

The Squid Software Foundation

Explanations and attachments for IRS Form 1023

Part I, Line 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, Power of Attorney and Declaration of Representative, with your application if you would like us to communicate with your representative.

Yes, Foundation is represented by Christina Zeigler of LiquidInc, LLC , located at 2077 Fifth Avenue, #4A New York, NY 10035. We have included the corresponding IRS Form 2848 (Power of Attorney and Declaration of Representative) with our application.

Part I, Line 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.

Yes, Zach Noffsinger, a lawyer with Flatirons Law Group, has helped Foundation to draft the initial set of corporate documents (Articles, Bylaws, etc.). Flatirons Law Group, LLC is located at 2701 Iris Avenue, Suite S, Boulder, Colorado 80304. Over the course of several months, Foundation paid Flatirons Law Group \$1,000 for Zach's services.

Part IV: Narrative Description of Your Activities.

Squid Software Foundation exists to support Squid developer and user communities in producing the best open source caching proxy software in the world. Major categories of these support activities are described below. We expect at least 80% of Foundation funds to be spent on the first two activities, with infrastructure support consuming the most.

Community organization and governance

Squid community consists of tens of thousands of users and developers around the world. Since most participants never meet in person, community life is centered around several electronic mailing lists and project web site. Community decision making process is based on the idea of “working consensus” -- multiple conflicting points of views are often discussed, with the overall goal of educating and convincing opponents rather than outnumbering them. A similar process is successfully used by many open source projects and standard-setting bodies.

Consensus-driven discussions do not usually require active Foundation involvement, but may occasionally lead to a stalemate with no consensus-based solution available. In these cases, Foundation officers or directors may assist the community and can make the final decision, using Foundation voting rules if necessary. For example, a Foundation officer may join the discussion on the mailing list, itemize pros and cons of each alternative under consideration,

and announce that the Foundation Board will vote on the final decision if no community consensus is reached in 7 days. Such “intervention” with a specific deadline is often sufficient to close the issue without further Foundation participation.

On very rare occasions, it may be necessary to suspend posting privileges of extremely disruptive participants until they agree to observe basic community rules. Foundation has the required authority to resolve such conflicts and enforce necessary disciplinary actions. For example, an upset developer might post inflammatory comments on the mailing list, with a purpose of discrediting a particular Squid feature implementation that was done against his or her wishes. If those comments jeopardize collaborative environment of the mailing list, a Foundation representative may announce a “quiet period” or, if that is not sufficient, ask the system administrator to temporarily suspend developer's posting privileges.

These activities do not happen on a regular basis, but a couple of relevant incidents per year are possible. Each problem usually requires several hours worth of research and discussion, with most Foundation directors and officers participating.

Project infrastructure support

While actual Squid code is created by volunteers without direct Foundation involvement, developing and supporting popular open source software requires extensive infrastructure:

- the code and corresponding documentation must be hosted to become globally accessible;
- mailing lists, bug reporting interfaces, and web sites require specialized software to run;
- availability and reliability guarantees must be backed by load balancing or backup systems (current server locations include United States, Italy, and New Zealand);
- code testing requires sophisticated, customized software for scheduling regular tests using various operating systems, various Squid configurations, and various test tools;
- infrastructure components must be secured against attacks aimed at discrediting the project, disrupting software distribution or, worse, injecting malicious code into distributed software.

All of this infrastructure requires significant hardware resources, daily system administration, emergency contacts, and legally binding contracts with hosting providers. Foundation raises funds to purchase hardware, to pay for hosting, and to hire system administrators to maintain project infrastructure.

Foundation officers spend at least a few hours per month on coordinating infrastructure-related matters. Funds permitting, Foundation employees or contractors will spend 40-60 hours per week on system administration and software testing tasks (currently, these activities are performed by a few overloaded volunteers and are usually months or years behind schedule, with serious negative effects on overall Squid project image and Squid software quality).

While we do not expect to have the funds available to cover all of these expenses immediately, partial coverage will be possible within a year, and we plan to raise the necessary amounts to cover all project infrastructure needs in 3-5 years.

Copyright ownership and licensing authority

Various Squid code pieces have been written and copyrighted by hundreds of individuals and organizations. This is typical for open source projects with a long history of decentralized public contribution. Often, developers would like to have a default copyright owner that independent code contributors may voluntarily assign their rights to.

Throughout Squid history, there were several cases where Squid license violations have been reported, but it was difficult to defend Squid licensing terms because there was no individual or organization that represented and could claim copyright ownership of the project as a whole.

Squid Software Foundation will serve as a legal entity holding the copyright for the collection of Squid code and as the default copyright owner for new donated code. Having a single legal entity representing Squid copyright interests helps streamline new code contributions and enforce existing Squid licensing terms. That, in turn, helps keep Squid software open and available free of charge to the public.

Logistical and administrative assistance, representation

Squid software is used by millions around the world. Ordinary “end users”, hardware appliance makers, operating system distributors, computer science researchers, intellectual property lawyers, and many other individuals and organizations may know virtually nothing about Squid but need to be able to contact a “Squid representative”. While Foundation does not plan to provide routine user support, Squid still needs a dedicated point of contact for outsiders when there is a security vulnerability crisis, a serious legal dispute, or a similar critical and/or urgent project-wide issue. Squid volunteer developer community is often too amorphous and too technical to provide such a point of contact.

The Squid Software Foundation represents Squid community interests when a community-wide discussion is not productive because of the lack of legal authority, is not feasible due to time constraints, or is not desirable due to security implications. Foundation directors and officers spend a few hours per month handling these issues. For example, when a security researcher not affiliated with the Squid project discovers a vulnerability in Squid software, she cannot alert Squid community of her findings using public bug reporting databases because the flaw may then be exploited by miscreants before a fix is available. Such reports may go to Foundation officers that will coordinate both the bug fix and public vulnerability disclosure.

Similarly, Foundation plans to handle logistics and contract matters related to fundraising activities (described elsewhere in this document), Squid advertisement/awareness projects, and developer meetings related to Squid software. Lack of a formal organization standing behind the project was often cited as a logistical and legal impediment to raising funds for (or participating in) conferences, trade shows, and similar software industry events. For each event, a Foundation representative will likely spend a few days planning and handling logistical matters. We expect one or two such events per year.

Part V, Line 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.

In 2003, 2007, and 2008, Measurement Factory, a company co-owned by one Director (Alex

Rousskov) contracted the two other Directors (Amos Jeffries and Henrik Nordstrom), one at a time, for several Squid development projects. Those development projects had isolated, non-recurring nature and can hardly be classified as ongoing “business relationships”, but they are mentioned here in the interests of full disclosure.

Part V, Line 3a: List showing Directors name, qualifications, average hours worked, and duties.

- **Henrik Nordstrom** :: *President* :: Bachelor of Computer Science, Systems Programming. Has volunteered for the Squid Project since it's start in 1996 in various roles. Also active in many other free software related projects and communities. Runs a small independent consulting shop focused on Free Software, Squid, Linux & Networking. Squid Software Foundation responsibilities include overseeing general direction of the project and infrastructure. Henrik spends approximately 15 hours per month on Squid Software Foundation matters.
- **Amos Jeffries** :: *VP and Secretary* :: Bachelor of Science, Major in Software Engineering, backed by experience in and out of industry amounting to 17 years programming, 8 years web design, 7 years sysadmin, 7 years network forensics, 4 years librarian, and 3 years software maintenance. Squid Software Foundation responsibilities include overseeing official software releases, coordinating international translation efforts, and community outreach. Amos typically spends about 20 hours per month on Foundation activities.
- **Alex Rousskov** :: *Treasurer* :: M.S. and Ph. D. in Computer Science. Has volunteered for Squid Project since 1997. Volunteered as a Director of a Colorado educational non-profit for several years. Runs a small software development shop, where developers are encouraged to spend some of their work time volunteering for open source software projects. Current Squid Foundation responsibilities include handling bookkeeping, this non-profit status application, and fundraising. Alex spends approximately 15 hours per month on Squid Software Foundation matters.

Part V, Line 5a: A copy of the policy and explain how the policy has been adopted, such as by resolution of your governing board.

Attached. The first paragraph of the policy explains that it was adopted by Board resolution.

Part VI, Line 1a: Describe each program that provides goods, services, or funds to individuals.

Part VI, Line 1b: Describe each program that provides goods, services, or funds to organizations.

Squid Software Foundation exists to support Squid developer and user communities by providing community governance and representation; logistical and administrative assistance; infrastructure resources; as well as copyright ownership and licensing authority. Squid software is developed by volunteers and is offered to everybody under a well-known GNU General Public License (GPL), which encourages free software sharing and reuse. We do not charge in any manner for our software, and anybody can download, use, and modify Squid.

Squid developers include both individuals and organizations. For example, a high school kid with an interest in internet protocols can write and contribute a Squid module that optimizes delivery of large images to mobile phones. A company that offers virus blocking software may

develop a Squid module that integrates their filtering engine with Squid traffic proxying abilities. Such developments often require interaction among developers via mailing lists, documentation web sites, and software repositories. Software maintenance requires computer resources. Foundation provides infrastructure and assistance to facilitate both developer interaction and software maintenance.

While not required to do so, developers may also transfer or assign their Squid contribution's copyright to Foundation, which helps enforce Squid licensing terms and ensure that Squid is continued to be shared among all developers and distributed free of charge.

Squid users include both individuals and organizations. For example, a tech-savvy father may download Squid proxy to protect his kids from being exposed to inappropriate web content. A popular web site may install Squid to accelerate page delivery during peak traffic times. A rural wireless ISP may deploy Squid to minimize bandwidth usage by caching popular traffic. All these users utilize project infrastructure to download software packages, access documentation, or report bugs.

Part VI, Line 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.

Squid software is available for free to any individual, including any "related individuals" identified in this line item. This wide availability is codified in Squid licensing terms and is one of the primary reasons behind Squid popularity. The same licensing terms ensure that related and unrelated individuals have the same rights: Foundation officers, directors, etc. cannot distribute Squid to related individuals without also distributing it to unrelated individuals. When it comes to receiving small funds such as occasional conference travel assistance, Foundation's Conflict of Interest Policy prohibits unjustified preferential treatment of any related individual.

Part VIII, Line 4a: Attach a description of each fundraising program.

The Squid Software Foundation plans to organize two primary fundraising programs accompanied by several minor fundraising activities described below.

Squid Sponsorship Program

Squid Sponsorship Program is the official avenue for substantial, non-directed monetary contributions to the Foundation. It is the most efficient method for an organization or individual to support the Foundation. There are three sponsorship levels, defined by donation amount and in-return benefits of sponsorship. No more than 25% of value can be based on in-kind services.

Initially¹, the annual donation amounts will be set at \$10K (platinum), \$5K (gold), \$3K (silver), and \$1K (bronze). In return, Foundation will make official acknowledgement and also thank for the donation by placing a sponsor logo and link on the Foundation web page. Future benefits

¹ Some sponsorship levels may not receive any donations during the first program year, but if the program becomes popular, higher donation levels will be set to provide better visibility and recognition for most generous donors.

may also include PR involvement and an official Squid Sponsor logo for placement on the Sponsor's site.

Donations made to the Sponsorship Program must be coordinated with the Foundation.

Squid Donation Program

This fundraising program is designed for donations at levels that do not qualify for the Squid Sponsorship Program participation. Donations can be submitted via Squid web site, without coordination with Squid Software Foundation representatives. A list of donors may be published on Squid web site.

Other activities

Foundation representatives may encourage donations in email, phone, or face-to-face conversations with companies benefiting from Squid software and might contract with fundraising-related companies such as *donateacar.com* to provide other ways to sponsor the Squid project. We may receive occasional hardware donations for Squid project infrastructure and free access to commercial software testing or distribution services. However, we do not anticipate such activities to represent a large portion of donated amounts.

Part VIII, Line 7b: 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.

The Squid Software Foundation plans to hire an independent contractor to help administer Squid Project infrastructure, which is currently managed exclusively by volunteers, resulting in delays and neglect. Contractor responsibilities will include system administration of project servers, setup and operation of testing software, and web site maintenance.

We will not be able to hire somebody until sufficient funds are accumulated (through the Squid Sponsorship program described elsewhere in this document) to sustain a long-term contract, so this position is not open yet. Thus, there are currently no candidates for this position. In the future, if any of the directors or officers bid for the contract, the Foundation Conflict of Interest policy will be followed in selecting the best contractor.

Part VIII, Line 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, the Squid Software Foundation will own copyright for Squid as a collection of copyrighted works as well as for selected portions of Squid software and documentation. All Squid software is and will continue to be distributed using a well-known GNU General Public License (GPL), which encourages and facilitates free software sharing and reuse. Foundation does not and will not charge in any manner for Squid software. Anybody can freely download, use, and modify Squid.

We do not own patents or trademarks. If Foundation becomes an owner of such intellectual property in the future, the corresponding property will be shared with the public free of charge, using licenses or other legal procedures based on open source software principles.

VIII, Line 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.

The Squid Software Foundation may accept contributions of software copyright from Squid developers. We do not anticipate donors imposing any conditions on such contributions other than the preservation of Squid licensing terms, which is typical for open source projects as their licenses insure that contributed software continues to be available for free to everybody. A simple copyright transfer agreement may be executed to make the transfer official. We may also accept contributions of computer hardware to be used as a part of Squid project infrastructure. Again, we do not anticipate any strings attached to such contributions.

High-level contributors are usually acknowledged on Squid project web site and documentation, as is typical for open source software projects.

Part VIII, Line 12b: Name the foreign countries and regions within the countries in which you operate.

Foundation operates primarily through its web site and mailing lists, which are available in virtually any country. Current Foundation Directors come from Sweden, New Zealand, and USA, but Squid contributors come from many other countries, including, for example, Australia, Czech Republic, Greece, Italy, Japan, and Russia. Squid software has been in use on all Earth continents. This is a truly global project.

Part VIII, Line 12c: Describe your operations in each country and region in which you operate.

Foundation operations do not target any specific country or region. The same Foundation services are available to all Squid users and developers around the world.

Part VIII, Line 12d: Describe how your operations in each country and region further your exempt purposes.

Foundation global reach attracts best development talent and ensures diverse user base. It helps improve software quality and deliver a set of software features essential in many deployment environments. Also, increasing the size of developer and user communities helps ensure long-term project viability and relevance.

Part IX, Line 23: Any expense not otherwise classified, such as program services (attach itemized list).

Foundation plans to pay for the following additional resources and services related to the Squid

project infrastructure:

- Squid project servers hosting.
- Servers hardware.

The servers mentioned here are necessary to run Squid web site, documentation wiki, users and developers mailing lists, shared software repository, and various automated software test services.