities of another organization; you took over 25% or more of the fair market value of the net assets of another organization; or you were established upon the conversion of an organization from for-profit to non-profit status. If "Yes," complete Schedule G. ☐ **Yes** ☒ **No**
- 2** Are you submitting this application more than 27 months after the end of the month in which you were legally formed? If "Yes," complete Schedule E. ☐ **Yes** ☒ **No**

Part VIII Your Specific Activities

The following "Yes" or "No" questions relate to specific activities that you may conduct. Check the appropriate box. Your answers should pertain to *past, present, and planned* activities. (See instructions.)

- 1** Do you support or oppose candidates in **political campaigns** in any way? If "Yes," explain. ☐ **Yes** ☒ **No**
- 2a** Do you attempt to **influence legislation**? If "Yes," explain how you attempt to influence legislation and complete line 2b. If "No," go to line 3a. ☐ **Yes** ☒ **No**
- b** Have you made or are you making an **election** to have your legislative activities measured by expenditures by filing Form 5768? If "Yes," attach a copy of the Form 5768 that was already filed or attach a completed Form 5768 that you are filing with this application. If "No," describe whether your attempts to influence legislation are a substantial part of your activities. Include the time and money spent on your attempts to influence legislation as compared to your total activities. ☐ **Yes** ☒ **No**
- 3a** Do you or will you operate bingo or **gaming** activities? If "Yes," describe who conducts them, and list all revenue received or expected to be received and expenses paid or expected to be paid in operating these activities. **Revenue and expenses** should be provided for the time periods specified in Part IX, Financial Data. ☐ **Yes** ☒ **No**
- b** Do you or will you enter into contracts or other agreements with individuals or organizations to conduct bingo or gaming for you? If "Yes," describe any written or oral arrangements that you made or intend to make, identify with whom you have or will have such arrangements, explain how the terms are or will be negotiated at arm's length, and explain how you determine or will determine you pay no more than fair market value or you will be paid at least fair market value. Attach copies or any written contracts or other agreements relating to such arrangements. ☐ **Yes** ☒ **No**
- c** List the states and local jurisdictions, including Indian Reservations, in which you conduct or will conduct gaming or bingo.

Part VIII Your Specific Activities (Continued)

- 4a** Do you or will you undertake **fundraising**? If "Yes," check all the fundraising programs you do or will conduct. (See instructions.) ☒ **Yes** ☐ **No**
- | | |
|--|--|
| <input type="checkbox"/> mail solicitations | <input type="checkbox"/> phone solicitations |
| <input type="checkbox"/> email solicitations | <input type="checkbox"/> accept donations on your website |
| <input checked="" type="checkbox"/> personal solicitations | <input type="checkbox"/> receive donations from another organization's website |
| <input checked="" type="checkbox"/> vehicle, boat, plane, or similar donations | <input type="checkbox"/> government grant solicitations |
| <input checked="" type="checkbox"/> foundation grant solicitations | <input type="checkbox"/> Other |
- Attach a description of each fundraising program.
- b** Do you or will you have written or oral contracts with any individuals or organizations to raise funds for you? If "Yes," describe these activities. Include all revenue and expenses from these activities and state who conducts them. Revenue and expenses should be provided for the time periods specified in Part IX, Financial Data. Also, attach a copy of any contracts or agreements. ☐ **Yes** ☒ **No**
- c** Do you or will you engage in fundraising activities for other organizations? If "Yes," describe these arrangements. Include a description of the organizations for which you raise funds and attach copies of all contracts or agreements. ☐ **Yes** ☒ **No**
- d** List all states and local jurisdictions in which you conduct fundraising. For each state or local jurisdiction listed, specify whether you fundraise for your own organization, you fundraise for another organization, or another organization fundraises for you.
- e** Do you or will you maintain separate accounts for any contributor under which the contributor has the right to advise on the use or distribution of funds? Answer "Yes" if the donor may provide advice on the types of investments, distributions from the types of investments, or the distribution from the donor's contribution account. If "Yes," describe this program, including the type of advice that may be provided and submit copies of any written materials provided to donors. ☐ **Yes** ☒ **No**
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- 5** Are you **affiliated** with a governmental unit? If "Yes," explain. ☐ **Yes** ☒ **No**
- 6a** Do you or will you engage in **economic development**? If "Yes," describe your program. ☐ **Yes** ☒ **No**
- b** Describe in full who benefits from your economic development activities and how the activities promote exempt purposes.
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- 7a** Do or will persons other than your employees or volunteers **develop** your facilities? If "Yes," describe each facility, the role of the developer, and any business or family relationship(s) between the developer and your officers, directors, or trustees. ☐ **Yes** ☒ **No**
- b** Do or will persons other than your employees or volunteers **manage** your activities or facilities? If "Yes," describe each activity and facility, the role of the manager, and any business or family relationship(s) between the manager and your officers, directors, or trustees. ☐ **Yes** ☒ **No**
- c** If there is a business or family relationship between any manager or developer and your officers, directors, or trustees, identify the individuals, explain the relationship, describe how contracts are negotiated at arm's length so that you pay no more than fair market value, and submit a copy of any contracts or other agreements.
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- 8** Do you or will you enter into **joint ventures**, including partnerships or **limited liability companies** treated as partnerships, in which you share profits and losses with partners other than section 501(c)(3) organizations? If "Yes," describe the activities of these joint ventures in which you participate. ☐ **Yes** ☒ **No**
-
- 9a** Are you applying for exemption as a childcare organization under section 501(k)? If "Yes," answer lines 9b through 9d. If "No," go to line 10. ☐ **Yes** ☒ **No**
- b** Do you provide child care so that parents or caretakers of children you care for can be **gainfully employed** (see instructions)? If "No," explain how you qualify as a childcare organization described in section 501(k). ☐ **Yes** ☐ **No**
- c** Of the children for whom you provide child care, are 85% or more of them cared for by you to enable their parents or caretakers to be gainfully employed (see instructions)? If "No," explain how you qualify as a childcare organization described in section 501(k). ☐ **Yes** ☐ **No**
- d** Are your services available to the general public? If "No," describe the specific group of people for whom your activities are available. Also, see the instructions and explain how you qualify as a childcare organization described in section 501(k). ☐ **Yes** ☐ **No**
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- 10** Do you or will you publish, own, or have rights in music, literature, tapes, artworks, choreography, scientific discoveries, or other **intellectual property**? If "Yes," explain. Describe who owns or will own any copyrights, patents, or trademarks, whether fees are or will be charged, how the fees are determined, and how any items are or will be produced, distributed, and marketed. ☒ **Yes** ☐ **No**

Part VIII Your Specific Activities (Continued)

- 11** Do you or will you accept contributions of: real property; conservation easements; closely held securities; intellectual property such as patents, trademarks, and copyrights; works of music or art; licenses; royalties; automobiles, boats, planes, or other vehicles; or collectibles of any type? If "Yes," describe each type of contribution, any conditions imposed by the donor on the contribution, and any agreements with the donor regarding the contribution. ☒ **Yes** ☐ **No**
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- 12a** Do you or will you operate in a **foreign country or countries**? If "Yes," answer lines 12b through 12d. If "No," go to line 13a. ☐ **Yes** ☒ **No**
- b** Name the foreign countries and regions within the countries in which you operate.
- c** Describe your operations in each country and region in which you operate.
- d** Describe how your operations in each country and region further your exempt purposes.
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- 13a** Do you or will you make grants, loans, or other distributions to organization(s)? If "Yes," answer lines 13b through 13g. If "No," go to line 14a. ☐ **Yes** ☒ **No**
- b** Describe how your grants, loans, or other distributions to organizations further your exempt purposes.
- c** Do you have written contracts with each of these organizations? If "Yes," attach a copy of each contract. ☐ **Yes** ☐ **No**
- d** Identify each recipient organization and any **relationship** between you and the recipient organization.
- e** Describe the records you keep with respect to the grants, loans, or other distributions you make.
- f** Describe your selection process, including whether you do any of the following:
- (i) Do you require an application form? If "Yes," attach a copy of the form. ☐ **Yes** ☐ **No**
- (ii) Do you require a grant proposal? If "Yes," describe whether the grant proposal specifies your responsibilities and those of the grantee, obligates the grantee to use the grant funds only for the purposes for which the grant was made, provides for periodic written reports concerning the use of grant funds, requires a final written report and an accounting of how grant funds were used, and acknowledges your authority to withhold and/or recover grant funds in case such funds are, or appear to be, misused. ☐ **Yes** ☐ **No**
- g** Describe your procedures for oversight of distributions that assure you the resources are used to further your exempt purposes, including whether you require periodic and final reports on the use of resources.
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- 14a** Do you or will you make grants, loans, or other distributions to foreign organizations? If "Yes," answer lines 14b through 14f. If "No," go to line 15. ☐ **Yes** ☒ **No**
- b** Provide the name of each foreign organization, the country and regions within a country in which each foreign organization operates, and describe any relationship you have with each foreign organization.
- c** Does any foreign organization listed in line 14b accept contributions earmarked for a specific country or specific organization? If "Yes," list all earmarked organizations or countries. ☐ **Yes** ☐ **No**
- d** Do your contributors know that you have ultimate authority to use contributions made to you at your discretion for purposes consistent with your exempt purposes? If "Yes," describe how you relay this information to contributors. ☐ **Yes** ☐ **No**
- e** Do you or will you make pre-grant inquiries about the recipient organization? If "Yes," describe these inquiries, including whether you inquire about the recipient's financial status, its tax-exempt status under the Internal Revenue Code, its ability to accomplish the purpose for which the resources are provided, and other relevant information. ☐ **Yes** ☐ **No**
- f** Do you or will you use any additional procedures to ensure that your distributions to foreign organizations are used in furtherance of your exempt purposes? If "Yes," describe these procedures, including site visits by your employees or compliance checks by impartial experts, to verify that grant funds are being used appropriately. ☐ **Yes** ☐ **No**

Part VIII Your Specific Activities (Continued)

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|-----------|--|-------------------------------------|---|
| 15 | Do you have a close connection with any organizations? If "Yes," explain. | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 16 | Are you applying for exemption as a cooperative hospital service organization under section 501(e)? If "Yes," explain. | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 17 | Are you applying for exemption as a cooperative service organization of operating educational organizations under section 501(f)? If "Yes," explain. | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 18 | Are you applying for exemption as a charitable risk pool under section 501(n)? If "Yes," explain. | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 19 | Do you or will you operate a school ? If "Yes," complete Schedule B. Answer "Yes," whether you operate a school as your main function or as a secondary activity. | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 20 | Is your main function to provide hospital or medical care ? If "Yes," complete Schedule C. | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 21 | Do you or will you provide low-income housing or housing for the elderly or handicapped ? If "Yes," complete Schedule F. | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 22 | Do you or will you provide scholarships, fellowships, educational loans, or other educational grants to individuals, including grants for travel, study, or other similar purposes? If "Yes," complete Schedule H. | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

Note: Private foundations may use Schedule H to request advance approval of individual grant procedures.

Part IX Financial Data

For purposes of this schedule, years in existence refer to completed tax years. If in existence 4 or more years, complete the schedule for the most recent 4 tax years. If in existence more than 1 year but less than 4 years, complete the statements for each year in existence and provide projections of your likely revenues and expenses based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. If in existence less than 1 year, provide projections of your likely revenues and expenses for the current year and the 2 following years, based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. (See instructions.)

A. Statement of Revenues and Expenses

Type of revenue or expense		Current tax year	3 prior tax years or 2 succeeding tax years			(e) Provide Total for (a) through (d)
		(a) From <u>01/08</u> To <u>12/08</u>	(b) From <u>07/07</u> To <u>12/07</u>	(c) From <u>01/09</u> To <u>12/09</u>	(d) From <u>01/10</u> To <u>12/10</u>	
Revenues	1 Gifts, grants, and contributions received (do not include unusual grants)	25,000.00		200,000.00	500,000.00	725,000.00
	2 Membership fees received					0.00
	3 Gross investment income					0.00
	4 Net unrelated business income					0.00
	5 Taxes levied for your benefit					0.00
	6 Value of services or facilities furnished by a governmental unit without charge (not including the value of services generally furnished to the public without charge)					0.00
	7 Any revenue not otherwise listed above or in lines 9–12 below (attach an itemized list)					0.00
	8 Total of lines 1 through 7	25,000.00	0.00	200,000.00	500,000.00	725,000.00
	9 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to your exempt purposes (attach itemized list)					0.00
	10 Total of lines 8 and 9	25,000.00	0.00	200,000.00	500,000.00	725,000.00
Expenses	11 Net gain or loss on sale of capital assets (attach schedule and see instructions)					0.00
	12 Unusual grants					0.00
	13 Total Revenue Add lines 10 through 12	25,000.00	0.00	200,000.00	500,000.00	725,000.00
	14 Fundraising expenses	1,000.00				
	15 Contributions, gifts, grants, and similar amounts paid out (attach an itemized list)					
	16 Disbursements to or for the benefit of members (attach an itemized list)					
	17 Compensation of officers, directors, and trustees					
	18 Other salaries and wages					
	19 Interest expense					
	20 Occupancy (rent, utilities, etc.)					
	21 Depreciation and depletion					
	22 Professional fees					
	23 Any expense not otherwise classified, such as program services (attach itemized list)	54,500.00		144,500.00	145,500.00	
	24 Total Expenses Add lines 14 through 23	55,500.00	0.00	144,500.00	145,500.00	

Part IX Financial Data (Continued)**B. Balance Sheet (for your most recently completed tax year)**

Year End:

Assets		(Whole dollars)
1	Cash	57,353
2	Accounts receivable, net	
3	Inventories	
4	Bonds and notes receivable (attach an itemized list)	
5	Corporate stocks (attach an itemized list)	
6	Loans receivable (attach an itemized list)	
7	Other investments (attach an itemized list)	
8	Depreciable and depletable assets (attach an itemized list)	
9	Land	
10	Other assets (attach an itemized list)	
11	Total Assets (add lines 1 through 10)	57,353
Liabilities		
12	Accounts payable	
13	Contributions, gifts, grants, etc. payable	
14	Mortgages and notes payable (attach an itemized list)	
15	Other liabilities (attach an itemized list)	
16	Total Liabilities (add lines 12 through 15)	0
Fund Balances or Net Assets		
17	Total fund balances or net assets	57,353
18	Total Liabilities and Fund Balances or Net Assets (add lines 16 and 17)	57,353
19	Have there been any substantial changes in your assets or liabilities since the end of the period shown above? If "Yes," explain. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

Part X Public Charity Status

Part X is designed to classify you as an organization that is either a **private foundation** or a **public charity**. Public charity status is a more favorable tax status than private foundation status. If you are a private foundation, Part X is designed to further determine whether you are a **private operating foundation**. (See instructions.)

1a Are you a private foundation? If "Yes," go to line 1b. If "No," go to line 5 and proceed as instructed. If you are unsure, see the instructions. ☐ Yes ☒ No

b As a private foundation, section 508(e) requires special provisions in your organizing document in addition to those that apply to all organizations described in section 501(c)(3). Check the box to confirm that your organizing document meets this requirement, whether by express provision or by reliance on operation of state law. Attach a statement that describes specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document or by operation of state law. See the instructions, including Appendix B, for information about the special provisions that need to be contained in your organizing document. Go to line 2. ☐

2 Are you a private operating foundation? To be a private operating foundation you must engage directly in the active conduct of charitable, religious, educational, and similar activities, as opposed to indirectly carrying out these activities by providing grants to individuals or other organizations. If "Yes," go to line 3. If "No," go to the signature section of Part XI. ☐ Yes ☐ No

3 Have you existed for one or more years? If "Yes," attach financial information showing that you are a private operating foundation; go to the signature section of Part XI. If "No," continue to line 4. ☐ Yes ☐ No

4 Have you attached either (1) an affidavit or opinion of counsel, (including a written affidavit or opinion from a certified public accountant or accounting firm with expertise regarding this tax law matter), that sets forth facts concerning your operations and support to demonstrate that you are likely to satisfy the requirements to be classified as a private operating foundation; or (2) a statement describing your proposed operations as a private operating foundation? ☐ Yes ☐ No

5 If you answered "No" to line 1a, indicate the type of public charity status you are requesting by checking one of the choices below. You may check only one box.

The organization is not a private foundation because it is:

a 509(a)(1) and 170(b)(1)(A)(i)—a church or a convention or association of churches. Complete and attach Schedule A. ☐

b 509(a)(1) and 170(b)(1)(A)(ii)—a **school**. Complete and attach Schedule B. ☐

c 509(a)(1) and 170(b)(1)(A)(iii)—a **hospital**, a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital. Complete and attach Schedule C. ☐

d 509(a)(3)—an organization supporting either one or more organizations described in line 5a through c, f, g, or h or a publicly supported section 501(c)(4), (5), or (6) organization. Complete and attach Schedule D. ☐

Part X Public Charity Status (Continued)

- e** 509(a)(4)—an organization organized and operated exclusively for testing for public safety. ☐
- f** 509(a)(1) and 170(b)(1)(A)(iv)—an organization operated for the benefit of a college or university that is owned or operated by a governmental unit. ☐
- g** 509(a)(1) and 170(b)(1)(A)(vi)—an organization that receives a substantial part of its financial support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public. ☐
- h** 509(a)(2)—an organization that normally receives not more than one-third of its financial support from gross **investment income** and receives more than one-third of its financial support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions). ☒
- i** A publicly supported organization, but unsure if it is described in 5g or 5h. The organization would like the IRS to decide the correct status. ☐

6 If you checked box g, h, or i in question 5 above, you must request either an **advance** or a **definitive ruling** by selecting one of the boxes below. Refer to the instructions to determine which type of ruling you are eligible to receive.

- a Request for Advance Ruling:** By checking this box and signing the consent, pursuant to section 6501(c)(4) of the Code you request an advance ruling and agree to extend the statute of limitations on the assessment of excise tax under section 4940 of the Code. The tax will apply only if you do not establish public support status at the end of the 5-year advance ruling period. The assessment period will be extended for the 5 advance ruling years to 8 years, 4 months, and 15 days beyond the end of the first year. You have the right to refuse or limit the extension to a mutually agreed-upon period of time or issue(s). Publication 1035, *Extending the Tax Assessment Period*, provides a more detailed explanation of your rights and the consequences of the choices you make. You may obtain Publication 1035 free of charge from the IRS web site at www.irs.gov or by calling toll-free 1-800-829-3676. Signing this consent will not deprive you of any appeal rights to which you would otherwise be entitled. If you decide not to extend the statute of limitations, you are not eligible for an advance ruling. ☒

Consent Fixing Period of Limitations Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code**For Organization**

(Signature of Officer, Director, Trustee, or other authorized official)

(Type or print name of signer)

(Date)

(Type or print title or authority of signer)

For IRS Use Only

IRS Director, Exempt Organizations

(Date)

- b Request for Definitive Ruling:** Check this box if you have completed one tax year of at least 8 full months and you are requesting a definitive ruling. To confirm your public support status, answer line 6b(i) if you checked box g in line 5 above. Answer line 6b(ii) if you checked box h in line 5 above. If you checked box i in line 5 above, answer both lines 6b(i) and (ii). ☐
- (i) **(a)** Enter 2% of line 8, column (e) on Part IX-A. Statement of Revenues and Expenses. ☐
- (b)** Attach a list showing the name and amount contributed by each person, company, or organization whose gifts totaled more than the 2% amount. If the answer is "None," check this box. ☐
- (ii) **(a)** For each year amounts are included on lines 1, 2, and 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each **disqualified person**. If the answer is "None," check this box. ☐
- (b)** For each year amounts are included on line 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each payer, other than a disqualified person, whose payments were more than the larger of (1) 1% of line 10, Part IX-A. Statement of Revenues and Expenses, or (2) \$5,000. If the answer is "None," check this box. ☐

- 7** Did you receive any unusual grants during any of the years shown on Part IX-A. Statement of Revenues and Expenses? If "Yes," attach a list including the name of the contributor, the date and amount of the grant, a brief description of the grant, and explain why it is unusual. ☐ Yes ☒ No

Part XI User Fee Information

You must include a user fee payment with this application. It will not be processed without your paid user fee. If your average annual gross receipts have exceeded or will exceed \$10,000 annually over a 4-year period, you must submit payment of \$750. If your gross receipts have not exceeded or will not exceed \$10,000 annually over a 4-year period, the required user fee payment is \$300. See instructions for Part XI, for a definition of **gross receipts** over a 4-year period. Your check or money order must be made payable to the United States Treasury. *User fees are subject to change. Check our website at www.irs.gov and type "User Fee" in the keyword box, or call Customer Account Services at 1-877-829-5500 for current information.*

- 1 Have your annual gross receipts averaged or are they expected to average not more than \$10,000? ☐ Yes ☒ No
If "Yes," check the box on line 2 and enclose a user fee payment of \$300 (Subject to change—see above).
If "No," check the box on line 3 and enclose a user fee payment of \$750 (Subject to change—see above).
- 2 Check the box if you have enclosed the reduced user fee payment of \$300 (Subject to change). ☐
- 3 Check the box if you have enclosed the user fee payment of \$750 (Subject to change). ☒

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

**Please
Sign
Here**



(Signature of Officer, Director, Trustee, or other
authorized official)

(Type or print name of signer)

(Date)

(Type or print title or authority of signer)

Reminder: Send the completed Form 1023 Checklist with your filled-in-application.

Form **1023** (Rev. 6-2006)

Form 1023 Checklist

(Revised June 2006)

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

Note. Retain a copy of the completed Form 1023 in your permanent records. Refer to the General Instructions regarding Public Inspection of approved applications.

Check each box to finish your application (Form 1023). Send this completed Checklist with your filled-in application. If you have not answered all the items below, your application may be returned to you as incomplete.

- ☐ Assemble the application and materials in this order:
- Form 1023 Checklist
 - Form 2848, *Power of Attorney and Declaration of Representative* (if filing)
 - Form 8821, *Tax Information Authorization* (if filing)
 - Expedite request (if requesting)
 - Application (Form 1023 and Schedules A through H, as required)
 - Articles of organization
 - Amendments to articles of organization in chronological order
 - Bylaws or other rules of operation and amendments
 - Documentation of nondiscriminatory policy for schools, as required by Schedule B
 - Form 5768, *Election/Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation* (if filing)
 - All other attachments, including explanations, financial data, and printed materials or publications. Label each page with name and EIN.
- ☐ User fee payment placed in envelope on top of checklist. DO NOT STAPLE or otherwise attach your check or money order to your application. Instead, just place it in the envelope.
- ☒ Employer Identification Number (EIN)
- ☒ Completed Parts I through XI of the application, including any requested information and any required Schedules A through H.
- You must provide specific details about your past, present, and planned activities.
 - Generalizations or failure to answer questions in the Form 1023 application will prevent us from recognizing you as tax exempt.
 - Describe your purposes and proposed activities in specific easily understood terms.
 - Financial information should correspond with proposed activities.
- ☒ Schedules. Submit only those schedules that apply to you and check either "Yes" or "No" below.
- | | | | |
|------------|---------------------|------------|---------------------|
| Schedule A | Yes ___ No <u>X</u> | Schedule E | Yes ___ No <u>X</u> |
| Schedule B | Yes ___ No <u>X</u> | Schedule F | Yes ___ No <u>X</u> |
| Schedule C | Yes ___ No <u>X</u> | Schedule G | Yes ___ No <u>X</u> |
| Schedule D | Yes ___ No <u>X</u> | Schedule H | Yes ___ No <u>X</u> |

- ☒ An exact copy of your complete articles of organization (creating document). Absence of the proper purpose and dissolution clauses is the number one reason for delays in the issuance of determination letters.
- Location of Purpose Clause from Part III, line 1 (Page, Article and Paragraph Number) p1, ArtII, para1
 - Location of Dissolution Clause from Part III, line 2b or 2c (Page, Article and Paragraph Number) or by operation of state law p5, ArtVII, para1
- ☒ Signature of an officer, director, trustee, or other official who is authorized to sign the application.
- Signature at Part XI of Form 1023.
- ☒ Your name on the application must be the same as your legal name as it appears in your articles of organization.

Send completed Form 1023, user fee payment, and all other required information, to:

Internal Revenue Service
P.O. Box 192
Covington, KY 41012-0192

If you are using express mail or a delivery service, send Form 1023, user fee payment, and attachments to:

Internal Revenue Service
201 West Rivercenter Blvd.
Attn: Extracting Stop 312
Covington, KY 41011

Page 2 – Part IV

The past activity of the entity has primarily been centered around identifying the need to establish a national system of Neurological Recovery Houses to facilitate the restoration of function of people with severe neurological conditions. We note that only two of the top twenty rehabilitation centers in the United States have patient or family housing available. The remaining centers have indicated a desire for such facilities. There has been remarkable process in neurological therapeutics in the last decade, but most interventions are highly specialized and not available in local communities/regions. Locally, average hospital stays average about 35 days with populations growing during the last decade. A needs survey indicates over 20,000 patient nights could be served in such a facility.

The present activities are focused on forming an entity and establishing planning for a facility that is operated exclusively for charitable and educational purposes. The facility will provide housing and personal services for patients and their families during periods of medical treatment, promote sharing experiences with other families during a time of stress and confusion, and provide a caring and helping facility and services to these patients and their families. We are currently developing the planning, design and feasibility of such an entity along with the related fund raising and capital campaign specifics.

We are identifying how an initial facility in Rochester, Minnesota would be staffed and operated in order to provide the care noted above. We expect that the entity will be funded in the construction phase primarily through private and foundation based contributions. When the facility becomes operational, it will be funded through affordable usage fees and additional private contributions in support of its mission.

The future plans will be to operate in a prudent business manner a hospital hospitality house or houses that provides patients with neurological illness and their caregivers with high-quality, specialized and affordable accommodations and peer support in a home-like environment that facilitates the restoration of function.

Page 4 – Part V – Question 5a

The conflict of interest policy, gift policy and disclosure form and individual Board Members conflict of interest disclosure forms were reviewed and adopted by the Board of Directors of the Corporation at it meeting on _____, 2008.

Page 4 – Part V – Questions 6a and 6b

The Board of Directors will use all available relevant information to determine and pay no more than reasonable compensation to the listed individuals. Information will include use of summary data for compensation paid by similar hospitality home entities and other local 501(c)(3) organizations as adjusted to the specific individual's skill set and performance. The compensation may include non-fixed payments, discretionary bonuses or revenue based payments as part of the compensation plan although none are currently in place or contemplated.

Page 5 - Part VI – Questions 1a and 2

The entity will provide hospital patients with neurological illness in active treatment and their caregivers a hospitality house. The house will be available for those generally at or over the age of 16 and who live more than 30 miles from the house.

Page 9 - Part IX – Line 23

Other Expenses	2008	2009	2010
Needs assesment survey	\$ 8,000	\$ -	\$ -
Site Survey (Topographic)	3,000	-	-
Facilities Cost Estimate	1,000	-	-
Publish and mail RFP to design firms	50	-	-
Architectural engineer/ design	30,000	135,000	135,000
Retreat	1,000	1,000	1,000
Web site	4,500	500	500
Travel	5,000	5,000	5,000
Misc admin expenses for 501c3 filing etc	2,000	3,000	4,000
Total "other itemized" expenses	<u>\$ 54,550</u>	<u>\$ 144,500</u>	<u>\$ 145,500</u>

ARTICLES OF INCORPORATION
OF
NEUROLOGICAL RECOVERY HOUSE

The undersigned, being of full age and for the purpose of forming a corporation under and pursuant to the provisions of the Minnesota Nonprofit Corporation Act, Minnesota Statutes, Chapter 317A, and laws amendatory thereof and supplementary thereto, do hereby form a body corporate and adopt the following Articles of Incorporation:

ARTICLE I

The name of this Corporation shall be:

NEUROLOGICAL RECOVERY HOUSE

ARTICLE II

This corporation is organized and shall be operated exclusively for charitable and educational purposes, and in particular, without limiting the generality of the foregoing, to provide housing and personal services for neurological patients and their families during periods of medical treatment, to promote sharing experiences with other families during a time of stress and confusion, and to provide a caring and helping facility and services for these patients and their families. This corporation may receive and disburse funds or other property incident to or necessary for the accomplishment of the aforesaid purpose and any and all acts incidental to the transaction of the business of this corporation or expedient for the attainment of the purpose stated herein.

This corporation shall have only such powers as are required by and are consistent with the foregoing purposes, including the power to acquire and receive funds and property of every kind and nature whatsoever, whether by purchase, conveyance, lease, gift, grant, bequest, legacy, devise, or

otherwise, and to own, hold, expend, make gifts, grants, and contributions of, and to convey, transfer, and dispose of any funds and property and the income therefrom for the furtherance of the purposes of this corporation hereinabove set forth, or any of them, and to lease, mortgage, encumber, and use the same, and such other powers which are consistent with the foregoing purposes and which are afforded to this corporation by the Minnesota Nonprofit Corporation Act, as now enacted or as hereafter amended. All the powers of this corporation shall be exercised only so that this corporation=s operations shall be exclusively within the contemplation of Section 501(c)(3) of the Internal Revenue Code of 1986.

All references in these Articles of Incorporation to sections of the Internal Revenue Code of 1986 include any provisions thereof adopted by future amendments thereto and any cognate provisions in future Internal Revenue Codes to the extent such provisions are applicable to this corporation.

ARTICLE III

This corporation shall not afford pecuniary gain, incidentally or otherwise, to its members. No part of the net income or net earnings of this corporation shall inure to the benefit of any member, private shareholder or individual. No substantial part of its activities shall consist of carrying on propaganda or otherwise attempting to influence legislation. This corporation shall not participate in or intervene in (including the publishing or distributing of statements) any political campaign on behalf of (or in opposition to) any candidate for public office.

Except as permitted by Minnesota Statutes, Section 317A.501, this corporation shall not lend any of its assets to any officer or director of this corporation or guarantee to any other person the repayment of a loan made to an officer or director of this corporation.

Nothing herein shall be construed to establish or prohibit the payment of reasonable compensation to officers or directors of this corporation for services actually rendered by them to this corporation.

ARTICLE IV

The period of duration of this corporation=s corporate existence shall be perpetual.

ARTICLE V

The registered office of this corporation shall be located at 1919 23½ Street S.E., Rochester, Minnesota 55904.

ARTICLE VI

Initially, this corporation shall have no members. The Board of Directors may establish a class or classes of non-voting members upon such conditions and terms as it from time to time deems appropriate. This corporation shall not have members with voting rights.

ARTICLE VII

The management and direction of the business of this corporation shall be vested in its Board of Directors. The number, term of office, powers, authorities and duties of the directors of this corporation, the time and place of their meetings, and such other regulations with respect to them as are not inconsistent with the express provision of these Articles of Incorporation shall be as specified from time to time in the Bylaws of this corporation. Any action may be taken by the Board of Directors by written action signed by the number of directors that would be required to take the same action at a meeting of the Board of Directors at which all directors were present; provided that all

directors shall be notified of the text of the written action prior to the signing by any of the directors.

All directors shall be notified immediately of the effective date of any such written action that is duly taken.

ARTICLE VIII

The number of directors shall be as specified by this corporation's By-Laws, but shall never be less than three. The names and addresses of the initial Board of Directors are:

Ronald K. Reeves, M.D.	807 4 th Street S.W., Rochester, MN 55902
Jeffrey S. Smigielski, Ph.D.,L.P.	1917 67 th Street N.W., Rochester, MN 55901
Laurie J. Bennett, RN	5827 49 th Avenue N.W., Rochester, MN 55901
Lisa A. Beck, RN, CNS	55 Center Avenue S, Elgin, MN 55932
Anne M. Moessner, RN, CNS	1919 23 ½ Street S.E., Rochester, MN 55904
Timothy J. Brennan	24709 616 th St., Mantorville, MN 55955
Vicki Dalle Molle	2310 2 nd Avenue S.W., Rochester, MN 55902
Craig W. Wendland	6709 Buckridge Court N.E., Rochester, MN 55906

ARTICLE IX

This corporation shall have no capital stock.

ARTICLE X

Except as set forth in Minn. Stat. ' 317A.257, Subd. 2, no director, officer, member or agent, if serving in such capacity without compensation, shall be civilly liable for any act or omission of that director, officer, member or agent if such act or omission

- (a) was in good faith;
- (b) was within the scope of the person=s responsibilities as a director, officer, member or agent; and
- (c) did not constitute willful or reckless misconduct.

Neither the Directors, Officers, committee members, members (if any) employees or agents

of this corporation shall be personally liable for the payment of any debts or obligations of this corporation of any nature whatsoever, nor shall any of the property of any of the Directors, Officers, committee members, members (if any), employees or agents be subject to the payment of the debts or obligation of this corporation to any debt whatsoever.

If the Minnesota Statutes hereafter are amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the amended Minnesota Statutes.

ARTICLE XI

These Articles of Incorporation may be amended from time to time by a majority vote of the then serving directors upon notice of the directors= meeting and notice of the amendment as specified from time to time in the Bylaws of the corporation.

ARTICLE XII

This corporation may be dissolved in accordance with the laws of the State of Minnesota. Upon dissolution of this corporation any surplus property remaining after the payment of its debts shall be disposed of by transfer to one or more corporations, associations, institutions, trusts, or foundations organized and operated for one or more of the purposes described in Section 501(c)(3) of the Internal Revenue Code of 1986, or to the State of Minnesota or any political subdivision or agency thereof for exclusively public purposes, in such proportions as the Board of Directors of this corporation shall determine. Notwithstanding any provision herein to the contrary, nothing herein shall be construed to affect the disposition of property and assets held by this corporation upon trust or other condition, or subject to an executory or special limitation, and such property, upon dissolution of this corporation, shall be transferred in accordance with the trust, condition or

limitation imposed with respect to it.

ARTICLE XIII

The name and address of the incorporator is:

Craig W. Wendland
6709 Buckridge Court N.E.
Rochester, Minnesota 55906

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of July, 2007.

Craig W. Wendland

BYLAWS OF NEUROLOGICAL RECOVERY HOUSE

Our Mission Statement:

To provide patients with neurological illness and their caregivers high-quality, affordable accommodations and peer support in a home-like environment that facilitates the restoration of function.

BYLAWS OF NEUROLOGICAL RECOVERY HOUSE

The bylaws set forth in this document are adopted by the corporation on July 25, 2007.

ARTICLE 1.0 LAW, DEFINITIONS, AND INTERPRETATION

Section 1.1 Law

This corporation shall be a nonprofit corporation governed by Chapter 317A of Minnesota Statutes (the Minnesota nonprofit corporation act). If any of these bylaws is or becomes inconsistent with or prohibited by any state (whether now existing or hereafter adopted or amended) in that act, the statute shall control and the bylaw shall be deemed amended accordingly.

Section 1.2 Definitions

Terms used herein shall have the same meanings as in Chapter 317A of Minnesota Statutes. Accordingly, the following definitions shall apply unless hereafter amended by the aforesaid Chapter 317A or unless the context clearly indicates that a different meaning is intended.

- "Act" — when the first letter thereof is capitalized, means Chapter 317A of Minnesota Statutes as it exists at the date hereof and as it may hereafter be amended.
- "Address" — means mailing address, including a zip code, except that in the case of a registered office, address means the mailing address and the actual office location, which may not be a post office box.
- "Articles" — means this corporation's articles of incorporation; articles of amendment; a statement of change of registered office, registered agent, or name of registered agent; articles of merger; articles of consolidation; articles of abandonment; and articles of dissolution.
- "Board of Directors" or "Board" — means the group of persons vested with the general management of the internal affairs of the corporation, regardless of how they are identified.
- "Bylaws" — means these bylaws as now existing or hereafter amended.
- "Corporation" — means this corporation.
- "Director" — means a member of the Board.
- "Good Faith" — means honesty in fact in the conduct of an act or transaction.
- "Internal Revenue Code" or "IRC" — means the Federal Internal Revenue Code of 1986 as now existing or hereafter amended.
- "Legal representative" — means a person empowered to act for another person, including, but not limited to, an agent, officer, partner, or associate of an organization; a trustee of a trust; a personal representative; a trustee in bankruptcy; or a receiver, guardian, custodian, or conservator.
- "Member" — means a person with membership rights in this corporation.
- Unless otherwise specified in these bylaws, "Notice" is given by the corporation, through any of its officers or directors, to a director, officer, member, or other person under the following methods:

- (1) when mailed to the person at an address designated by the person, at the last known address of the person or, in the case of an officer, at the address of the person in the corporate records;
- (2) when communicated to the person orally;
- (3) when handed to the person;
- (4) when left at the office of the person with a clerk or other person in charge of the office, or if there is no one in charge, when left in a conspicuous place in the office;
- (5) if the person's office is closed or the person to be notified has no office, when left at the dwelling or usual place of abode of the person with a person of suitable age and discretion residing in the house; or
- (6) when the method is fair and reasonable when all the circumstances are considered.

Notice by mail is given when deposited in the United States mail with sufficient postage. Notice is considered received when it is given.

- "Officer" - means a person elected, appointed, or otherwise designated as an officer by the Board.
- "Part" - means a designated part of a Section or Subsection.
- "Registered Office" - means the place in Minnesota designated in the articles as the registered office of the corporation.
- "Written action" - means a written document signed by all of the persons required to take the action. The term also means the counterparts of written document signed by any of the persons taking the action.

Section 1.3 Interpretation

All references to Sections and Subsections herein refer to Sections or Subsections of these bylaws unless expressly referenced to a Minnesota Statute. References to "Articles" refer to articles in these bylaws unless the context shows clearly that they pertain to articles of incorporation. Also, singulars include plurals and vice versa unless the context or express wording indicates otherwise.

ARTICLE 2.0

REGISTERED OFFICE; ARTICLES

Section 2.1 Registered Office

Subsection 2.1.1 Place

The corporation shall continuously maintain a registered office in Minnesota. It need not be in the same place as the corporation's principal place of business.

Subsection 2.1.2 Change of Registered Office

The Board of Directors of the corporation may, from time to time, change the location of the registered office. On or before the day that such change is to become effective, a

certificate of such change and the location and post office address of the new registered office shall be filed with the Secretary of State of Minnesota as provided by law.

Section 2.2 Amending Articles

Subsection 2.2.1 Procedure

Amendments to the articles must be approved by a majority of the directors.

Subsection 2.2.2 Articles of Amendment

When an amendment has been adopted, articles of amendment must be prepared that contain:

- (1) the name of the corporation;
- (2) the amendment adopted;
- (3) with respect to an amendment restating the articles, a statement that the amendment correctly sets forth without change the corresponding provisions of the articles as previously amended, if the amendment was approved only by the Board; and
- (4) a statement that the amendment has been adopted under the Act.

Articles of amendment are effective when filed with the Minnesota Secretary of State or at another time within 31 days after filing if the articles of amendment so provide.

ARTICLE 3.0

PURPOSES, POWERS, SEAL

Section 3.1 Purpose

The purposes for which the corporation is organized are set forth in its Articles of Incorporation.

Section 3.2 Powers

The corporation has all powers afforded by the Act.

Section 3.3 Seal

The corporation shall have no seal.

ARTICLE 4.0

BYLAWS

Section 4.1 General

The corporation shall have bylaws.

Section 4.2 Amending the Bylaws

Initial bylaws may be adopted by the incorporators or by the first Board. The power to adopt,

amend, or repeal the bylaws is vested in the Board, which shall take such action by majority vote.

ARTICLE 5.0

THE BOARD

Section 5.1 General

The business and affairs of the corporation shall be managed by or under the direction of a Board of directors. All directors are entitled to vote and have equal rights and preferences unless and except to the extent otherwise expressly provided in the articles or these bylaws.

Section 5.2 Number

The number of Directors shall not be less than three (3). The Directors constituting the initial Board of Directors shall be specified in the Articles of Incorporation. The number of Directors may be increased or decreased from time-to-time by decision of the Board of Directors, but in no event shall a number of Directors be less than three (3).

Subsection 5.2.1 Leaves of Absence

A director may be granted a leave of absence from the Board of directors for up to one year by a majority vote of the Board of directors. Requests for a leave of absence should be submitted to the Board in writing and should specify the reason for the leave and the anticipated return date. While on an approved leave of absence, a director shall not be considered to be currently holding office for the purposes of determining a quorum for the transaction of business. While on an approved leave of absence, a director shall not call a meeting of the directors, move or second an action, or vote at a duly held meeting of the directors, but shall maintain all other rights and authorities entitled by the office. Requests to terminate a leave of absence should be submitted in writing to the Board by the director prior to resuming office.

Section 5.3 Qualifications and Election

Subsection 5.3.1 Qualifications

Directors must be individual people, over the age of eighteen (18) years, rather than organizations or entities. Directors need not be residents of Minnesota.

Subsection 5.3.2 Election

The Board of Directors shall elect new directors by majority vote of current Board members at the regular annual meeting of the Board.

Section 5.4 Terms of Office

Each director will hold office for three (3) years except as follows:

- A. The Board may established initial one and two year terms of office for new directors so that expiration of terms of directors will be staggered.
- B. The term of a director filling a vacancy expires at the end of the unexpired term that the director is filling.
- C. A director holds office until expiration of the term for which the director was elected or appointed and until a successor is elected and qualified, or until the earlier death, resignation, removal, or disqualification of the director.

A decrease in the number of directors or term of office does not shorten an incumbent director's term. Directors may be re-elected for additional three-year terms, whether consecutive or not, however, no director shall be eligible to serve for more than ten (10) consecutive years.

Section 5.5 Acts Not Void or Voidable

The expiration of a director's term with or without the election of a qualified successor does not make prior or later acts of the officers or the Board void or voidable.

Section 5.6 Compensation

The directors shall not receive any compensation for services performed in their capacity as directors.

Section 5.7 Resignation

- A. A director may resign at any time by giving written notice to the Board. The resignation is effective without acceptance when the notice is given to the Board, unless a later effective time is specified in the notice.
- B. If a resignation is made effective at a later date, the Board may fill the pending vacancy before the effective date if the Board provides that the successor does not take office until the effective date.

Section 5.8 Removing Directors

A director may be removed at any time, with or without cause, by a majority vote of the directors.

Section 5.9 Vacancies

If a vacancy occurs on the Board of directors, the remaining members of the Board, by majority vote, may fill the vacancy.

Section 5.10 Board Meetings

Subsection 5.10.1 Time and Place

A regular annual meeting of the Board shall be held at such time and place as shall be established by the Board from time to time. The Board may provide by resolution the time and place, for the holding of additional regular or special meetings of the Board without other than such resolution. Meetings must be at the registered office unless the Board selects a different place, either in or out of Minnesota.

Subsection 5.10.2 Calling Meetings: Notice

- A. The president of the corporation or any two directors may call a Board meeting by giving five (5) days' written notice to all other directors of the date, time, place of the meeting. The notice need not state the purpose of the meeting.
- B. Notice of any meeting of the Board shall be given by written notice to each director at the address shown by the records of the corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. Notice may also be given by a form of electronic communication consented to by the director to whom notice is given, effective when given, pursuant to the requirements of Minn. Stat. §317A.231, Subd. 4.
- 4. Notice of any meeting of the Board may be waived orally or in writing signed by the person or persons entitled to the notice either before or after the time of the meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened, and does not participate in the meeting.
- C. If the day or date, time, and place of a Board meeting have been provided in the Articles or bylaws or announced at a previous meeting of the Board, notice is not required.
- D. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need to be specified in the notice or waiver or notice of such meeting, unless specifically required by law or by these bylaws.

Subsection 5.10.3 Waiving Notice

A director may waive notice of a meeting of the Board. A waiver of notice by a director entitled to notice is effective whether given before, after, or at the meeting, and whether given in writing, orally or by attendance. Attendance by a director at a meeting is a waiver of notice of that meeting, unless the director objects at the beginning of the meeting to the transaction of the business because the meeting is not lawfully called or convened and does not participate in the meeting.

Subsection 5.10.4 Quorum

A majority of the directors currently holding office is a quorum for the transaction of

business. In the absence of a quorum, a majority of the directors present may adjourn a meeting from time to time until a quorum is present. If a quorum is present when a duly called or held meeting is convened, the directors present may continue to transact business until adjournment, even though the withdrawals of directors originally present leaves less than the proportion or number otherwise required for a quorum.

Section 5.11 Action Without Meeting

Subsection 5.11.1 Method

An action required or permitted to be taken at a Board meeting may be taken by written action signed by all of the directors.

Subsection 5.11.2 Effective Time

The written action is effective when signed by the required number of directors, unless a different effective time is provided in the written action.

Section 5.12 Board Committees

Subsection 5.12.1 Generally

A resolution approved by the affirmative vote of a majority of the Board may establish one or more committees having the authority of the Board in the management of the business of the corporation to the extent provided in the resolution and not restricted by law. Committees are subject at all times to the direction and control of the Board. The designation of the committees and the delegation of the authority thereto shall not operate to relieve the Board of directors, or individual directors of any responsibility imposed by law.

Subsection 5.12.2 Membership

Committee members must be directors or officers. Unless and except to the extent that the articles or these bylaws provide otherwise, a committee must consist of one or more people appointed by the Board.

Subsection 5.12.3 Procedure

Sections 5.10 and 5.11 apply to committees and members of committees to the same extent as those Sections apply to the Board.

Subsection 5.12.4 Minutes

Minutes, if any, of committee meetings must be made available upon request to members of the committee and to a director.

Subsection 5.12.5 Standard of Conduct

The establishment of, delegation of authority to, and action by a committee does not alone constitute compliance by a director with the standard of conduct set forth in Section 5.13.

Subsection 5.12.6 Committee Members Considered Directors

Committee members are considered to be directors for purposes of Sections 5.13, 5.14, and Article 10.

Subsection 5.12.7 Term of Office

For any such committee created by the Board, the Board shall set the terms of membership.

Subsection 5.12.8 Chairperson

One member of each committee shall be appointed chairperson by majority vote of such committee, unless the Board has appointed the committee chair.

Subsection 5.12.9 Vacancies

Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Subsection 5.12.10 Quorum

Unless otherwise provided in the resolution of the Board designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

Subsection 5.12.11 Rules

Each committee may adopt rules for its own government not inconsistent with these bylaws or with rules adopted by the Board.

Section 5.13 Standard of Conduct

Subsection 5.13.1 Standard; Liability

A director shall discharge the duties of the position of director in good faith, in a manner the director reasonably believes to be in the best interests of the corporation, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. A person who so performs those duties is not liable by reason of being or

having been a director of the corporation.

Subsection 5.13.2 Reliance

A. A director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

- (1) one or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented;
- (2) counsel, public accountants, or other persons as to matters that the director reasonably believes are within the person's professional or expert competence;
- or
- (3) a committee of the Board upon which the director does not serve, duly established under Section 5.12 or Article 8, as to matters with its designated authority, if the director reasonably believes the committee to merit confidence.

B. Part A does not apply to a director who has actual knowledge concerning the matter in question that makes the reliance otherwise permitted by Part A unwarranted.

Subsection 5.13.3 Presumption of Assent; Dissent

A director who is present at a meeting of the Board when an action is approved by the Board is presumed to have assented to the action approved unless the director:

- (1) objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate in the meeting, in which case the director is not considered to be present at the meeting for purposes of this chapter;
- (2) votes against the action at the meeting; or
- (3) is prohibited by Section 5.14 or the articles or bylaws from voting on the action.

Subsection 5.13.4 Not Considered Trustees

A director, regardless of how identified, is not considered to be a trustee with respect to the corporation or with respect to property held or administered by the corporation, including without limit, property that may be subject to restrictions imposed by the donor or transferor of the property.

Section 5.14 Director Conflicts of Interest

Subsection 5.14.1 Conflict; Procedure When Conflict Arises

A contract or other transaction between a corporation and its director, or between its director and a related organization, or between a corporation and an organization in or of which its director is a director, officer, or legal representative or has a material financial interest, is not void or voidable because the director or the other organization are parties or because the director is present at the meeting of the members or the Board or a

committee at which the contract or transaction is authorized, approved, or ratified if:

- (1) the contract or transaction was, and the person asserting the validity of the contract or transaction has the burden of establishing that the contractor transaction was fair and reasonable as to the corporation when it was authorized, approved or ratified;
- (2) the material facts as to the contract or transaction and as to the director's interest are fully disclosed or known to the members and the contract or transaction is approved in good faith by two-thirds of the members entitled to vote, other than the interested director or directors, or the unanimous affirmative vote of all members' whether or not entitled to vote;
- (3) the material facts as to the contract or transaction and as to the director's interests are fully disclosed or known to the Board or a committee, and the Board or committee authorizes, approves, or ratifies the contract or transaction in good faith by a majority of the Board or committee, but the interested director may not be counted in determining the presence of a quorum and may not vote; or
- (4) the contract or transaction is a merger or consolidation described in § 317A.601 of the Act.

Subsection 5.14.2 Material Financial Interest

For purposes of this Section, a director has a material financial interest in an organization in which the director, or the spouse, parents, children and spouses of children, brothers and sisters or spouses of brothers and sisters of the director, have a material financial interest.

Subsection 5.14.3 Exception

The procedures described in Subsection 5.14.1 are not required if the contract or other transaction is between related organizations.

Section 5.15 Unpaid Directors; Liability for Damages

Subsection 5.15.1 Generally

Except as provided in Subsection 5.15.2, a person who serves without compensation as director, officer, trustee, member, or agent of an organization exempt from state income taxation under Minn. Stat. § 290.05, is not civilly liable for an act or omission by that person if the act or omission was in good faith, was within the scope of the person's responsibilities as a director, officer, trustee, member, or agent of the organization, and did not constitute willful or reckless misconduct.

Subsection 5.15.2 Exceptions

A. Subsection 5.15.1 does not apply to:

- (1) an action or proceeding brought by the attorney general for a breach of fiduciary duty as a director;
- (2) a cause of action to the extent it is based on federal law;
- (3) a cause of action based on the person's express contractual obligation; or
- (4) an action or proceeding based on a breach of public pension plan fiduciary responsibility.

B. Subsection 5.15.1 does not limit an individual's liability for physical injury to the person of another or for wrongful death that is personally and directly caused by the individual.

Subsection 5.15.3 Definition

For purposes of this Section, the term "compensation" means anything of value received for services rendered, except:

- (1) reimbursement for expenses actually incurred; or
- (2) payment by an organization of insurance premiums on behalf of a person who is or was a director, officer, trustee, member or agent of an organization, or who, while a director, officer, trustee, member, or agent of the organization, is or was servicing at the request of the organization as a director, officer, partner, trustee, employee, or agent of another organization or employee benefit plan against liability asserted against and incurred by the person in or arising from that capacity.

ARTICLE 6.0

OFFICERS

Section 6.1 Required Officers

The corporation shall have a president, vice president, secretary and treasurer. The officers shall be elected or appointed by the Board.

Section 6.2 Officers' Duties

Subsection 6.2.1 President

Subject to the direction and control of the Board of directors, the president shall:

- (1) be the principal executive officer of the corporation;
- (2) have general active management of the business of the corporation;
- (3) when present, preside at meetings of the Board;
- (4) see that orders and resolutions of the Board are carried into effect, except when such responsibility is assigned to some other person by the Board of directors;
- (5) sign and deliver (execute) in the name of the corporation, deeds, mortgages, bonds, contracts, or other instruments pertaining to the business of the corporation authorized by the Board of directors, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by the articles or bylaws or by the Board to another officer or agent of the corporation;

- (6) vote in the capacity of a director in the event of deadlock by the Board; and
- (7) perform other duties prescribed by the Board.

Subsection 6.2.2 Vice President

The vice president shall:

- (1) perform the duties of the president when he or she is unavailable;
- (2) sign and deliver (execute) in the name of the corporation, deeds, mortgages, bonds, contracts, or other instruments pertaining to the business of the corporation authorized by the Board of directors, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by the articles or bylaws or by the Board to another officer or agent of the corporation; and
- (3) perform other duties prescribed by the Board or president.

Subsection 6.2.3 Secretary

The secretary shall:

- (1) record the minutes of the meetings of the Board of directors;
- (2) maintain records of and, when necessary, certify proceedings of the Board;
- (3) ensure that notices are duly given in accordance with these bylaws or as required by law; and
- (4) perform any other duties prescribed by the Board or president.

Subsection 6.2.4 Treasurer

The treasurer shall:

- (1) act as the principal accounting and financial officer for the corporation;
- (2) keep accurate financial records for the corporation;
- (3) have charge and custody of all funds and securities of the corporation and be responsible for the receipt and disbursement thereof;
- (4) deposit money, drafts, and checks in the name of and to the credit of the corporation in the banks and depositories designated by the Board;
- (5) endorse for deposit notes, checks, and drafts received by the corporation as ordered by the Board, making proper vouchers for the deposit;
- (6) disburse corporate funds and issue checks and drafts in the name of the corporation, as ordered by the Board;
- (7) upon request, provide the president and Board an account of transactions by the treasurer and of the financial condition of the corporations.; and
- (8) perform other duties prescribed by the Board or by the president.

Subsection 6.2.5 Terms.

Terms of office for an officer shall be one year, except the President and Vice President shall serve for two year terms.

Section 6.3 Multiple Offices

Any number of offices or functions of those offices may be held or exercised by the same person, except a person may not simultaneously hold the offices of President and Vice President. If a document must be signed by persons holding different offices or functions and a person holds or exercises more than one of those offices or functions, that person may sign the document in more than one capacity, but only if the document indicates each capacity in which the person signs

Section 6.4 Resignation; Removal; Vacancies

Subsection 6.4.1 Resignation

An officer may resign by giving written notice to the corporation. The resignation is effective without acceptance when the notice is given to the corporation, unless a later effective date is named in the notice.

Subsection 6.4.2 Removal

An officer may be removed, with or without cause, by a resolution adopted by a majority vote of the Board. The removal is without prejudice to contractual rights of the officer.

Subsection 6.4.3 Vacancy

A vacancy in an office because of death, resignation, removal, disqualification, or other cause must be filled for the unexpired party of the term by the Board.

Section 6.5 Compensation

The officers shall not receive any compensation for services performed in their capacity as officers.

Section 6.6 Delegation

With the approval of the Board, an officer may delegate some or all the duties and powers of an office to other persons. An officer who delegates the duties or powers of an office remains subject of the standard of conduct for an officer with respect to the discharge of the delegated duties and powers.

Section 6.7 Standard of Conduct

Subsection 6.7.1 Standard: Liability

An officer shall discharge the duties of an office in good faith, in a manner the officer reasonably believes to be in the best interests of the corporation, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. A person exercising the principal functions of an office or to whom some or all of the

duties and powers of an office are delegated under Section 6.6 is considered an officer for purposes of this Section and Article 10.

Subsection 6.7.2 Not Considered Trustee

An officer is not considered to be a trustee with respect to the corporation or with respect to property held or administered by the corporation, including without limit, property that may be subject to restrictions imposed by the donor or transferor of the property.

ARTICLE 7.0

MEMBERS

The corporation shall have no members.

ARTICLE 8.0

STANDING COMMITTEES

Section 8.1 General

Subsection 8.1.1 Authority

Other committees not having and exercising the authority of the Board of directors in the corporation may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Section 5.12 of these Bylaws does not apply to the committees established pursuant to this Article 8.

Subsection 8.1.2 Membership

Members of such committees (who need not be Board members or officers) shall be appointed by either the president or a Board committee with such authority. Any member thereof may be removed by the person or persons authorized to appoint such member whenever in their judgment the best interests of the corporation shall be served by such removal.

Section 8.2 Committee Procedures

Subsection 8.2.1 Term of Office

Each member of a committee shall continue as such until the next annual meeting of the Board of directors and until a successor is appointed, unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof.

Subsection 8.2.2 Chairperson

One member of each committee shall be appointed chairperson by the president, the Board, or any Board committee with such authority.

Subsection 8.2.3 Vacancies

Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Subsection 8.2.4 Quorum

Unless otherwise provided in the resolution of the Board of directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

Subsection 8.2.5 Rules

Each committee may adopt rules for its own government not inconsistent with these bylaws or with rules adopted by the Board of directors.

ARTICLE 9.0

RECORDS AND FINANCIAL AFFAIRS

Section 9.1 Books and Records

Subsection 9.1.1 Articles, Bylaws, and Minutes

The corporation shall keep at its registered office correct and complete copies of its articles and bylaws, accounting records, and minutes of meetings of the Board of directors, and committees having any of the authority of the Board of directors.

Subsection 9.1.2 Inspection

A director or agent of a director may inspect all books and records and voting agreements for any proper purpose at any reasonable time.

Section 9.2 Financial Statement

Upon request, the corporation shall provide a director with a copy of the most recent financial statements for the corporation.

Section 9.3 Fiscal Year

The corporation's fiscal years shall coincide with calendar years.

Section 9.4 Business Transactions

Subsection 9.4.1 Contracts

The Board of directors may authorize any officer or officers, agent or agents of the

corporation, in addition to the officers so authorized by these bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation and such authority may be general or confined to specific instances.

Subsection 9.4.2 Checks, Drafts, Etc.

All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board or directors.

Subsection 9.4.3 Deposits

All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board of directors may select.

Subsection 9.4.4 Gifts

The Board of directors may accept on behalf of the corporation any contribution, gift, bequest, or devise for the general purposes of the corporation.

ARTICLE 10.0

INDEMNIFICATION

Section 10.1 Definition

- A. The definitions contained in this Section apply throughout Article 10.
- B. "Corporation" has the same meaning as stated in Section 1.2.
- C. "Official capacity" means:
 - 1. with respect to a director, the position of director in the corporation;
 - 2. with respect to a person other than a director, the elective or appointive office or position held by an officer, member of a committee of the Board, or the employment relationship undertaken by an employee or the corporation; and
 - 3. with respect to a director, officer, or employee of the corporation who, while a director, officer, or employee of the corporation, is or was serving at the request of the corporation or whose duties in that position involve or involved service as a director, officer, partner, trustee, employee, or agent or another organization or employee benefit plan, the position of that person as a director, officer, partner, trustee, employee, or agent, as the case may be, of the other organization or employee benefit plan.
- D. "Proceeding" means a threatened, pending or completed civil, criminal, administrative, arbitral, or investigative proceeding, including a proceeding by or in the right of the corporation.
- E. "Special legal counsel" means counsel who has not represented the corporation or a related organization, or a director officer, member of a committee of the Board, or employee

whose indemnification is in issue.

Section 10.2 Indemnification Mandatory: Standard

A. The corporation shall indemnify a person made or threatened to be made a party to a proceeding by reason of the former or present official capacity of the person against judgments, penalties, fines, including, without limitation, excise taxes assessed against the person with respect to an employee benefit plan, settlements, and reasonable expenses, including attorneys fees and disbursements, incurred by the person in connection with proceeding, if, with respect to the acts or omissions of the person complained of in the proceeding, the person:

- (1) has not been indemnified by another organization or employee benefit plan for the same liability described in the preceding paragraph with respect to the same acts or omissions;
- (2) acted in good faith;
- (3) received no improper personal benefit and Section 5.14, if applicable has been satisfied;
- (4) in the case of a criminal proceeding, did not have reasonable cause to believe the conduct was unlawful; and
- (5) in the case of acts or omissions occurring in the official capacity described in Section 10.1, Part C, clause (1) or (2), reasonably believed that the conduct was in the best interests of the corporation, or in the case of acts or omissions occurring in the official capacity described in Section 10.1, Part C, clause (3), reasonably believed that the conduct was not opposed to the best interests of the corporation. If the persons' acts or omissions complained of in the proceeding relate to conduct as a director, officer, trustee, employee, or agent of an employee benefit plan, the conduct is not considered to be opposed to the best interests of the corporation if the person reasonably believed that the conduct was in the best interests of the participants or beneficiaries of the employee benefit plan.

B. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent does not, of itself, establish that the person did not meet the criteria in this Section.

Section 10.3 Advances

If a person is made or threatened to be made a party to a proceeding, the person is entitled, upon written request to the corporation, to payment or reimbursement by the corporation of reasonable expenses, including attorneys fees and disbursements, incurred by the person in advance of the final disposition of the proceeding:

- (1) upon receipt by the corporation of a written affirmation by the person of a good faith belief that the criteria for indemnification in Section 10.2 have been satisfied and a written undertaking by the person to repay the amounts paid or reimbursed by the corporation, if it is determined that the criteria for indemnification have not been satisfied; and
- (2) after a determination that the facts then known to those making the determination

would not preclude indemnification under this Section.

The written undertaking required by clause (1) is an unlimited general obligation of the person making it, but need not be secured and must be accepted without reference to financial ability to make the repayment.

Section 10.4 Reimbursing Witnesses

This Article does not require, or limit the ability of, a corporation to reimburse expenses, including attorneys fees and disbursements, incurred by a person in connection with an appearance as a witness in a proceeding at a time when the person has not been made or threatened to be made a party to a proceeding.

Section 10.5 Determination of Eligibility

A. Determination as to whether indemnification of a person is required because the criteria set forth in Section 10.2 have been satisfied and whether a person is entitled to payment or reimbursement of expenses in advance of the final disposition of proceeding under Section 10.3 must be made:

- (1) by the Board by a majority of a quorum; directors who are at the time parties to the proceeding are not counted for determining a majority or the presence of a quorum;
- (2) if a quorum under clause (1) cannot be obtained, by a majority of the committee of the Board, consisting solely of two or more directors not at the time parties to the proceeding, duly designated to act in the matter by a majority of the full Board including directors who are parties;
- (3) if determination is not made under clause (1) or (2), by special legal counsel selected either by a majority of the Board or a committee by vote under clause (1) or (2) or, if the requisite quorum of the full Board cannot be obtained and the committee cannot be established, by a majority of the full Board including directors who are parties;
- (4) if a determination is not made under clauses (1) to (3), by the members with voting rights, other than members who are parties to the proceeding; or
- (5) if an adverse determination is made under clauses (1) to (4) or under Part B, or if not determination is made under clauses (1) to (4) or under Part B within 60 days after the termination of a proceeding or after a request for an advance of expense, by a Minnesota court in which the proceeding involving the persons' liability took place, upon application of the person and notice the court requires.

B. With respect to a person who is not, and was not at the time of the acts or omissions complained of in the proceedings a director, officer, or person having, directly or indirectly, the power to direct or cause the direction of the management or policies of the corporation, the determination whether indemnification of this person is required because the criteria in Section 10.2 have been satisfied and whether this person is entitled to

payment or reimbursement of expenses in advance of the final disposition of a proceeding under Section 10.3 may be made by an annually appointed committee of the Board, having at least one member who is a director, the committee shall report at least annually to the Board concerning its actions.

Section 10.6 Insurance

The corporation may buy and maintain insurance on behalf of a person in that person's official capacity against liability asserted against and incurred by the person in or arising from that capacity, whether or not the corporation would have been required to indemnify the person against the liability under this Article.

Section 10.7 Disclosure

The corporation shall report to the directors in writing the amount of every indemnification or advance and to whom and on whose behalf it was paid, not later than the next meeting of members.

Section 10.8 Indemnification of Other People

This Article does not limit the power of the corporation to indemnify other people.

ARTICLE 11.0

DISSOLUTION

Dissolution of the corporation shall be governed by the Act.

The above provisions constitute the duly adopted bylaws of Neurological Recovery House including all amendments in full force and effect as of _____, 2007.

President

Secretary

NEUROLOGICAL RECOVERY HOUSE CONFLICT OF INTEREST POLICY

Article I Purpose

The Neurological Recovery House ("NRH") is a nonprofit, tax-exempt (IRC §501(c)3) organization. The purpose of the conflict of interest policy is to protect the intent of NRH when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of NRH or might result in a possible excess benefit transaction.

Maintenance of the tax-exempt status of NRH is important for both its continued financial stability and for public support. Therefore, the IRS as well state regulatory and tax officials view the operations of NRH as a public trust, which is subject to scrutiny by and accountable to such governmental authorities as well as to members of the general public.

Consequently, there exists between NRH and its Board, officers, and management employees and the public a fiduciary duty, which carries with it a broad and unbending duty of loyalty and fidelity. The Board, officers and management employees have the responsibility of administering the affairs of NRH honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of NRH. Those persons shall exercise the utmost good faith and all transactions involved in their duties, and they shall not use their positions with NRH or knowledge gain therefrom for their personal benefit. The interests of NRH must be the first priority in all decisions and actions. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II Definitions

1. Interested Person

Any director, principal officer, or member of a committee with governing board delegated powers, who has direct or indirect financial interest, as defined below, is an interested person.

2. Financial Interest

A person has a financial interest if the person has, directly or indirectly through business, investment, or family:

- a. An ownership or investment interest in any entity with which NRH has a transaction or arrangement;
- b. A compensation arrangement with NRH or with any entity or individual with which NRH has a transaction or arrangement; or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which NRH is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Article III **Procedures**

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

c. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflicts of Interest Policy

a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV
Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V
Compensation

a. A voting member of the governing board who receives compensation, directly or indirectly, from NRH for services is precluded from voting on matters pertaining to that member's compensation.

b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from NRH for services is precluded from voting on matters pertaining to that member's compensation.

c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from NRH, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI
Annual Statements

Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

a. Has received a copy of the conflicts of interest policy,

b. Has read and understands the policy,

c. Has agreed to comply with the policy, and

d. Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Article VII
Periodic Reviews

To ensure NRH operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Article VIII
Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

NEUROLOGICAL RECOVERY HOUSE

GIFT POLICY AND DISCLOSURE FORM

As part of its conflict of interest policy, Neurological Recovery House ("NRH") requires that directors, officers and employees decline to accept certain gifts, consideration or remuneration from individuals or companies that seek to do business with NRH or are a competitor of it. This policy and disclosure form is intended to implement that prohibition on gifts.

Section 1. "Responsible Person" is any person serving as an officer, employee or a member of the board of directors of NRH.

Section 2. "Family Member" is a spouse, domestic partner, parent, child or spouse of a child, or a brother, sister, or spouse of a brother or sister, of a responsible person.

Section 3. "Contract or Transaction" is any agreement or relationship involving the sale or purchase of goods, services or rights of any kind, receipt of a loan or grant, or the establishment of any other pecuniary relationship. The making of a gift to NRH is not a "contract" or "transaction."

Section 4. Prohibited gifts, gratuities and entertainment. Except as approved by the Chairman of the Board or his designee or for gifts of a value less than \$50 which could not be refused without discourtesy, no Responsible Person or Family Member shall accept gifts, entertainment or other favors from any person or entity which:

1. Does or seeks to do business with NRH or,
2. Does or seeks to compete with NRH or,
3. Has received, is receiving, or is seeking to receive a Contract or Transaction with NRH.

GIFT STATEMENT

I certify that I have read the above policy concerning gifts, and I agree that I will not accept gifts, entertainment or other favors from any individual or entity, which would be prohibited by the above policy. Following my initial statement, I agree to provide a signed statement at the end of each calendar year certifying that I have not received any such gifts, entertainment or other favors during the preceding year.

Signature

Date